

# Housing and Community Development Committee Meeting Transcript –5/27/2015

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[7:58:51 PM]

>> Renteria: Good afternoon. I'm smack bean know Renteria, Renteria -- I'm Sabino Renteria, a quorum is present so I want to call this meeting to order housing and community development of the Austin city council, Wednesday, may 27, 2015, and the time is 4:14 P.M. The first item on the agenda is to approve the minutes of April 29. Do I have a motion to approve? Okay. Motion has been made by councilmember Gallo, seconded by councilmember Casar. All those in favor say aye. All right. Thank you. So the first one is to sign up is bill Oakley. Is bill here? I thought I saw him outside. Okay. Jessica [indiscernible], you wish to speak?

>> Yes. Hi. I have some proposals for the councilmembers I'd like to pass out real quick.

>> Renteria: I seen that you have some time donated to you.

>> Yeah, Katie matlock is present and Shaun a UCLA nd and they're donating their three minutes to me as well.

>> Renteria: Okay.

>> Renteria: All right. Y'all have nine minutes.

>> Okay. So I live in the govalle neighborhood, and just down the street from me they built three houses on good win avenue and the neighbors talked to the developer of those houses and found out that the pecan grove behind the properties is owned by the housing authority and we had heard there were plans to develop these plots.

[8:01:08 PM]

You can see in your packets there's some pictures. It's a really beautiful piece of land.

It's got these old -- it's, you know, a pecan grove, the trees are in a line in the fall there's lots of peek -- pecans, people are picking them in the summer time, hanging out in the shade because it's cooler. A lot of the neighborhoods got together and we were concerned it was going to be developed and we'd like to save the pecan grove. We started a petition. You should have a copy of that. I didn't make a bunch of copies. I mean, it's people information and it just didn't seem right so I restricted my copying but you guys have those. So I've got over 150 signatures, and those are all neighbors that live directly around the park and in the neighborhood. And we'd all like to see the pecan grove saved and retained. And I was just speaking with director Spencer about it, and she informed anyway there are no definitive plans as of yet, which was really great to hear. You've got to other projects in the works first, and I've also spoken with the parks and recreation department, and he said that the parks department would be interested in purchasing the land in the next bond cycle, in 2018. It's been two bond cycles since they've purchased new explained they're looking to develop parkland. You'll notice, if you look on the last two pages of your proposals, there's a map that shows that where the pecan grove is, it sits in an area that's deficient of parkland. Parks and recreation says that there should be in the urban core ideally a park within a quarter mile of walking for people, and govalle is currently deficient. If you want to go to govalle park, you actually have to cross into Johnston ter -- ter express cross airport boulevard, which is frightening.

[8:03:20 PM]

And you have to cross pleasant valley. So if we develop this into a park it would serve a lot of neighbors. It would help preserve the farming heritage. It's good land there. You know, everyone in the city could come and pick pecans and wouldn't that be great?

[Laughter]

>> And so I'm just here representing my neighbors that couldn't come out themselves, and we just -- we'd really like to urge the committee to let parks department buy the land and turn it into a park. Director Spencer talked about maybe developing part of the land and saving the plots that are just the pecan grove, and I'm open to it. I don't know what the other neighbors -- is the trees. It's really beautiful. There's some poison ivy that needs to be taken care of. Other than that, it's a great place to hang out. I think that's all. Do you guys have any questions?

>> Kitchen: Thank you for bringing this to us. And I think you mentioned some folks that you've talked to. Tell me again who you talked to at the city?

>> I talked to -- well, I've spoken with councilmember Renteria.

>> Kitchen: Yeah.

>> And I've talked do ricardo solese at the parks department in charge of new projects. He was the one that told me about the different strategies for getting it zoned into parkland. I don't do this full-time so I didn't know, okay, you've got to get it zoned parkland and he said that some things that have been done in the past is you guys will contraband pard first right of refusal, right? So when they had the money in the next bond cycle they have the first chance to give you guys money to build housing

elsewhere and then turn that into a park or you guys could be really nice and just deed it over to parks.

[Laughter]

>> But that's probably not going to happen.

[8:05:21 PM]

Or -- oh, or you could do a 50/50 and have some of it be parkland and some of it be developed.

>> Kitchen: Okay.

>> That's on page 3.

>> Renteria: And it's -- yes, councilmember.

>> Go ahead.

>> Renteria: I was just going to say that it is really beautiful land and there's a certain section of that area, in that property lot that won't be able to get developed because of all the pecan trees on there. There's two little sections in there that could be used for affordable housing and at the same time the rest of it could be parkland so we could make it into a win-win situation, where the neighbors could -- and I think the housing department was planning senior housing there also.

>> Gallo: That was going to be one of my questions. Have you talked to the housing snort I didn't hear you mention their name in the conversation.

>> I thought you guys were the housing authority. But know I get that you're the committee and director expense ser the housing authority so we just spoke beforehand.

>> Gallo: Actually, the housing authority has a different board. They are an entity also.

>> If I could, Betsy Spencer, director neighborhood housing, the property is current owned by the Austin housing finance corporation. Not the housing authority.

>> Gallo: Okay. Never mind. Thank you. That is us.

>> Kitchen: It is owned by us.

>> What is the difference?

>> The housing authority for the city of Austin is a separate entity. They do public housing and they also do development for low income housing. The Austin housing finance corporation is a subsidiary of the neighborhood housing and community development department. The council actually operates as the board of directors for the finance corporation. We are very similar organizations and we provide similar services but we do it in different ways.

[8:07:23 PM]

>> Okay, cool. So the corporation owns the land?

>> Yes.

>> And you guys are the directors of it? So I'm kind inform the right place. Okay.

[Laughter]

>> You're in the right place.

>> Renteria: The whole city council is the --

>> We're a subset.

>> Renteria: We're a subset of that.

>> Well, you can tell your friends.

>> Kitchen: Here my question. Perhaps this is a question for you. If we wanted to -- if we wanted to pursue this -- you know, this proposal --

>> We do not have any money budgeted right now for the planning process.

>> Kitchen: Okay.

>> The way we normally do this is we would combo out for an rfp for design architect team. That would also conduct the public engagement. So the first step would be for to us work with the design team and neighborhood to design the site for lack of better words.

>> Kitchen: Okay.

>> That's what I indicated. We're not prepared to do anything as of right now. It has been our hope and intent to do low-density senior housing on this site. The pecan trees obviously need to stay. There's not an option in that. So until now I had not thought of a public park being on part of the property but that makes a great deal of sense. And so I have assured these individuals that when we start that process, we would reach out to the neighborhood association and all the folks that have signed this petition and have them participate in that planning process.

>> Kitchen: Do you have any idea when --

>> Maybe next year. We didn't budget for it for this year. Our intention is the -- you may or may not be familiar, the finance corporation also holds title to roughly 6 acres, the la vander loop side. That's our first site we have set aside money. We were going to start that process first. We call this pecan tillry, we would maybe do this next year.

>> Kitchen: How much does that cost generally speaking for design.

[8:09:26 PM]

>> Several hundred thousand dollars on average.

>> Kitchen: For design?

>> Mm-hmm.

>> Kitchen: Okay.

>> Is there any way to get any assurance that the pecan grove won't be built on? Because I know the trees are there and then the trees are protected. But is that the only thing preventing that land from being developed?

>> Renteria: No. It's a -- it's housing designated for affordable low income housing for senior. If there's anything that's going to be developed, that's what's going to be developed there. I don't foresee it being sold to any developer. It will be -- that little section will be for affordable housing and then the middle section where all the pecan groves, you know, that could be parkland.

>> Yeah. I guess what I'm asking is if -- not a private developer, but when you put senior housing on the land, is there any way for us -- for the neighborhood to get assurance -- is there anything other than the fact that the trees are a certain size preventing the trees from being cut down and --

>> Kitchen: What might be helpful is to understand the decision, the time line and the decision points on the time line so that -- you know, so that you guys are reassured that before anything happened there, that you'd have an opportunity to weigh in.

>> Typically when we enter into contracts, we're going to bring those forward to the board.

>> Kitchen: Okay.

>> The board will have to authorize certain contractual obligations if we're entering into contracts, generally, with the design team or certain folks. I mean, there will be different opportunities for the board of directors to weigh in on the ultimate development, and so that would be my -- I mean, you'll have an opportunity to do that.

>> Kitchen: Wouldn't the first step, though, being you end up putting in the budget to go out and get a contract for design?

[8:11:36 PM]

>> Yes, I guess so.

>> Casar: Maybe she's looking for reassurance about how to stay connected in the process.

>> I did give her my card, and so we've been -- I can assure you it is our intention that we would work with the neighborhood. I mean, that's how we operate. We don't typically do these types of developments --

>> Kitchen: I know, I know.

>> So I'm not sure what better assurance you want.

>> Renteria: We're pretty much -- we'll keep in touch. I'll make sure we contact govalle and the contact team when any of this, you know, gets funded or the decision gets made to move on this project. We'll make sure that you're informed on that. And who else was the one that donated time to you?

>> Katie matlock and Shaun auckland.

>> Renteria: Thank you.

>> Just real quick.

>> Gallo: I'm just curious how we ended up with the property?

>> It was purchased before I was with the department. They purchased it a while back. I don't have the actual particulars of how they purchased it.

>> Gallo: Okay. So we've had it for how long?

>> At least six years.

