

# Housing and Community Development Committee Meeting Transcript – 11/18/2015

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 11/18/2015 6:00:00 AM

Original Air Date: 11/18/2015

Transcript Generated by SnapStream

=====

[9:20:12 AM]

>> Renteria: Good morning. I'm councilman Renteria and a quorum is present so I'll call this meeting of the housing community development committee of the city of Austin -- Austin city council to order on Wednesday, November 18. The time is 9:19 A.M. The first item on the agenda is to approve the minutes from the September 23rd meeting. Do I have a motion to approve?

>> Casar: So moved.

>> Renteria: A motion has been made to approve the minutes by councilmember Greg Casar. Do I have a second?

>> Second.

>> Renteria: Seconded by Ann kitchen, councilmember Ann kitchen. Okay, now we'll move to the next item which is citizens communication. I didn't see anyone signed up for citizens communication. Is there anyone that wants to speak on citizens communication? Hearing none, we'll move to our next item, item 3. Do we want to go through the schedule? I know we got a briefing to be made and I would like to change the order that we're going to have our meeting. I would like to take item 6 if there is no -- fine.

[9:22:21 AM]

Okay.

>> Good morning, councilmember, Greg canally, deputy cfo for the finance department. Item 6 today is briefing, kind of a status update on implementation of the homestead preservation district tax increment reinvestment Zones. We're going to walk you through some background and really hopefully put some questions out there as we work through the process you have asked us to work through. We're going to go through a recap of the -- do a very brief recap on tax increment financing in general and then talk about the time line and steps to create a HPD tax increment reinvestment zone and put on policy issues so we can go back and craft an ordinance to come back to this committee and to the full council. So back in June the city council directed the city manager to do three separate tasks related to homestead preservation. The first was to establish the districts. They are actually in the process and I believe on this week's council agenda you are having public hearings about the creation of the districts. District a was already created back in 2007 so these are the additional districts that the neighborhood housing and community development department have gone through the analysis to confirm. It also was -- there was a second direction to explore implementation of exclusionary zoning and the law department has provided city council with the requested information. Finally and why I'm standing here today before you is to directed to develop a work line and time line to allow city council to create

homestead preservation tax increment reinvestment zone, which is one of the tools that was created by chapter 373a, the homestead preservation act.

[9:24:31 AM]

And so what you will see today is a time line to allow you to take action this calendar year. So again, we've been over some of this at previous meetings, but I think it's important to kind of set some context around tax increment financing. It is generally in place, it's a financing tool that allows to encourage economic development within a defined zone. Tax increment financing is really a tool that is allowable under certain various Texas codes. The most important being chapter 311 of the tax code, but in this case 373a which is directly speaking to homestead preservation districts. Tax increment financing sets aside property tax revenue to be used for a specific purpose in that zone. Typically these are public investments that stimulate additional growth in assessed valuation. We do a but for tax increment financing kind of underlying the idea is the idea of a but for analysis and that the T.I.F. itself is helping to generate additional -- additional development that would not solely occur from private development. What you do when you do a T.I.F., you create a base year. Once you create a base year, you capture the growth above that based on an increment that is established. What T.I.F.S do is they do impact the tax rate, they have an impact on all cities' tax rate and that effect really is determined on the type of T.I.F. That is being implemented and really the way you can assess and address the but for test. We've shown you this slide before explaining the different but for scenarios where you have a project that is creating new value versus a project that is capturing or a T.I.F. That would be really looking at existing tax base.

[9:26:34 AM]

Just different impacts on the tax rate through those different scenarios. We had this slide as well. Again, I think it's important to recap the two really -- the two statutes that we are working with here in order to bring forward an ordinance for chapter 373. A tirz, but chapter 311 as well. There are some differences. The tax reinvestment investment zone can only occur in hbd. Chapter 3411 can happen citywide. There are similarities and difference related to the boundaries. I won't read through all of these. Some zone restrictions and homestead preservation was written so it could be used in single-family areas. There's permitted use of funds. The HPD tirz can be any designated project costs including housing. The city has examples on Mueller, our T.I.F. At Mueller does allow for -- does rezone in affordable housing. And the affordable housing itself about how the project expenditures would have to be allocated. And then the idea about where debt financing can be used. Just a kind of comparison between the tools, but then again just to explain that we have to rely on both tools as the ordinance is being created. The direction to staff was to create a time line so we're laying that out for you on this slide. We're here today to kind of walk through the time line and in following this talk about some policy issues related to how we would put an ordinance together that I think we would like to kind of tee some of those up for the committee to discuss. We would then bring back an ordinance to the housing and community development committee for December 9th to take action on. We are also required under chapter 311 to have a series -- have a public hearing for creating any tax increment reinvestment zone, and then under city processes we would first have a set public hearing that would occur on December 10th.