>> Renteria: In fact when I was on the community development committee, Paul Helder was talking to me about wanting to do something with that property, and that was then in -- 2006 or 2007.

>> Gallo: Thank you. I'm always curious how we end up with things. Thank you.

>> Renteria: Thank you.

>> I guess is my time up?

>> Renteria: Yes.

>> Okay. Thank you for your time.

>> Okay.

>> Renteria: All right. Lisa Henley.

>> Hi, I'm Lisa Henley.

>> Renteria: Hello.

>> I'm with the

[indiscernible] [Off mic]

[8:13:41 PM]

>> I'm Lisa Henley with the north Lamar neighborhood teamer north 183 between Lamar and the interstate up to Brinker, rundberg neighborhood center. I'm here to ask y'all to work

[indiscernible] -- To help us add a north Lamar rundberg seat to the community development commission. The structure of that commission, it's a great society structure with this idea that the communities of poverty get a direct voice in how money is going to be spent to help them or on them or at them. The map y'all see in front of you, this shape, you're going to see a lot. You'll see it today as we're talking about lot grants, the imbed documents fair housing choice. You see it. This is where low-income people are, where people who don't speak English are, where most of Austin's children are. The blue areas are the current development seats, the traditional areas of poverty in the city. The green are what staff have proposed for north Austin seat. But that shape overall is going to come up again and again and again. Our area -- that shape there has almost 60,000 people. Our poverty rate is about 30% overall. What's particularly compelling with that is about one-third of those people are children. So that is a lot of children in poverty. A lot of young children. But that's also the opportunity. We are a lot of immigrants. We're young people. We're young families. It makes sense we're lower income. It's people starting out, and there's every reason in the world these are folks whose income as their skills and experience grows, they get back in the workforce. It does mean at this point we have perhaps some different needs in some of those areas but we also bring that energy, we bring ideas from all over the world of urban settlements.

[8:15:48 PM]

Fundamentally, everybody wants the best best for their children. We see a future. We see what we've accomplished already. So it's not that we're another pit of need. It's kind of an intricate process but work us on through that and we're looking forward to being part of those conversations. Thank you.

>> Renteria: Thank you. I just wanted to let you know that there have been some talks about consolidating some of the inner city central, especially east Austin, into one unit, one district and creating some other districts where, you know, inner cities changing so much that, you know, we're no longer a real low-income area. So it can be consolidated. And that -- is that correct?

>> Yes, these are conversations that have been had at the community development commission. I want to remind folks that the competition of the community --

composition of the commission also serves as the board for the csbg funding, community service block grant funds verdict through the health department. So those funds funnel through tdhca to the health department. So everything we do with this commission we've going to -- we've got to run through the tdhca process to assure that it meets the requirements for the csbg funding. These conversations have been occurring at the CDC.

>> Casar: And my concern, chair, is -- and to our staff, that we have to be making appointments to -- finishing up appointments to our boards and commissions very soon for these to kick off successfully after the July break. If we're going to reconstitute the way the cdw works we need to do that pretty quickly.

[8:17:53 PM]

Like, I think it would have been good to probably do that last month, honestly. So I guess what I would want to know from staff, I know the CDC has made a recommendation as to what the composition would be. Will staff have an opinion or do y'all have an opinion now or be able to bring one forward soon enough?

-- Council meetings then we may wind up with people getting appointed to seats that don't -- that -- we may want to change the composition. So I just -- I guess you -- hopefully you can understand the difficulties. If we start appointing people now and change the composition we'd have to kick people off.

>> I doubt this will all be resolved prior to your July recess or the deadline that you've got to appoint. My guess is we will have to receive appointments as the board stands now because my experience in working with Texas department of housing and community affairs on the board composition for this specific board takes a little bit of time. So I'm not sure that we're going to be able to have a new designated area in the next couple weeks. So my guess is we would have to do -- it would be an amendment to the code, I believe, because there's the chapter 2.1 is what dictate all the board compositions. The CDC obviously is in there. So I'm assuming there will be some sort of amendment to that that would follow through before we would have a new appointment.

>> We'd have to change city code?

>> I believe. I'm going to look to Rebecca for help on that.

>> Casar: Which would mean an ordinance change.

>> I recommend we get with the health and human services department and city clerk who I know are working on this issue closely and issue a memorandum so that everyone is aware of exactly what their process is. The last time I checked in with health and human services they were working with the city clerk's office on the process and I would hesitate to speak to something I'm just not closely involved in.

>> Casar: Is there the possibility of us extending -- I guess we could check, the interest on the CDC, to extend terms for longer while we resolve this?

[8:20:00 PM]

Because I imagine there would be some confusion if the mayor 2004 make a handful of appointments -- I guess, we can just get together afterwards to make sure if we are going to add -- if the council chooses to add an additional neighborhood seat elected -- or the nomination comes directly from a neighborhood, if we can do that later on down the line, if -- I imagine what would wind up happening is there would be tacked on additionally than supplanting somebody who gets appointed in the next few weeks. We should get together and talk about it quickly.

>> Yes. And include the clerk because she'll be the one that will give us all the guidance, I think.

>> Renteria: It's been done before. We had Clashesville that was on the -- Clarkville that was on west Austin. It got eliminated and they created a county park for the one that was created. So we can those kind of changes. It's been done, but, yeah, we're planning to get the city clerk to be involved with this.

>> Casar: Okay. We'll follow up with you. Thanks for coming.

>> Renteria: Is bill here? Bill Oakley? Okay. Now we are -- we'll move on to the next item, which is item 3 for consideration and possible action on resolution related to the use of homestead preservation district and homestead preservation zone. You will find a backup copy that has been updated from the last time. And if y'all remember that we had two briefings from staff on the resolution, and we did make a recommendation at our last meeting, but I understand that there was some outstanding questions on the bound zero, we -- boundary, so we had a question about the homestead preservation tax reassessment and tax increment reinvestment zone, which was the 311.

[8:22:19 PM]

So we did do some minor adjustment to the resolution. One, we deleted the one about the requirements of excluding the students, which would change. And, also, the other one was we also deleted the 311, tif, the tax increment reinvestment zone, 311, and decided to go with the homestead preservation tax increment reinvestment zone under chapter 373a of the local government code on homestead preservation in district a. Is there any comments or questions?

>> Casar: I do have one. It may be for Mr. Canalli.

>> Still confused, green or red for on. One day I'll figure it out.

>> Casar: Good glance good afternoon councilmember.

>> Casar: So with this resolution we would be getting a work plan and time line back to this committee for August the 26th if passed by council, which seems to me is barely just in the nick of time to make it through the end -- before we approve this -- next year's budget. And so I guess my question that would be helpful for me to understand - I don't know if this is for the chair or for Mr. Canalli, if y'all can walk me through this together, does possible, at least in homestead preservation district a, for us to include the tif in this year's budget and, if so, what would it -- what are the quote unquote costs we would have to fill in either by the city manager's proposed budget, if it's even -- given -- I know that may be indicating a rather ambitious or depressive time line, if we were to be that ambitious, do we have any guess -- for example, if it was 100% or



1% of the tax increment, do we have any idea in homestead preservation district a in the last year, what the value added or the increase in value has been so we could have some idea what have it would sort of cost us to include it in this coming year's budget?

[8:25:10 PM]

>> Certainly, councilmember. Deputy cfo, financial services. We do have a study done part of the -- report we presented I believe in November. The valuations for district a shows that a tax increment of 100% would spin off about \$1 million a year at least in that first year and would grow somewhat incrementally depending on Normal growth within the district. That fund -- those funds would be funds that would be -- not go into the general fund, need to be made up in some form or fashion as part of your overall budget dialogue and discussions. I think what's key, according to your resolution is looking at the work plan. In order to first establish this 373a tax zone, the first step that would be actually the current 2015 tax year, this year that we're in right now, would be set up as the base year. And that would not take -- that would not take effect for this upcoming budget but that it would be the budget for fiscal year 17 because the tax years are calendar base so we would -- you first create -- you create the base year and from that take the increment above the base year. So it would be a one-year lag in terms of when the community property revenue would start being generated into the fund.

>> Casar: So the question I asked you would assume a level of ambition one year faster than what we're considering in this resolution, right? We're asking you to help us come up with a plan for funding this in fiscal year '17.

>> Right. Again, at one point it's driven by the mechanics of creating the tax increment zone to have to, again, establish the base year 40 zone, and then from that the increment is captured off that initial base year. I'm looking at Gina and making sure I have that more or less correct.

>> Casar: So then, I guess, the only follow-up -- we have to designate a base year that is this year.

[8:27:11 PM]

>> Yes.

>> Casar: Or later? We obviously can't designate a base year of earlier than this year?

>> Correct. You can't go back in time. You have until, in essence, December 31 of this current calendar year to basically set 2015 tax year as the base year. 2015 tax year is the taxes that we collect for the upcoming fiscal year budget so if this year was -- if 2015 was established as the base year, if council created a 373a tif in this zone, then part of that financing plan would be setting that base year and then from that point forward we would collect revenues above and beyond that base year. Again, that would be -- go into the tif and, again, the same situation about the impact on the general fund would just be delayed until the following year.

>> Casar: Great. Idea I understand. Because if we were to set it up for this year's

budget we'd have to make up for it one way or another and in that case we could make up for it and put it directly into affordable housing anyways, right?

>> That's correct, yes.

>> Casar: Okay. Thank you.

>> Renteria: Yes, councilmember?