[9:28:49 AM]

We would have a conduct a public hearing on December 17th and then the full council on December 17th, that same council, the ordinance would be in front of them to act. Another key component of creating a tax increment reinvestment zone is a financing plan and project plan. Typically they are again

put together around a project that requires a debt financing and there's -- in the case of some of our other ones really under the auspices of a master development agreement. In this case it's a little simpler in terms of financing plan just be an annual accumulation of the funds that come in that would be part of your operating budget each year. So the ordinance requirements per -- per the codes, first and foremost we have to describe the boundaries. We must provide a termination date for the zone in terms of what year it would end or the term of the zone, how long it would be in place for. We need to create an actual fund that the dollars would go into. We need to assign a name, which is fairly simple in this case. This would be homestead preservation reinvestment zone number 1. Council would need to specify the amount or the percentage of the tax increment that would be deposited into the fund that would be created. And then finally the ordinance would contain findings that the area is unproductive, undeveloped or blighted. And I think you've had some of these discussions as the neighborhood housing has been up to talk about the creation of the districts themselves. So these ordinance requirements we would capture all of these, put them in an ordinance and that's what you would see back on December 9th. So in terms of the boundaries, in this case it's somewhat -- somewhat straightforward. This is district a. This is a district that has, again, already been created back in 2007. I think just some discussion topics that have come up when we've been in front of the committee is some issues related to that there are some transient oriented developments within the district.

[9:30:55 AM]

Within district a. That have their own development plans and may or may not need tax increment financing to help kind of realize those plans. Another issue we wanted to bring up was I believe councilmember Gallo had asked us a question about properties that straddle boundaries, how we would account for those. We have Jesse and neighborhood housing have determined that there are three parcels that actually straddle a border. What we usually do in this situation is try to put a rule test in place that if it's any more than 50% of the parcel, we would include it, but any less we would not. Just from an administrative perspective. And ultimately so we can work with the appraisal district. The appraisal district would actually have to set up this zone so they could report out to us on the -- on the taxes and appraised value that is being captured. So that's one area of, again, I think those parcels, I think we have in this case on these parcels we would most likely continue our practice of using this 50% rule. Another -- another consideration that the committee and the council would need to take again is the amount of tax collected, percentage of increment as well as termination date. What this chart is doing is showing you a summary of the funding that could be captured. The first column, the 100% capture shows if you did 100% of all the increment. The base year, if the ordinance is created, the base year would be the current tax year, 2015 or fiscal year, current year budget. Then the following year you would start capturing increment. Again, 100% -- I've put 50% on just to show you some ranges. These will show you the --

>> Kitchen: I'm sorry, you were probably about to say this. This is actual dollars or illustrated.

[9:32:56 AM]

>> These are estimate. We have done a series of studies looking at the districts as part of the -- I think previous council direction to understand some impacts. They -- I will say that the further you go out, the projections are a little challenging especially we're talking about a fairly large area that has different types of both commercial, residential, so to apply a growth rate it's not a precise a tool as you would on kind of a smaller project. So these are Numbers just to show you what the first year revenue would be under 100%, about a million dollars. 50% obviously is half of that. It shows you what it would be at year 10, over 10 years. At year 20 and over 20 years just to give you a framework. Just again some -- about

the funds, once they are collected, they would need to be expended entirely within district boundaries. I do need to -- to relay to you that there will be impacts on the tax rate, that there would be a reduction in general fund dollars. In the absence of these these funds would be flowing to the general fund so we would need -- the tax rate would automatically increase to make up for that. And then this annual revenue would be again part of the annual finance plan and project plan that would be brought back to council as part of this T.I.F. Fund that would be -- that would need to be appropriated.

>> Casar: And the rollback rate goes up equivalently with the increase in the effective tax rate; is that right?

>> On the operations and maintenance piece of the tax rate, yes, you would -- you would trigger that -- the way the state allows us to calculate -- not allows, it's the way the state tells us to calculate the tax rate, the effective rate would go up higher and then the -- from that the rollback rate is calculated --

>> Casar: The idea being it doesn't get us closer to rollback but the --

[9:35:00 AM]

>> Everything shifts up. The other consideration and we've talked about this with full council are financial policies related to tax increment financing. Again, our policy currently states where it would be established where revenues cover the cost of public debt. Within a safety margin, again, our policies have been crafted really around public forum. We also have a policy where no more of our tax base will be within a tax increment reinvestment zone. Currently we're at 1.3%. And the reason we have this set at 5% historically is for a variety of factors. One is to preserve the city's tax base and general fund revenue sources. Obviously for the city the general fund property tax is a significant piece of its operating budget to pay for all the general fund operation needs. It's also a mechanism to -- to limit upward pressure on the tax rate year in, year out. And then also just an overall consideration of all the other city cost drivers that we see that you've been able to see as part of your first budget process. This chart kind of shows you getting at that 1.3%. So Mueller, we have three T.I.F.S. The Mueller, the redevelopment of the former airport, 700 acres, we have Seaholm just to the west here of city hall, and waller creek to help get the tunnel done. They are the assessed valuations and the acres and then we've ladder in here what district -- layered in here what district a would look like. And then also a conversation we had kind of related to our 5% cap is that there is always a conversation about additional tax increment finance Zones that may or may not be created but wanted to highlight those. First colony park. We've been working with neighborhood housing and we certainly believe that that is a very -- as that project moves forward that the tax increment finance we believe will be a key component of any project that gets developed there.

[9:37:12 AM]

We've been in conversations with Austin community college and highland mall as that area redevelops as well as along the airport boulevard. Overall transit corridors as well. That's a topic of conversation we've been having with the transportation department as those corridors move from planning stage into being funded and implementation stage. Bull creek is a site that has been mentioned. The former txdot parcel. Recent one, the south central shore, the city council back in the spring approved a contract to work on, again, just across the lake here the area around one Texas center and Riverside drive based on some projects that have been done elsewhere in the country. There's other HPDs that are in the line. Lone star rail, we currently have a T.I.F. In place for five stations. There are currently set at zero percent capture, but there are some triggers within the agreement between lone star that they would eventually go up again upon some criteria. Then we also put in there the redevelopment of city owned properties as more properties like we've done in the downtown have come online. Yes, councilmember.

>> Renteria: On the lone star rail district, what percentage of -- if it was to come back on [inaudible], what kind of -- how would it raise the total percentage?

>> I don't have that with me but we can get that. There were studies -- we do not do those studies, lone star did those, so we have to extract information from the appraisal district. I know that it was going to generate this year about -- about a million dollars, but would have required a million dollars of revenue so I think we can back into that number. A couple hundred million of av especially on that 35th street because of the bull creek setting. But we can get that to you, councilmember, for sure. The other policy, again, part of the ordinance that needs to be created is the project plan.

[9:39:16 AM]

Neighborhood housing would put the tirz funding and they are here, they can talk about it, into their existing programs and work with stakeholders to look at how those funds could be spent. Kind of the pie chart on the left is really illustrating what state law dictates how the funds must be spent. 30% must be on -- 30% mfi, below 30% mfi, 70% and 50%, that matrix there. Again, they all must be spent within the district.

>> Renteria: Are we allowed to change the percentage on this?

>> No. The simple answer is no. Yes, state law is very precise about the allocation of the funds on those income groups.

>> Renteria: But we can't increase the 30%? The percentage of the 30%?

>> We can -- we can always go lower. We just can't go higher.

>> Renteria: I'm just saying that if we want to change the percentage of the 50% to 30%.

>> We could do that.

>> Renteria: You can do that.

>> Uh-huh.

>> Casar: I have a quick question on that same front. While, of course, I would want to use as much money as possible to help the folks at the lowest end possible as councilmember Renteria was mentioning just now, at the same time I understand that hpda now is a really expensive area and so my question would be if this money was set aside but there were these sorts of requirements on how the money could be spent, how difficult or not would it be to find projects that -- that would fit into this criteria, I guess. I guess the question is if we set some of this money aside and it has to be spent in these ways, would you have trouble finding viable projects that fit this criteria in the next four or five years?