>> Gallo: And I'm going to suggest also, as we've been discussing a little bit in mobility the lone star tif, the lone star rail tif and some of the unintended consequences of how it was set up, but my sense is with this, because it's consensus track, we're not dealing with a diameter from a certain point but actually whole properties that would be included. That was one of the issues with the lone star tif, is that because of the diameter circle, if it just touched a property and was only maybe 1% of the property, it still captured the entire tract of land. And my guess is with this particular situation -- and that would be a question that I think should be part of the dialogue when we talk about this, when we come back, is are we looking at tracts that would be entirely included or are we splitting tracts that we need to address the percentage of the property that is in that consensus tract?

[8:29:19 PM]

Does that make any sense? Because that was one of the issues there. Then the second issue would I want to make sure we put in as part of this dialogue is the situation where perhaps it's a state-owned property has a zero tax base at this point and then all of a sudden it's developed and you go from nothing to a large amount, the bull creek property is an example of that. The state -- the state property at 35th and mopac is an example. Good those situation are something we need to talk about when we start having this dialogue, hopefully y'all will remember to help us talk about. Those are discussions we've been having with that particular tif and how it's being impacted. I don't know. That may or may not even be --

>> ING in, councilmember, that -- when you create a tif, I think either under this. 3a statute or 311 you create a tif boundary. I think what makes the homestead preservation different is it is based on the legislation that follows the criteria that is spelled out in the legislation. The issue about specific parcels that may kind of overlap the boundaries of the consensus tract, that is just the detailed analysis that we would need to look at. Again, the example is bull creek where they set this more perimeter boundary. In homestead, the housing folks have already done that boundary. What we would need to do is drill down and make sure those parcels on the edges, whether they're in or out, and then the instance of any property, of course, is that, like the bull creek tract, once it's in a tif, it goes to that tif -- came along, you couldn't retif it. It would stay to that original tif that was set up, in this case for the homestead preservation. So we'd have to look at that, work with our attorneys in saying if we had specific parcels within, for example, district a that might be state-owned land, how would we from a future perspective, is there a way that we can navigate that or is it just really once they're in the tif they're in the tif?

[8:31:31 PM]

But that's -- we'd have to work through with our attorneys but we can certainly do that.

>> Gallo: Okay. Thank you.

>> Renteria: I also want to remind the committee that once they come back, it is going to come back to the housing committee and not to the whole council. Then we'll vote on it. We'll discuss it and then send it to the main council.

>> Casar: Sorry, one more question either for you, chair, or our staff. Can -- where in this resolution are we establishing the base year is 2015? Are we not doing it in this resolution? We would do it if we implemented the plan? When is the base year set?

>> Renteria: I thought it was going to be set for this -- base year of this year.

>> Casar: Sorry, I don't think I was clear enough with my question. What council action sets the base year, and is that action taken if we -- if a full council pass this is resolution or is that action taken if the council implements the plan that comes back?

>> It would require a separate action, an ordinance to create the -- so this would be the direction to go off and develop the work plan and time line, and it seems like we'd come back to this committee at the end of August with that. And then from this step forward you would then come back with the action items to create the actual homestead tax increment reinvestment zone. At that time that action would do a variety of things, including it would create the financing plan. It would set the base year. We would put projections in there. We might have to update some of the assumptions that we previously have done. But that would trigger -- so this resolution itself doesn't create a base year. This resolution itself doesn't create the tif. It tells using to off and do that work and bring it back to council for action.

>> Garza: All right. Thanks so much. In thinking through this, since he reminded me I can't go back in time, I think one thing that might be of interest for us to explore and for know keep thinking about is, when might be the appropriate time to set base years for other districts and how can we do that?

[8:33:42 PM]

Even if we are dedicating large amounts of funds just because we have seen, for example, in district a the values jump so quickly before we were able to designate it as a tif, and so there may be -- there may be reason to try to lock that in in different districts before we see that spike in property values. Just something for to us keep on our radar and something I may start talking with staff and this committee about.

>> Renteria: I would love to see that also. Okay. Any other questions? Do I have a motion to pass this resolution? Okay. Motion has been made by councilmember, seconded by councilmember kitchen. All those in favor say aye. Awesome. Okay. Let's see. And next it's -- we're going to go to item 4. It's going to be a presentation of the city of Austin analysis of impediments to the fair housing choice, and I think we have a guest speaker here.

>> Councilmembers, assistant director with the neighborhood housing and community development office. We're delighted that had with bbc research and consulting could

join us this evening. The firm actually oversaw the comprehensive housing market study as well as the analysis of impediments to fair housing choice. These were two separate studies, but as you can imagine the pesach overall process and methodology in compiling both studies were very much in -- and so -- bbc research and consulting was the -- and so that data is set and those studies have informed a variety of different conversations that we've been having over the past few months.

[8:36:03 PM]

So this really is the final visit, and really closes out the process that we've been involved in the last ten months or so on these two studies. And so we're delighted Heidi is here and wanted to really take some time around the analysis of impediment. This is typically a document that informs our consolidated plan, five-year plan required by hud due to the fact that we receive [indiscernible]. However, there is a lot of local engagement around this particular study. For the first time we did a number of different things somewhat differently, and I want to just thank bbc research and consulting publicly for being willing to kind of calibrate their process as we went on. But it was important for to us take a lot of different voices that had a lot of engagement around this issue and work with them in what we called the ai advisory group. And so Heidi's firm, customer her -- her and her team have been working with a group of about ten individuals so that we'll present it to the community -- what was presented to the community was representative of way more than just what the city of Austin could achieve on our own. Those names, as well as the names of all the different entities that urged us along the way and key reviewers that took their time to review the document and provide insight to us are also noted on the final documentation. I'd love to turn it over to Heidi for a conversation related to a study we just released this month.

>> Before I start on this --

[off mic]

>> Copies that are hot off the press, so they arrived from the printer today. So you'll have fun weekend reading.

[8:38:04 PM]

>> Thank you, Rebecca, and thank you, Erica. Happy to be here to talk about the analysis of impediment -- the requirements of the 5679i., talk a bit about how -- ai of course talk a bit about how we completed the study. I'll spend my time talking about the primary findings of the study and the recommendation that's bbc, the city and ai advisory committee came one to address impediments to fair housing choice. The city conducted the ai in kind of a period of in betweenness from hud's perspective. For a long time, since the community development block grant has been around, hud has required city, county or state that receives that block grant funding source to complete an analysis of housing barriers. The ai has been in an evolutionary situation for the last couple of years. Most ai's and this current ai was driven by guidance that hud issued way back in 1996. There's been a proposed amendment that came out of a rule that

was issued two years ago from hud to change the way that the research is done and the expectations of hud from an ai. It's called the assessment of fair housing. That afh has been stuck a bit in the public process, the comment process, hud has had a template out for about a year and a half. It has yet fob finalized. Part of what hud, I think, is waiting on is a lawsuit that's been -- was -- or an argument heard by the supreme court in January of 2015. And most of us who are involved in fair housing or housing are anxiously awaiting the resolution of that. That was the consideration of disparate impact and whether or not that is part of the federal fair housing act. Hud's assessment of fair housing tool requires a pretty close look and consideration of disparate impact. So if the supreme court finds that is not part of fair housing they may be looking at an alternative document.

[8:40:10 PM]

So that end we completed the study to get it as close to possible as what we think the assessment of fair housing might look like. Bbc was part of a national team a year and a half ago. We reviewed the afh from a perspective of a consultant who does a lot of these studies for our clients, so we had a good understanding what have we think hud will expect. To that end, our methodology collided an analysis of demographics, including segregation analysis, looked at housing market factor, both as part of the comprehensive housing market analysis and as part of the ai. We developed a scope-source code level housing model that not only considers affordability but also access to opportunity throughout the city. That informed our access to opportunity analysis for protected classes. We looked at city policies and programs that are oriented toward addressing housing needs, came up with demonstrators to fair housing choice and with the ai advisory committee developed a recommendation. This process, as Rebecca spoke about, was heavily informed by public process. 23409 only did we -- not only did we have a investment from the ai committee we heard from the public as well. We conducted one on one meetings, small meetings recited to target small populations more vulnerable to fair housing discrimination, focus groups with African-Americans, rents of hispanic dissent, persons with disabilities, persons who are homeless and seniors. We had three public open meetings. We interviewed stakeholders in smaller folk group discussions oriented toward specific policies, development challenges, social services challenges, in the city. We conduct aid survey, a voluntary survey, 5300 people respond to a survey about housing needs, including housing discrimination and 943 in commuters and as we mentioned a few moments ago we consulted with experts in fair housing.

[8:42:12 PM]

A bit about the demographic representation of the survey. Of those 5300 responses, we had a good representation of the city's white population, a little underrepresentation of hispanic and African-American population. To achieve specific samples to analyze different racial and ethnic groups separately we targeted social services group,

distributed those through stakeholders and that gave us enough Numbers by specific population group that we were able to analyze people's responses specifically and come one statistically significant results. I wanted to highlight some of the demographic changes that have not only shaped the socioeconomic landscape in Austin over the last ten years, but have certainly had a big influence on housing and housing choice. Young adults and baby boomers were 70% of the city's growth between 2000 and 2012. The city saw continued shift away from families, 32% of households were considered families by the consensus definition in 1970. That's down to 25%. The city became a -- what we call a majority minority city, primarily due to hispanic growth. African-American population actually declined 2.3% by population, much larger decline for African-American families, 18%. There as a decline in the proportion of persons with disabilities. This has a little to do with the consensus definition of disability as well as the growth in the young people, the baby boomers, who are less likely to have a disability. City also experienced a decrease in the middle class as well as a rise in poverty. So the city became wealthier and both poorer during the last 12 years. Child poverty increased from 17% in 2000 to 30% in 2012. How have these demographic changes affected housing needs?