[9:41:20 AM]

>> I think it would be limiting. It does put additional restrictions on us when you have to meet certain mfis like those percentages. But most of our funding right now goes to that 50%. For rental anyway.

>> Casar: Great, and I understand it would be limiting. I just want to make sure before we make any decisions that if one-third of this pocket of money, say \$10 million, just ends up sitting around because you are having too much difficulty finding that 30% median family income, I would want to know because I don't want to put \$10 million aside for affordable housing that you all can't use.

>> Good morning. I want to clarify something. Technically we could use all the money for 30% and below. We can always do it different. And so to your point if we had money sitting there, as long as we stay at a minimum for let's say the 50%. By state statute half the money has to go to 50%. But you could always go lower and so to your question, councilmember Renteria, we could if we decided to usual of it as a very low income, but we can have percentages in between.

>> Casar: I guess after asking the question two different ways I finally found out the question I meant to ask which is would five, seven, eight years from now do you expect you would have trouble funding

projects at 30% mfi or not? Just because if you would, I think that's a consideration we would have to --  
>> [Inaudible]

>> Casar: It's in state law.

>> What I mean is they said we can adjust -- these are mince. So can you start with a certain approach and then adjust it every year depending on what you are seeing in terms of the need? In other words, if you -- if you started with the goal of 30% and you couldn't fill it for whatever reason, could you go up to 50%? In other words, is it set in stone, the percentage that you are going to put for the different levels?

[9:43:26 AM]

>> I'm going to defer to Jean and Jesse, but I don't believe that would be accurate. As long as we stay within state statute --

>> Kitchen: So you could change it every year.

>> That's my understanding.

>> You just have -- we just couldn't spend it all at that 70% or even 50%.

>> Kitchen: Yeah, yeah.

>> Casar: You would always have to have spent close to a third at a minimum at 30%.

>> It's a fourth.

>> I believe that to be accurate.

>> Casar: Or a fourth. So I understand we can always do it for folks on lower end, I understand that. I just want to just double-check and it sounds like it's not a concern so -- that we're not setting aside money for folks at so low of incomes at areas that's becoming so expensive that the money, it wouldn't be used. And because if it chokes up our -- if we can't get to that fourth, it sounds like it chokes our ability to use money at other levels because we're not within statute. So it's not just that fourth that would get frozen, it would be the whole pot of money.

>> What they are saying is you can change it at any time. The fourth you can't. So you are stuck to the fourth. But if you start with a goal of having all of it at 30% and you find that doesn't work, you just change that. What you are stuck with is the quarter of it at 30%.

>> Casar: Understood.

>> And that is our expectation to use our existing programs to administer the funds. So with our rental housing developer assistance and within the acquisition and developments and repair actually that we currently fund with general obligation bond funds, the vast majority of families are either at 30 or 50% ami. As we've all seen in our housing market study there's a tremendous need for 30% and below. What it mean might we would have to spend more purchase unit to get to that point. If we all agree that's what we want to do because of land costs and construction costs, I believe we would do that.

[9:45:31 AM]

We would probably have to subsidize it at higher levels and get fewer units.

>> Casar: That's what I was trying to get at. Thank you.

>> You're welcome.

>> So again, council, this is just kind of a summary of the time line. We would be back here December 9th to have a draft ordinance in front of you that would kind of put that all down in writing from an ordinance perspective. Again, two of the major decisions the city and county would have to make is the increment tap occur cap -- capture and the term of the T.I.F.

>> Kitchen: Do you have a recommendation on those?

>> It's entirely a policy decision.

>> So you'll be coming back with language both ways or --

>> I think the way we would probably draft it for the committee they would be left blank to be filled in by the committee.

>> Casar: I have a few questions for Mrs. Cirolla. I think Mr. Callie probably knows the answers to it, but I'm going to make sure.

>> Good morning.

>> Casar: So my first question is on 311 T.I.F.S, so T.I.F. -Z we can do outside HPDs anywhere in the county, can those be granted directly in change for affordable housing? I understand we have affordable housing housing rights on Mueller and Seaholm but those are also on city owned land. The affordable housing requirements on projects like that, is it because of the city owned piece or is it because of the T.I.F.S? So if we did a T.I.F. On noncity-owned land, could we directly require an exchange for a specific affordable housing requirement and development?

>> Councilmember, with all due respect, I'm not sure I'm really capturing or understanding or following the question that you are asking.

>> Casar: If we decided to go -- so what -- doing this kind of T.I.F. Increases the amount of -- our t.i.f.ing capacity so I want to understand if we do this what it is we can do less of.

[9:47:44 AM]

And what we could do less of it sounds like is 311 -- a traditional -- another T.I.F. Somewhere else in the city. And those T.I.F.S in other parts of the city I want to understand if we can agree with a private developer if we are going to help finance infrastructure costs using city funds if we can ask for affordable housing exchange when we determine we're going to T.I.F. For somebody's private benefit?

>> In just the regular chapter 311?

>> Casar: That's correct.

>> I think -- I think under chapter 311 affordable housing is one of a long list of -- of allowable items that can be used to -- in terms of using the tax increment fund to fund various different types of projects within that tax increment reinvestment zone. The difference between a traditional chapter 311 T.I.F., and I think Mr. Canally touched on that, is has much wider list of allowable items that can be funded whereas in a homestead preservation reinvestment zone the allowable purposes or items that can be financed with the T.I.F. Fund are much more closely tied to providing affordable housing within the zone. And I have a feeling that I'm only beginning to answer your question.

>> Casar: Right, and I guess the idea I understand often a T.I.F. We designated and it's often not in contract with the private entity, but letting private entities know if we're going to encourage this level of economic development that we expect community benefit in exchange for implementing the T.I.F.?

>> I think when we start talking about expecting or requiring certain types of community benefits, especially in the way of affordable housing, we'll always have to keep in mind the -- you know, the provisions that are in state law common known as the Baxter bill.

[9:49:52 AM]

I think I'd have to take a closer look at that really to give you a firm answer in terms of what we can or cannot expect in terms of firm requirements.

>> Casar: Great. And then my other question and then maybe you understand something else about that question, but my second one really quickly is can we use the -- I understand we can use general fund dollars for lots of different things and only the tirz dollars in a HPD for specific things. I understand that part. But my question is the other way around. Can we use HPD tirz dollars for something in an HPD that we cannot use general fund dollars for? Are there specific uses that state law allows us to use the HPD tirz dollars on that we don't have access to just with general fund dollars in established HPDs?

>> Again, the -- the homestead preservation district statute sets out the list of uses that tax increment funds can be used for within the district. Generally those funds are supposed to remain within the homestead preservation district and zone.

>> Casar: Right, I understand the tirz dollars are more limited than a general fund dollar. What I'm asking does a tirz dollar have capabilities, can we spend a tirz dollar on something that the general fund dollar cannot be spent on?

>> In other words, what are we getting for it, in a way. In a way are we getting some additional capability -- in addition to the dollars, but where we getting some additional capabilities in terms of what we could direct those dollars for by using the HPD tirz as opposed to if we just didn't have it. Is that what your question is?

>> Casar: That's right.

>> And the example of allocating additional general fund follows, the answer is we currently do that right now.

[9:51:57 AM]

The housing department is funded through -- through general fund, the general fund department, some of their funds go there. The housing trust fund itself, which is generated by 40% of property taxes off of former public properties are general fund dollars that go into the housing trust fund that the housing department, community health department uses on all types of programs. We obviously have bond funds. So we'll validate this, but the existence of having a tirz doesn't preclude you from continuing to spend general fund tax dollars in essence because that's what they are, I mean they are just -- they are a reallocation of tax dollars whether they are under a T.I.F. Regime or just straight general fund dollars.

>> Casar: So if this council were to appropriate \$30 million to an HPD of general fund dollars, we could do lots of things with that. If we allocated \$30 million to an HPD from a tirz, we could do lots of things with it but it would be fewer having things listed in state statute.

>> Exactly. If it was under a tirz, if the funds were generated by an HPD tirz you would be by 377 and versus general fund it comes back to that any lawful purpose that the city -- city council deems. As we do in our annual budget each year when you appropriate whether housing trust fund money, bond dollars, as long as in accordance with general state law.

>> Kitchen: Does it -- does it -- I want to follow up a little on that question. I'm trying to think through, I understand the financial aspect of it. I'm not really asking about the financial aspect. I'm asking in terms of what it is you can build in an area and what you can dedicate to affordable housing.