[8:44:14 PM]

The growth in wealthier households has driven demand for luxury homes, amenity-rich rentals. One of the most outstanding statistics from the housing market study is your population of renters earning \$15,000 or more a year grew by 4% in the last five years. This in turn tightens the market for low-income renters. Not everybody is renting the luxury rentals. Some still desire a moderately priced rental and that's putting pressure not only on the most affordable rentals but those middle market rentals as

>> An twin cities in many cities on walkability and coupled with the lack of affordable housing has increased housing cost burden and your rental gap. Had lived here and chose to move. Why did you leave. The primary factor regardless of race and ethnicity was affordability. And schools and traffic and taxes were smaller representative reasons. We asked why they chose not to live in Austin, 73% said I thought about living in Austin and chose not to primarily because of affordability. On the right-hand column, the trade-offs people were willing to make to live in the city and I'll draw your attention to the lowest two bars there. We asked people if they would be willing to live in a duplex or triplex or fourplex to be able to live in the city and that's still a minority for homeowners. Relaters are more flexible in their housing choices. We used quite a bit of gis analysis to ask where minority households have gone.

[8:46:19 PM]

These graphics, density or heat maps and show the density or the concentration of African American residents in 2000, compared to 2010. Sergely see out-migration into north, north part of the greater Austin area, and the lighter is the decrease in the density does show, or indicate some gentrification of African Americans. Hispanic

population, the story is a little bit different. You see less of a loss of density and more of a growth throughout the east and east central as well as northeast and southeast portions of Austin. Got a lot of feedback from residents about their housing needs. Many of the residents who contributed to the study are quoted in the document, so I would invite you to pay special attention to what they told us. The two items that stood out in terms of extra challenge, in addition to affordability in the market, lack of housing for low-income individuals, people with disabilities said accessible and affordable housing close to transit, it's almost impossible to find in the city of Austin. Any blemish on a credit history, some kind of criminal conviction, even if it happened many years ago, a credit blemish and an eviction also made it very hard to find a place to rent. Few statistics on rental market affordability, these data were prepared a year and a half ago and not keeping up with the current rental market situation. I understand these have gotten tighter and these may underestimate the rental affordability in Austin. The rental prices in 2000, medium rent is \$200 more per month and those are for renters in general.

[8:48:29 PM]

The publicly subsidized rental units concentrated in a handful of zip codes. One of those blue dots is equivalent to one subsidized rental. The Orange show the highest concentrations of publicly subsidized housing. We do something called a gaps analysis apartment of the housing market studies we do, it's a bank comparison of supply and demand by different income levels and found in Austin, the shortage of affordable rentals, 37,500 units in 2008 increased to 40,900 units in 2013. This was driven by loss of rentals that were affordable for households earning \$20,000 to \$25,000 a year. Year. Lost from the market because they became more expensive. The gap would be worse had the supply of deeply subsidized units not increased, so the proportion of units that were deeply subsidized, affordable for households in poverty, making less than \$20,000 a year was constant at 4%.

>> Casar: A question about that slide. The loss of 5,000 unit, you have in the analysis how much of that is just filtering of market affordable units and how much has to do with the expiration of subsidies?

>> We didn't look at it in that depth. It's hard to tell, my gut feeling would be the vast majority of the units moving out of that affordable range.

>> Yes.

>>> They had filtered up to higher rents because of increased demand.

>> This is done on a range basis, an unit affordable to someone making \$24,999 would appear in that affordability category and a \$2 increase would bump that up to the next affordability range.

[8:50:39 PM]

There's not a provision -- we're not tracking the specific units over time. But we're just looking at the buckets of units that appear in those categories. My guess is that largely

due to the market.

>> Casar: Thank you.

>> Uh-huh. You know, curiously when we looked at homeowner affordability, because of the drop of interest rates over the last five to seven years, units in general became more affordable. We did an exercise where we said what if interest rates hadn't dropped, would Austin be as affordable or less. And what we found, there are fewer, proportionately fewer units on the market in the very affordable range to buy. So your gain, Rell relative gain in affordability in terms of units that are affordable to households earning less than \$35,000, \$50,000 and \$75,000 is purely due to interest rates dropping over the last five to seven years. The geographic geography of these affordable units has changed. You see modest density increases in units, these are units that about \$180,000, so affordable to 80% of the median family income, you see some departure from the central city out to the northeast area as well as the southern part of the city. And if we look -- this is a smaller number of units. If we look at how units have changed, these are units affordable between 80-to-95% of the Mai. You also see this kind of departure of those units away from the central city and toward the outlying parts of Austin. As Rebecca mentioned and I mentioned earlier, the housing market study included a zip code level model.

[8:52:46 PM]

This is what that model looks like. In appendix a to the study, you have the socioeconomic makeup of zip code relative to the city of Austin. That first graphic shows for this example zip code houses that code compares in terms of poverty, median income, racial and ethnic diversity, disability and large households relative to the city household. And we built in an indicator of gentrification. The question we have on the bottom left-hand column is the zip code at risk of gentrification, zip codes where we see a greater level of acceleration in terms of median rent or value and home prices, or maybe general fundfying in the -- gentsfying in the future. And asked whether an individual working in this occupation in Austin afford to buy or rent a loam in this zip code. We also looked at transportation costs and how much transportation costs are part of the household budget for residents in the zip code. With that, I'll turn to the housing barriers identified throughout the study through a MIX of research, quantitative research and quantitative analysis, input from stoleds and what residents told us. Persons with disabilities and some racial and ethnic minorities are disproportionately affected. This is because the poverty rate is much higher for African Americans and hispanic residents and people with disabilities and because there's disabilitiation in the market. The lack of affordable housing city wide contributes to protected class concentrations. We looked at how much racial and ethnic minorities make up area where is there's high poverty.

[8:54:47 PM]

They are 81% of those areas versus 23% of the overall population. Some indicator of



how concentrated the city's minority populations are in high poverty areas. Concentrated areas have aging community amenities and lower performing schools and higher rates of unemployment and crime this leads to a lack of opportunity for those individuals living in these areas. Stakeholders feel that's been exacerbated by lack of code enforcement and differences in city funding and amenities. City efforts to create affordable housing are limited by state law. The city has done quite -- it's put together quite a bit of efforts, policies and program to try and get around some of those limitations of state laws. It's unclear how these have benefited protected classes and how well distributed those affordable units are city wide. That's part of the recommendation to have the city look closer at those programs. Next identified the overly complicated land use regulations that could limit housing choice early on in the process when we were look act at the A.I. Research and we've enhanced the recommendation to make it easier to develop affordable housing in the city of the private practice, we looked at public as well as private. That contribute to housing barrier, non-compliance with fair housing accessibility compliance. This was identified in fair housing lawsuits and persons with disabilities being discriminated against and not being able to get reasonable nation. And individuals with credit blemishes and a criminal record, some landlords look back further than what would be desired in terms of qualifying those individuals for a rental unit.

[8:56:52 PM]

We looked a little bit at some of the rental agreements that renters -- or that landlords use and found those were for some populations very complicated. The data analysis, the home mortgage data analysis looks at home mortgage loans and refinances as well as home improvement loans, there are higher rates of mortgage denials particularly lower income African Americans. Earning less than \$25,000 a year are denied a loan 21% -- 21 percentage points more than whites and many residents in our focus group felt they were steered to certain neighborhoods by real estate acts.

>> Casar: A quick question. You might address this when you get to action steps but did you recommend or explore additional action that the city could on the lookback periods. I don't know our abilities under the law are, it seems -- I know that the council is going to be exploring criminal background checks on job applications but I'm not sure what other municipal amounts may have done on lookback periods.

>> So it's come up a great deal with our permanent affordable housing initiatives and we've been looking at anything we fund through the renter developer assistance, that there be a reasonable lookback policy. That they would have to explore that. I'm not sure what the parameters are city wide but we're working toward that and all of our permanent support I have housing efforts working with the apartment association trying to educate folks on the value of having a reasonable lookback policy. But it's not always well received. And so -- but we've been working toward it with our permanent housing initiatives.

[8:58:59 PM]

>> On a positive note, the housing authority was identified as having a very reasonable lookback period and having a model lookback period. You do have something that you could promote as a good standard. The state of Oregon, at the state level has laws that regulate a lookback periods. They're not as strict as some individuals would like but they get pretty close to having a level of regulation, more so than most states.

>> Casar: Thank-you, councilmember Gallo is probably an expert on this matter, so I'll cede my time to her.

>> Gallo: And hopefully provides a different perspective on things, I think looking at the issues is important. The thing that's critical is to remember when we're talking about regulations for non-nonprofits and I would consider the housing to be run that way, it's important when we discuss policy areas and restrictions about regulating business role modeled for for-profit companies because sometimes it has unintended consequences which says there's a particular part of the population or rental range they no longer want to look at or provide housing for. So there's reasons and because of the fact that rental history does become important in a person's ability to -- desire to pay rent and be good tenants and good neighbors which often is the other part of the issue with criminal history and rental history, is that a landlord landlord is inviting people to live close together and be impacted by how people run their lives and operate and those are just all really important issues so I think as we have that conversation, we have to remember there's sometimes needs to be regulations but reasonable regulations but we don't want to overregulate in the fair market business community.

[9:01:16 PM]

>> Thank you on the recommendations, initial recommendation which was also a recommendation in the housing market study was to adopt the regulatory fixes that have been promoted. And there's a number of items that appear in the fair housing action plan which is a large matrix that's a come Ben yum to to the a.I.to help dispersed family unit, affordable family units throughout Austin. Examine the impact of house subsidies, this is a recommendation we use a lot of many cities in Denver, including where I'm from will implement a policy that may not effectively benefit all protected classes. So looking at how does the city program or policy benefit protected class, and is that benefit equal or does it have some kind of a disproportionate impacts on certain classes because of where the units are designed and where they occur, is important. And that's something that we recommend looking at going forward. Making better use of publicly owned land and -- housing. How do we use city land in a way to achieve more equity. In terms of affordability throughout the city. Implementing the homestead preservation stricts to make use of state-allowed inclusionary zoning tools. There are some exceptions which is nice. If you're going torch a state that is going to prohibit inclusionary zoning, Texas has exceptions to that. Putting another tool in the pool box.

>> Casar: Are those regulatory fixes that you suggest limited later in the presentation?

[9:03:19 PM]

>> I wasn't going to go through those in detail because there's a lot. But they appear in the fair housing pay terrorism. Pay -- it looks like this. It's a living document where the A.I. Is a point at time look at barriers. Continuing on with recommendations, work with public housing providers and enabling persons with DI disabilities to locate housing -- how do we increase housing opportunities for people with disabilities so they can participate in the city at the same level as anyone else. One idea to look at small area rents and expand housing choice and in high opportunity areas you're giving a little extra subsidy in the housing choice voucher to afford that housing product. Looking at improving builder compliance with fair housing accessibilities rules and training and detailed inspector, looking at fair housing accessibilities regularly as part of their job. We talked about the reasonable lookback period. Improving information available on housing choice. We did find, although 30% of African Americans, for example, feel they've experienced discrimination in Austin, not many file complaints about that discrimination. So building the -- division the trust of certain protected classes, if they file a complaint it will be taken seriously and that efforts are underway to mitigate that discrimination. And to that end, match pair tests where you look at people who look the same in terms of their credit and income, there may be one differentiating factor, such as race, disability.

[9:05:21 PM]

And conduct testing to see how they're treated in the market in terms of access to housing to see where some of the violations are occurring. Complaint data just don't give us a great amount of information to know what's really going on and then working with both public and private sector landlords to come up with solutions to mitigate fair housing violations. Correcting health and safety deficiencies -- and police response time. Both of these came up as challenges associated with residents living in high poverty areas, things they'd like to see changed and items that are limiting their opportunity to a better life. Expanding access to public parks in concentrated areas, that analysis came out you have our conversations with residents who felt they didn't have equal access to parks or the recreational centers were not of the same standard as in high opportunity areas. And finally, hud promotes a regional look at fair housing barriers. Austin doesn't operate in a vacuum and there are fair housing challenges broader than just in the city of Austin. This is a tougher item to achieve. This is being pushed by hud pretty aggressively. But as the city moves forward in addressing fair housing challenges and making sure that the surrounding communities are brought into the conversation. With that, I'll take additional questions.

>> Kitchen: This is really, really fascinating. I look forward to reading it more in depth but seems it will help us to analysis the need. We've talked a little bit recently about families and the need for affordable family units and the impact of migration out the east Austin areas are having on schools and under-enrolled schools, so I look forward to being able to take this and analyze and have your department analyze really where

the need is and specifically what that need is.

[9:07:39 PM]

It seems this will be really helpful.

>> I would also say, we have so much survey data if there are questions that you have, that you feel could be answered by the survey data that you don't see specifically discussed in the report, feel free to ask us. There's only so much we felt we would put in the report. But there's more we could do with the survey.

>> Renteria: Did you look into the aging tax credit built years back and meeting their age now to have the possibility of being sold off to the market area?

>> We didn't look at that in detail.

>> Renteria: Okay.

>> Kitchen: I was look act the adopt regulatory fixes. Does the study identify some particular regulatory fixes?

>> It does.

>> Kitchen: Okay.

>> And much of that was -- we are researchers, not necessarily planners and I didn't want to step into territory I felt the individuals working on codenext were better equipped to provide recommendations on. Much of the recommendations that are in the fair housing matrix, they're quite specific. Do concern housing programs and policies. Some of them are associated with land use regulations but we left most of that to the codenext analysis.

>> Kitchen: Okay.

>> I believe it's detailed enough that it's -- there's quite a bit of direction on what to examine or what we would recommend

[9:10:18 PM]

>> Casar: Talk with the chair making sure that the folks in the community that are interested -- we'll make sure that you're aware. I think in June we're talking at least on -- at least on

[inaudible] If not others.

>> Okay.

>> Renteria: My understanding it's going to a planning committee process.

>> Casar: We moved to have ads at the planning and neighborhood committee but I did understand that the codes and ordinances did put out a recommendation that I believe went into -- and discussed that in June.

>> Okay.

>> Casar: But either way, we postponed and moved the ads item to the planning and neighborhood committee for the June meeting and we'll discuss it there.

>> Renteria: Great.

>> Okay.

>> Renteria: Any other questions? It's really going to help us out. This is really great

and I wanted to thank the staff for initiating it, this report and bringing it before us. So thank you.

>> Thank you for the opportunity.

>> Thank you.

>> Renteria: Okay, the next item for discussion is going to be an update on resolution number 201-440-9865-090. Related to the fee in lieu donation option for affordable housing requirement for planned unit development.

[9:12:19 PM]

>> [Inaudible] And community development and we are here to provide an update on staff work and response to a council resolution that was in 2014 that initiated code amendment to the planned unit development. In this presentation, we'll discuss the resolution and make sure we understand council directive and provide a brief overview of planned unit development and we'll review the current planned unit development policies and discuss the stakeholder feedback we've received and then we'll go into our staff recommendation and the next steps. In 2014, council put forward a resolution that initiated code amendments to the planned unit development density bonus code and directed staff to look at three possible scenarios for dealing with the fee in lieu option to the on-site affordable housing requirement and so we were directed to look at the possibility of removing the fee in lieu option completely or a requirement that a significant portion of the affordability requirement be met with on-site units and a smaller portion with the fee in lieu or to allow for exemptions for the on-site affordable unit requirement. Before we get into the details of the resolution and our staff work, I wanted to make sure that we all have a basic understanding of planned unit development. Allow for the city to have superior development to traditional or conventional zoning, especially related to the preservation of natural environments.

[9:14:29 PM]

Able to encourage higher quality and innovative design and ensure adequate public facilities and services within these developments and one of the areas of superior that our -- and you included in the zoning is affordable housing. To give you a little bit of history. 2008, the hud density bonus was first introduced to the overall hud ordinance and the section was revised in 2013 and specifically we added requirements that the rental mfi be set at 60% and 80% ownership and that the percent of affordability changed from 10% of habitable square footage to 10% of the bonus square foots for both on-site units and the fee in lieu options and the 2014, the resolution we're discussing today asked us to look specifically at the fee in lieu option for the density bonus. You've seen this chart before. It's a summary of our various density bonus programs and what are estimated for anticipated units and completed units as well as both the anticipated and received fee in lieus. You can see there's about 26th hundred affordable units anticipated through -- and not secured through the density bonus. The process itself. And in case you're curious, there have been 39piac approved.

[9:16:29 PM]

And of those, 16 have affordability tied to them and three have utilized the density bonus, and we'll go into more detail on those three developments later.

>> Kitchen: What are you referring to when you say in review?

>> They're units that -- that are either in the review process or I'll give you an example. We had one that had gone clear through the site plan but withdrew their site plan so we aren't sure until we know what is going to be built what that fee might be.

>> Kitchen: So at this point, we don't have a dollar amount? Correct.

>> And that's true of the unit amount also. It's an anticipated amount but the final amount isn't secured until the site plan and really until the development is completed. So currently, the requirements on the planned unit development density bonus are that any pud with a residential use is allowed to exceed. If there's on-site, rental or homeownership units. There are two alternative options that are laid out in the code. That are subject to approval. One option is that the developer dedicate 20% of the residential habitable square footage for the pud to an ahfc, or Austin housing finance corporation for the development of affordable housing, the other option is that the units and that fee in lieu is subject to council approval.

[9:18:44 PM]

These are the three developments that have utilized the pud density bonus. The top one, Broadstone, the ordinance allows for either an on-site unit or a fee in lieu and that has not been determined yet by the developer. They have up to the receipt of their certificate of occupancy to make that decision. We have the taco pud, where there was a fee in lieu received but that developments that withdrawn their site plan to the fee in lieu has been refunded and the park pud which had no residential use and although it received density bonus, it's not subject to the affordability requirement.

>> On the taco pud, they've withdrawn and what's the status? Are they going to resubmit or do you know what the status is?

>> We don't know for sure.

>> Casar: I can't recall the arguments for why -- I don't know if it's statutory or policy of the council why we don't collect fees for affordable housing from non-residential projects because it seems to me that would discourage dense residential building as opposed to, for example, office. Is there a statutory reason or do you know if it was a policy reason by past councils to not make -- have those density bonuses both -- affordable housing funds.