[9:54:02 AM]

Does it give you something that you wouldn't have otherwise? So for example we understand our limitations on inclusionary zoning. Does this give us some capabilities for requiring certain types or amounts of affordable housing that we wouldn't have if we didn't create it? Am I making any sense? Maybe it doesn't. I'm just trying to explore that.

>> I think so. Let me try a few things. So the HPD increment, the funds, would be solely and specifically for affordable housing.

>> Kitchen: Right.

>> Obviously the 311 provides a lot more flexibility unless you chose to only fund affordable housing. We actually had one in San Antonio and it was exclusively affordable housing. We had some public improvements that connected the two but it was primarily for affordable housing. It was not a publicly owned land, it was a nonprofit and it was restricted because as a nonprofit we only did income restricted housing. So you can, I'm not an attorney, but I believe you could create a 311, dedicate outline



the funds for affordable housing because you chose too --

>> Kitchen: But can you require affordable housing in that area?

>> If the plan dictates. One of the things that's different here, what we're talking about is we are looking to administer our general programs. So a lot of our programs are by application. The T.I.F. That we had in San Antonio, we had the two projects in the plan from the get go. One was a homeownership project and one was a multi-family. So the nonprofit that retained both properties knew ahead of time that we were going to do those properties. So in that case you could demand or dictate on the front end what you are going to build. The way we've got it structured right now because our programs are by application and we don't have actually identified projects yet, I still -- I think you could still demand that it be affordable housing.

[9:56:09 AM]

We would want to utilize the application process we have to do that.

>> Kitchen: The reason I'm asking that is because, yes, this is a good -- you know, this is an option for financing, but the point you brought up earlier was the question what if there isn't available housing, you know. Can -- can you -- with a particular development, can you require the development to include a certain amount of affordable units? In a way that you couldn't otherwise.

>> Several of the activities that we've included is preservation and/or minor home repair. And so in that we wouldn't have to -- we would certainly be income qualifying families for the minor home repair, but I don't think we would have to -- I mean assuming that there are still individuals in the district that are income eligible, we would be able to offer the -- the repair services to those families. In regard -- preservation of a multi-family, assuming there's still multi-family property that we want to preserve, and then finally if there was vacant land, undeveloped land, we would then have the proceeds, the land might be more costly, whereas formally we might not be able to afford it, but this would potentially offer the opportunity to pay market rate for a project and then require -- assuming the funds were used to acquire, then you could demand, I believe, that it would be for affordable housing.

>> Casar: Councilmember, I think I have an idea of the gist of your question which is we can use funds just like we do regularly on our council agendas to ask for affordable housing because you are getting the funds. But the point is -- I think the question the councilmember is asking is do the TIRZ funds have something special about them that general fund dollars don't, and I think what I'm hearing from law and Mr. Canally is they don't. So my question for you is if we said here's \$30 million for affordable housing, does it make a difference to you if they are from -- \$30 million for affordable housing in HPDA over the next ten years, does it make any difference to you if the dollars came from a TIRZ or the general fund or if they came from proceeds from whatever?

[9:58:21 AM]

Are the \$30 million any different to you guys?

>> I don't believe they are.

>> Kitchen: So they are not different in terms of what you could spend it on -- I didn't mean to interrupt but I wanted to clarify. What you could spend it on and/or what you could do to make more housing available.

>> I think the only difference would be those percentages those percentages by state statute, unless we decided all of it for 30% or below, or less certain restrictions, I believe that to be the only difference. I do think one of the interesting things, though, about the HPD, in theory, except for district a, which would no longer meet the definitional criteria for blighted, the other areas still do. And so, the concept would be that when you start to do the development, and increase -- you likely will increase the values faster

than if you didn't dedicate to that specific area. But if the direction from council was that the money went specifically to that area for that area, then I think there would be no difference. Did that make sense?

>> Casar: Exactly. If we told you we wanted to split it like the pie chart, and we gave you revenue from development services, or from general fund dollars from property tax from some other part of town, or from the tirz, it's the same. But the goal, it seems to me -- I think the goal of these is, let's get a bunch of affordable housing money for gentrified areas, gentrifying areas, or areas that are about to gentrify, and where the money comes from, we can figure that out. And how much comes from the tirz, if any, how much comes from whatever. But the idea is we need the money for these areas, we need to designate them.

>> Councilmember, just to add to that, as part of the system we've been working on, we laid out a series of tools.