>> For example, in downtown, the downtown density bonus, there was a long discussion about not discouraging hotel development. So it wasn't added. It does apply in od, that's one of our recommendations that we remove with residential uses from the ordinance, we, of course, will need to have law review that, but that's going to be one of our recommendations.

[9:21:01 PM]

>> I'd like to build on that a little bit. In some of the conversations, it is potentially market-driven and so the data does lend to policy consideration as well as some of the stakeholder feedback. I think the downtown is a good example and it came up in the east river corridor and that could have been more of a market conversation, but this was one that when you take a look at the three developments that had accessed the density bonus and in this particular, planned unit development, and take a look at opportunity, that is one thing and we'll be walking you all through the recommendation that is we would like to have in terms of y'all and our future stakeholder conversations and addressing in this particular amendment process.

>> So getting back to the resolution at hand. Staff was asked to look at three possible scenarios. And I want to highlight the resolution also referenced the city's goal of geographic dispersion and there was a recommendation from the housing transit and job action team that the fee in lieu be removed from the density bonus or there be a discussion around the fee in lieu and the resolution highlighted the successes of our other density bonus programs that have a partial fee in lieu option or no fee in lieu option. So in response tonight resolution, we looked at our current policy, we heard from the stakeholder feedback and we also looked at what some other cities are doing. For the first phase of stakeholder engagement, we conducted a brief survey and we'll get into the results a little bit later. And we had facilitated discussions with the real estate council of Austin policy committee and members of the housing work Austin.

[9:23:09 PM]

The survey we conducted, we reached out to the members of the development community who had experience with pud zoning or and we had about 14 people respond and these are the pieces I thought most relevant where we saw 67% of the respondents felt it was unacceptable to remove the fee in lieu option and require all on-site affordable housing. 50% of the respond. S felt that requiring a significant portion of the affordable housing requirement to provide on-site and allow a portion to be provided through fee in lieu was the least preferable option and 73% of the respondents felt considering an exemptions process for on-site affordable housing requirement was an acceptable option and again, these were members of the development community who we reached out through the survey. Here we're showing that of the eight density bonus programs that the city of Austin currently has, we're really utilizing a variety of approaches in regard to an on-site affordability requirement or a fee in lieu option. Starting with the green, those high-density bonus programs have a fee in lieu option. Those in yellow have a partial fee in lieu option. Those in peachy Orange color have a fee in lieu that is tied to council approval and those in the dark Orange have no fee in lieu option. And as I said, we have a variety of approaches in our density bonuses and that is true of how the fee in lieu were set for our various density bonus programs as well. In general, our density bonuses, the approach has been program by program, amendment by amendment, really piecemeal strategy.

[9:25:12 PM]

Which makes it difficult to both administer the density bonuses and difficult for developers to participate in the program. The fee in lieu was set -- fee in lieu was set at 60% of the high fee in lieu for the downtown density bonus as \$10 per square foot. So all of that research and the stakeholder input we received we put together some preliminary recommendations for the code amendments and you have an additional handout that's easier to read that is a side-by-side comparison of the current code and our recommended amendments and what our goal moving forward would be take these draft recommendations through more robust stakeholder process that would include at least a couple of meetings prior to even beginning the boards and commissions process and, of course, bringing the recommended amendments back to you y'all and Regina is going to walk us through the recommendations.

>> So basically, we tried to do three things. Change the applicabilities of the -- the applicability of the ordinance to both residential and non-residential and clarify that the on-site requirement was actually the fee in lieu, while it was an option, it was more an exception to the rule. And while we have always had in the ordinance that a fee in lieu was required to be approved by council, it's not really been interpreted that way.

[9:27:13 PM]

And so one of the things that we did was reworded it from the language -- removed it from the language that the developer can either do on site or these other options. The other thing that we -- that we did under alternative affordable housing options, tried to make it clear that -- that either a donation of land or the fee in lieu was an exception and that try to write in a requirement or place the burden on the developer to prove to us why it was necessary for them to pay a fee in lieu as opposed to providing on-site units. And then any request for fee in lieu would be presented to and approved by council. So -- that's kind of in a nutshell what we're -- what we're proposing.

>> Again, this is just to highlight our next steps. And then we put these in -- these are questions that we're thinking about as we do our work and are evaluating the density bonuses in general and would encourage you all to consider in your work as well. And the one that stands out the most, how can we better approach the density bonuses in a comprehensive way and look at standardizing the programs rather than addressing them piecemeal.

>> Casar: It seems to me that having a -- it's difficult piecemeal, but having a particular price for the fee in lieu downtown may help us calibrate to downtown prices compared to west campus, but fee in lieu can occur anywhere, especially if there's a fee in lieu cabana.

[9:29:25 PM]

So -- my question is how do we best calibrate where the fee in lieu could be if --



is that part of the reason why we -- y'all you are recommending them be on-site?

>> We have looked at a couple of other communities. And where they actually used land values for calibrating what that fee in lieu looks like. So downtown would be more as you go out from the central city, then that fee in lieu decreases. So.

>> Casar: And was that in y'all's memory considered before when we were determining fee in lieu, has that been previously considered or --

>> I know that it comes up when we discuss practicing in density bonus programs, just a scan how other cities deal with it, this is a recurring fee. And this is something in our preliminary stakeholder feedback, because I want to stress our recommendations are very preliminary and we would like to actually go out and have the conversation with stakeholders and how we drafted currently the amendments but in our very preliminary conversation was the real estate community, this was something that they have indicated they would be more receptive to and certainly it was rational and made sense and we would like to look at that analysis a little bit more. I think the complication we're having is looking at accomplishment. I wouldn't say this is best practice. Because where we're struggling to find accomplishments around the density bonus programs, it's not easily published you have to drill down and find out how those programs are performing in other cities.

[9:31:27 PM]

And that's the work that I believe we would need to do to answer some of the questions that when we come back to you, related to an amendment, to have a little bit more confidence that a model like that has actually produced effectively in other places.

>> Casar: But there are other places who calibrated them to a land price standard across the board?

>> In our research into other cities, one of the most difficult things we found, no two cities are alike. Everyone is trying something slightly different and there are no studies available to look at how well these policies are working and like Rebecca said, therefore, we don't have a best practice to look at necessarily. I think if we were to open up the fee amount as a discussion, that would be separate and outside of this current resolution and I would recommend that that be something we do more comprehensively around the density bonuses and --

>> Casar: The other comprehensive density bonus has to do with specific overlays?

>> That's correct, it does complicate the fee in lieu conversation because of what you're highlighting. You can have one in southeast Austin or downtown. One of the things we're also finding is staying really true to the spirit of the policy objective. And what we're seeing in the specific areas around the three planned unit developments that did take advantage of the density bonus is a conversation that really call to question. Is that what the spirit of the ordinance around planned unit developments was intended to produce? And those are all policy conversations that we would want to highlight, educate, this particular body and council as a whole as we bring it forward.

[9:33:27 PM]

We believe placing stronger language in the amendment around putting it forward to housing department to make specific recommendations does allow us to weigh in at a little bit of a closer angle. Before it does go to council. I think the other thing I would really want to stress for any viewers of this rich debate is the you actual hud ordinance require it is already. This is something that the stakeholder, several stakeholders who have been close to the planned unit development ordinance evolution, if you will, is -- is -- has rightfully educated staff around and so part of what we're bringing forward and what we want to do is educate the community, educate the real estate community and others that some of our amendments is just strengthening that language and I think that's an important point here. This isn't changing a whole lot in that respect, if that makes sense.

>> Renteria: Thank you. Okay, the number item on the agenda is a debate on the future of Austin housing finance corporation board agenda item.

[9:35:29 PM]

>> The next board meeting is June 18th and we have an rba or Aldridge 51 to approve and set a hearing for August 6th. This is a project that's already been before you. They were approved for a \$20 million bond issuance and the developer due to increasing construction costs, feels it's going to be necessary to go up to the \$25 million cap and we're kind of redoing this action over. And then there's on item -- an item at 12th ran jakon. A development done by chestnut revitalization corporation. And we've previously funded this item and will be bringing this back for additional funding. This is a condo development where 80% of the units will be sold to households at 80% or below of median family income.

>> Renteria: Do you have any document on that? Do you have some documents that - on this item?

>> On these particular items, we'll have requests for board action and we'll have those actual items loaded I believe this week but we can absolutely go ahead and email very preliminary drafts of those requests for board action to the committee.

>> Renteria: I would appreciate that.

>> Certainly can do that.

>> Renteria: Thank you. Any other questions?

>> Casar: Question. How much is the city committing to that -- are we being asked to contribute to that project?

[9:37:34 PM]

>> So for jakom, we previously funded \$2.6 million we're going to provide another \$1.3 million so for a total of \$3.9 million, almost \$4 million.

>> Casar: And they're owner --

>> Owner-occupied.

>> Casar: Available at 80%. Okay.

>> Right, and they'll be done with a share equity. The market value will probably be much higher than someone at 80% or 65%, I think they have a few of the units targeted at 65% mfi. And so that will be held in a secondary note. To ensure long-term affordability on the project.

>> Casar: How many units is it?

>> This is -- 43 and 33 will be affordable.

>>> Thank you.

>> Next Thursday, there will be an item before council to approve two entities to be community land trusts. Chestnut is one of those, because I believe the affordable properties will be held in a land trust to also assist with the affordability. So that's just as an aside on Thursday, that will be an item that will come before full council.

Guadalupe neighborhood and chestnuts.

>> We're sending out a memo to mayor and council that explains all of that. You should be getting that probably by the end. This week.

>> Renteria: Did that item just went through the planning commission?

>> Pardon.

>> Renteria: Did that item go through the planning commission?

>> No we had a memo that we'll detail the items specific allege and the ordinance on the community land trust ordinance is run through the budget office so any of the actual projections is actually noted by the budget office.

[9:39:46 PM]

>> Renteria: Thank you.

>> They're actually taking advantage of any city ordinances that based on new state legislation that allows the city to defer taxes on land trust properties and that has to be done annually. And so they're bringing specific properties to the council for that action.

>> Renteria: They'll be doing this every year from then on?

>> Yes. It's required.

>> Renteria: Okay. Thank you. Any other questions? Well, council, I believe that we don't have any other items. Oh, we have the -- [inaudible] Seven. We do have seven. I got it confused with four. Okay. Seven, item seven is presentation of the draft fiscal year 2015-2016 action plan. A plan required by the housing and urban development in order to receive grant funding, community development block grants, investment partnerships and housing opportunities for persons with AIDS and emergency solutions grants.

>> I'm join. Joined by Erica leak. She'll be presenting to you all. She's a planning manager overseeing the process. One of the things we felt was important was to have a conversation with you all right now and give you a high-level briefing what will be out for the next 30 days for the public to review of the reason this conversation was important is by the time your June meeting comes forward, we would not have had an opportunity to present to you in that 30-day process. As a reminder, however, the action plan which is essentially our application to hud for the formula grant is actually not due until August, so you will all be taking action on this in early August, and that's

timed around the budget process.

[9:42:04 PM]

And all of application is tidied up and submitted to hud right before the budget is adopted. So I'll turn it over to Erica.

>> Good afternoon, I seem to be the bearer of large packet, these were at least theoretically delivered delivered to your offices last Friday. And those of the draft action plans. You may remember that Rebecca actually gave a very brief presentation on the action plans prior to the first public hearing that's part of the community needs assessment process and she gave that presentation on April 16th and I'm going to go very quickly through a few slide that's she went through on that date as sort of a refresher reminder. So as you're aware, the neighborhood housing and community development mission is to provide housing and community development and small business development services to eligible residents to they have access to livable neighborhoods and increase opportunities to -- for self-sufficiency. And the point of the action plan is to further that mission. As was mentioned in the title of this item on the agenda, the action plan is our application for federal formula grants from the housing and urban development and so those are the community development block grants, the home investment partnership, the housing opportunities important persons with AIDS, phopwa and emergency solutions grant. And as Rebecca mentioned, we're required every year to put together an action plan as our application.

[9:44:08 PM]

At the end of community.

>> At the end of the year we put together a report that's called the consolidated annual performance and evaluation report or caper and then every five years we put together a consolidated plan that lays out the plan really for a five-year period. You can see in this slide that we're actually in the second year of the five-year consolidated plan process. So we completed the last consolidated plan last year and won't be having to do another consolidated plan for another four years. We do expect to receive \$11.2 million in the forthcoming fiscal year for the activities that are outlined in the action plan. The action plan itself does provide information on community needs, resources, priorities, and proposed activities. And just sort of as a reminder of the types of activities that are funded by hud those include affordable housing, community development, economic development and public services. So within the action plan, the federal guidance is that we include both federal funding and local funding that is expected. And so what is included within our action plan is both the hud funds as well as funds from the G.O. Bonds. We have a G.O. Spending plan that says we plan to spend \$10 million in the forthcoming fiscal year. So those funds are included in the action plan because we are expected local funds. Funding from the housing trust fund is also included in the action plan.

[9:46:14 PM]

As you can see, this slide, you have to look at it fairly carefully. The first two columns show funding for hud from fiscal year 14-15, 15-16. Next column is the annual change and then the final two columns are actually the change over five years. So you'll note that over five years we had a fairly significant decrease in cdbg and home funding, but within just the last year, most of the programs, the funding for most of the programs stayed relatively stable, except for home, which went down about 10%. One of the actually most important parts of the presentation today is to let -- to have you all become more familiar with the citizen participation plan that is required as part of this process. And so hud requires that each locality develop a stakeholder participation plan with stakeholders that describes how we are going to reach out to the community to get their input on our -- basically our local priorities. We have an adopted citizen participation plan that we do follow. And it absolutely encourages the participation of low and moderate-income residents in the development of these reports. So public outreach that we've undertaken as part of the action plan process includes notification in the Austin energy bill inserts, Spanish language/television, radio announcements, online announcements in English and Spanish, presentations at community meeting, multiple boards and commission and obviously the public hearings both before the full city council and the community development commission.

[9:48:28 PM]

So we heard from the community on a number of different areas in terms of the community's needs. So in terms of homeless special needs assistance -- I don't think I'll go through each of these. I'll let you read them, but we did hear from the community that there is certainly a need in terms of homeless and special needs, and that is one of our investment areas. Renter assistance is another one of our investment areas, and as you've heard previously, this is the area where we have a gap of approximately 48,000 units for very low-income households, so we've continued to hear about that need. Home-buyer assistance and home-owner assistance are two other areas that are included in the action plan. One of the things that we did hear from constituents is, again, how can we help people who are displaced by the onion creek floods, and so I know that's an ongoing city discussion. Housing developer assistance. So those are the programs through which we provide funding for developers to develop rental and ownership units. And then we did hear from constituents about a few other needs, including the need for more energy-efficient homes, homes near transit, discussion about health food options, also heard about the -- background checks and luckily the analysis of impediments is something -- a tool that we have to move forward on that so we have just a very brief summary of the investments by area.

[9:50:42 PM]

I'm not going to go into these in detail. Many of the programs have fairly stable --

stable funding. There is some variation, obviously, because our funding has changed somewhat, but the categories in which we're investing include the homeless and special needs assistance, renter assistance, home buyer assistance, homeowner assistance, housing developer assistance, commercial revitalization, small business assistance, and financial empowerment. We can obviously go back and talk about any of those that you'd like to.

>> I think at a very high level what we would want and like from y'all is with our funding allocation being reasonably stable our proposal from fiscal year '15 into now fiscal year '16 is fairly level. So you will not see a strong deviation in what we are proposing. We anticipate that when this draft is circulated to the public, it has been distributed. We will continue to hear from individuals who would like to us make additional considerations, one is around go repair. We have currently \$2 million allocated to G.O. Repair, we are proposing in the draft \$2 million. We are having conversations around how could we potentially allocate more to that particular program area, and we're reaching out to those stakeholders and letting them know that that is something that we're having ongoing discussion about. But I think at a high level he would want you to know that it does look fairly consistent. We are not recommending we disengage any of the current program areas and are making recommendations looking as though there will be funding in each of those areas given we don't hear anything significantly different in the draft period.

[9:52:53 PM]

>> Renteria: I have a quick question. One is can you explain what the 100 housing first unit -- what is that program?

>> So that's our permanent supportive housing. So you may recall last month -- it does not feel like a month ago that we were sitting here -- bill Bryce actually from the downtown Austin alliance talked to you about not just the importance of permanent housing but the housing first model. So as we went scout engaged the public we did hear that our funding strategies should look toward the housing first model and there's an increased need.

>> Renteria: Okay. The other one is on your -- can you give me a little bit more information about the basement -- replace 789 homes for the victims from onion creek? Where are you at on that?

>> One of the ways we could mobility achieve housing options for individuals that are displaced is, as Erica indicated, through the acquisition and development, for example, there is opportunities to fund new construction ownership opportunities. So we've had individuals talk to us new construction taunts we could potentially achieve or accomplish rather quickly so that that is a housing option for potentially individuals displaced for that particular purpose, but really for any purpose. That obviously is something that we continue to hear is a great need, sus simply due to the timing. The other thing, however,, and we talked about this a little bit publicly, is really looking at housing opportunities that are being accomplished through the planned unit developments, through the municipal utility districts and other density bonus programs

that provide for ownership options at that 80% median-family income as something we really want to be sure we're working with the real estate department to help promote, that any of those housing units coming online could serve as a potential opportunity there as well.

[9:55:03 PM]

And that's just really continuing to work closely with Lorraine riser and her group so that she is aware of not just what is in the pipeline, but is responsive from a timeliness factor. I don't think that could you really address the displacement factor just through new construction alone that we could produce because the resources are so limited there, but looking at that time for multiple potential solutions would be something we would want to continue to do.

>> Renteria: Okay. Questions.

>> Casar: So clarify, you aren't contemplating this action plan, earmarking any of the rental housing development assistance or acquisition in development funds for that particular purpose? It's just well-timed and we can consider helping people as we buy them out for them to move over, but we're not limiting --

>> Correct.

>> Casar: We're not considering having any limits to who can rent or own these for that purpose?

>> No. I envision more that -- it's really more about promotion, opportunity, and close coordination between departments and anything that we're seeing coming online or available, ensuring that that is a -- an educational point that we're working with those departments to be sure that they're aware of it.

>> Renteria: Okay. Do you have any other questions? No? Thank you for your -- for that report.

>> Okay. So to continue, this is just a reminder of the time line, which is essential because we do have -- midst of the public comment period on the draft action plan, which started last Friday. So there will be a public hearing on the draft plan June 1, before the community development commission. And then a public hearing at city council on June 11.

[9:57:08 PM]

The public comment period ends on June 22, and then we'll come back to the CDC to get their final recommendations on the draft plan on June 30 and then to city council on August 6 to ask that you recommend or -- approve the action plan so that it can be submitted to hud before August 15.

>> And I do just want to emphasize if we don't get it to hud by August 15, then we lose our opportunity. So that is an -- it's an exceptionally important date for us.

>> Renteria: So when you're bringing back the item, the action plan to the August 6 city council, is it just going to -- is it -- we're not going to be discussing who gets -- how you're going to distribute the funding and what program gets funded and -- or

what you're going to do? Is that -- that's not going to be involved in this?

>> Go ahead.

>> What we would be talking about is just funding allocation for specific programs. Now, those programs are administered through contractual obligations, which would be brought to you at a later date and --

>> To be clear, the action plan will show you the funding table, and it does tell you -- we're making funding recommendations.

>> Okay.

>> We don't typically discuss that at that meeting. You certainly can discuss whatever you want. It would be my recommendation that we attempt to have those conversations prior to the council meeting, but you are -- you are authorizing us to -- we're basically going to administer the plan that we submit to hud.

>> Renteria: Okay. I just wanted to make sure --

>> Yes, I wanted you to be clear on that, yes, that's what we're all doing.

[9:59:12 PM]

>> Renteria: Okay.

>> So now is -- until June 22 is when we would absolutely love to hear from the public if they have comments on the draft action plan, and so we'll -- we're open to receiving comments in any way that people would like to provide those, including e-mail, mail, online, any other way people can imagine getting us comments. Any further questions?

>> Casar: I think I'm just repeating the question that councilmember Renteria just asked, but I just want to be really clear. So this is different from any -- committing before -- before determining the budget for the next year, we are committing to the federal government how we're going to allocate particular funds that are passed down?

>> That is correct.

>> Casar: So we haven't completed the budget yet. So this is just a different -- a little bit of a different tract and process.

>> They're about a month off. It's just a timing issue, but the federal government dictates for us when the application is approved. Now, as Rebecca was saying, contracts that we don't have the authority within the department to actually execute we'll bring forward, like we often bring items forward to you. So when there's a contract we need your approval on outside of this process, that will occur, about yes, we are basically setting the federal budget on August 15. Now, remind me, Rebecca, when we do our department budget in September, you're still going to approve the department budget, and by default we're going to demonstrate that we've all submitted this to hud, stating this is what we're going to do.

>> Correct. So this basically -- it's -- our budget will mirror this application process. The other thing that you will do during the budget process is you will allocate the funding from the city to the Austin housing finance corporation through the service agreement.

[10:01:26 PM]



So this sets the stage for the rest of those local actions. But I think, as Betsy is definitely highlighting, it's important that you are definitely signaling to the public very specific transactions you intend to do with just the federal dollars.

>> And to be clear on the local side, what we are -- this is always the interesting thing with the action plan. We are expected to put what we think we're going to get from the local side but, clearly, until the local funds or whatever local budget we have, that's not set until you act in September. So there's, like, a big asterisk in there, and this is the information we received from the budget office on what we believe will be our allocations for next year for general fund, housing trust fund, things like that, but that's all that is. That's anticipated budget, but it's all pending approval in September.

>> I was thinking at one point we had talked about perhaps having an overall housing plan for the city. So that's something that we have to work towards, right? Because we don't have that yet.

>> We're in the -- we're very much in the process. We're very close, right? I'm looking to the ladies next to yes.

>> We are scheduled and we always do our due diligence with ensuring that the chairman's office knows what we are bringing forward. Our goal would be to bring to you all in June a -- essentially a a goals and targets paperwork that highlights all of our gaps in housing and then our projections of what we potentially could realize as goals, given that there is the will of this body to adopt goals in those particular areas. That really is a crucial void, if you will, of any of our current housing strategy, is really to formally adopt goals related to our gaps.

[10:03:27 PM]

And I want to be sure that that addresses, in the context when you say a strategic plan, that that is something that is a critical component of that conversation. In listening to you all, that is what we are bringing forward responsive to that. And, certainly, we're going to be absolutely receptive in June to hear from y'all what also needs to inform that plan.

>> Kitchen: Okay. That would give us the context because I'm thinking in terms of the conversation we're having about, you know, looking at what the request is for federal funds and then also later on looking at the city's budget, and to my mind it's helpful to do that in the context of what our goals -- what we're working towards and what that plan is. So it sounds like that time line will dovetail because we'll hear and have the opportunity to discuss that in June and then we'll be responding to this in August and our budget in September. So okay.

>> Just so we're clear, my guess would be when we present in June to you -- it's still a draft.

>> Kitchen: Sure, that's fine.

>> And there's going to be things in the action plan that are public services and some other stuff. So it isn't necessarily apples to apples and there will be -- we're obviously hoping to achieve some of our goals through the density program bonus, just a lot of

stuff that may not necessarily be directly related to the federal.

>> Kitchen: Right.

>> I agree with you, so we can all start to put this in one picture.

>> Kitchen: Right. Okay.

>> Casar: I imagine the expectation once we've submitted this is we'll spend the federal dollars on what we said we'd spend it on and that we would do our very best to commit at a minimum the number of local dollars that we submit in the action plan. Because I imagine -- my guess, they're asking to us send in in because they wouldn't want us to spend too much less than what we set.

>> The next report you'll see from us or one of the many reports you'll see from news December, on one of the slides that showed the caper, that's our annual report.

[10:05:29 PM]

So the federal year also ends like our fiscal year, September 30. So we'll have several months to produce our annual report. So we have to report annually to hud. Did we do what we said we would do. So we have to do that every single year. So you'll get to see from us, we put in there did we do what we said we were gonna do. I do want to let you know if we ever submit an action plan and then we decide halfway through the year that we're going to do something different, if it's significantly different than what we said, then there is a substantial amendment process. Minor things don't necessarily require that, but I just want you to know there's -- we may say something in August and all decide we're going to do something different. There is a very public amendment process which the cpp sort of dictates how we do that, but just so you know, there is an ability to amend the action plan should we ever choose to. I have not done it, I don't think, since I've been here but I just wanted you to know it's there.

>> What the local funds in the action plan are just the housing trust fund. What we have not stated is the --

>> [Indiscernible]

>> Right, housing trust fund and general obligation bonds. I apologize. We are just solely putting forward in the action plan the current allocation this year of the housing trust fund. So we're not making any assumptions. As you move into the budget process, that number is slated to change. So what you see in the action plan on the housing trust fund is what the current allocation is. We've made no assumptions to be conservative in that. Then as Erica said, the \$10 million in the general obligation bonds. But when you ask the question, I wanted to be sure you knew there isn't any other local funds in there. So we've set y'all up for success during the budget process, and you're not having to go back to the action plan and see what you've approved or stated that you would approve in those local funding conversations.

[10:07:42 PM]

That will come in the budget process.

>> Okay.

>> Renteria: Any other questions? Okay. Thank you. And now we move to item 8 which is going to -- it's our last item. And it's to consider the agenda items for our next meeting. And I also had a discussion with councilmember Gallo about maybe setting up the meeting an hour earlier. I'm wondering if there's some agreement on that, we could start at 3:00 and go to 6:00?

>> Kitchen: That's okay.

>> Renteria: Okay, all right. So we're going to be doing that our next meeting we'll set it up at 3:00 to 6:00.

>> Kitchen: Okay.

>> Renteria: Also, there's a couple of suggestions for the June meeting. And this is -- this will include a couple items that you introduced,.

>> Kitchen: Yes.

>> Renteria: Councilmember kitchen. I believe one of them is the update on permanent supported housing.

>> Casar: Mm-hmm.

>> Renteria: And the other one the briefing and discussion and inclusionary zoning. And also to consideration of creating a city-wide housing plan.

>> Kitchen: Which you just answered. Inclusionary zoning, my thought was, you know, this is an item that has been -- there's been much discussion on, primarily by the previous council, but I think from my perspective it would be helpful to have a briefing on that. And I'd like to look at it in depth because I know that there are some -- you know, we tend to hear that inclusionary zoning means that we can't do anything, but then I've also heard interpretations of that, of the law that -- I would like to hear from -- perhaps from some -- in foresome members of the community that have taken a different approach to that that have some suggestions about how we could do -- we could set some standards or requirements and that the actual inclusionary zoning requirement doesn't actually flee all types of -- apply to all types of property, for example.

[10:10:21 PM]

>> Would you be acceptable if we invited the law department as well?

>> Kitchen: Yes but I'd also like to hear from attorneys who have a different interpretation.

>> Absolutely. I think we know who they are.

[Laughter]

>> Kitchen: Yes, I think you probably know who they are too.

>> Councilmember kitchen, it will be helpful, we'll reach out to you and ensure we have a time line. We've reached out to the law department. They're happy to also be here. We want to be sure we are prepared to speak to specific points and certainly we will accommodate an innovation to anyone that would you want us to invite.

>> Kitchen: Okay. Does that work for you guys?

>> Renteria: Sure.

>> Casar: And we'll discuss inclusionary zoning at large but then also, I think, in the

homestead -- part of the homestead preservation district.

>> Kitchen: Right, that's good. We can do that too.

>> Renteria: Of course. Any other comment? Questions? Okay. All right. So this completes our agenda. Without objection, the meeting of the housing and community development is journeyed at 6:26 P.M.

[Meeting adjourned]