[10:00:22 AM]

This is, I think, as you're saying, a tax -- an HPD tirz is one of the tools available to increase funding. On the 311 piece, just to come back to that, it's certainly allowable. It's a little more flexible. The restrictions are not -- there's obviously restrictions on that in terms of the income. You could move it all into 50%. Certainly you could go lower on that. And the way it would be -- enter into development agreements with the -- a group of developers to accomplish the goal. On the general fund side, I would say, that general fund dollars are the -- come with the least -- it is obviously the same color of money. But it comes with the most flexibility, because it wouldn't have 373 restrictions. It may not have even bond restrictions that we have, the way we deal with some of the Pais of the uses that -- private uses that we have to deal with. It is about the funds. From a scale, I would say, pure general fund dollars are the most flexible.

>> Renteria: And the whole thing right now is that we don't have those general fund dollars. That's the whole thing. And through the HPD, we're going to be able to get that dollar over the time. And because of the gentrification that's coming, we want to focus it on that particular area, instead of the citywide.

>> Casar: I totally agree. And I guess the point that I was trying to get to is, if the dollar comes from terry town or if it comes from green, or if it comes from hpda, if the dollar is -- we've just got -- long story short, we've got to find a way to cobble together the money. The thing that you mentioned really quick, I think, was the first question that I was trying to ask, which was about development agreements.

[10:02:23 AM]

>> Yeah.

>> Casar: So do we do development agreements using 311 tifs as a bargaining chip within those agreements on non-city-owned land? Because it seems to me that, you know, the ones that I have seen are on city-owned property, and so I don't have context. If we go over our tifying capacity, are we missing out on opportunities for affordable housing? That's not supposed to be a leading question. I don't know the answer.

>> Mueller started at city-owned land, but the land is taken down by developers, as part of the infrastructure that we put in there, housing. I would say in Antonio, they have had models in place. There's an in-fill one downtown where there are multifamily done with a tif. Part of that is they enter into agreements to help assist in infrastructure directly, both indirectly, via infrastructure, to pay for utility connections that would then buy down from a developer's perspective, lowers their cost in return.

>> Casar: So if I've --

>> Also directly in terms of housing units.

>> Casar: Right. If there's an old car dealership that wants to turn into affordable housing, we could enter into a development agreement with the 311 tif says we are going to cover some of the infrastructure costs of turning this parking lot into something that has housing, but in exchange, we want affordable housing in the units that you put there.

>> I believe that --

>> San Antonio has an application process for developers to do exactly that.

>> The other thing I would say that would be beneficial, San Antonio does it a lot, is have the other taxing entities involved. That would be one particular difference, or benefit, with the tirz, if we were successful in getting the other taxing entities to participate. That would increase the amount of funds that could go in, except the school district. School districts are no longer allowed to participate.

[10:04:24 AM]

But the other ones are all allowed to. And so, we don't often utilize that opportunity, and I think that's probably one difference, as far as if you could get the other taxing entities to participate, you could grow the pot.

>> Renteria: Go ahead.

>> Kitchen: I don't mean to do that, but you had said something about requiring, a minute ago, a scenario under which you would require, I want to confirm. If you bought the land, is that what you said?

>> No, as Mr. Cerolla identified, there's a lot of different eligible activities. What I intended to say was, I believe you could require that the only intended activity would be affordable housing, and/or the infrastructure would support that. Is that accurate?

>> Kitchen: But you can't say -- I think I'm -- understanding. The developer comes to us, and is in that particular area, the boundaries. We cannot say to them, you have to have affordable housing?

>> I apologize. I said that in reference to the difference between a 311 and the 373. In the 373, we would absolutely require it, because the money can only be used for affordable housing. In a 311 is where there's a wide variety of options. The other tifs that the city has are under the 311. And under those, you can require a percentage, or you can do a bunch of different things.

>> Kitchen: What if the developer says, I'm not asking you for those dollars?

>> Oh. Go ahead.

>> Again, David Cerolla with the law department. If a developer chooses to participate in one or more of the affordable housing programs that are set out in state statute that a city can implement in one of these Zones, then if they choose to receive those dollars -- and there's a whole list through the land bank program that the city runs.

[10:06:29 AM]

Maybe through tif funds that are available. Then they would be required, because the state statute says so. They'd have to follow those --

>> Kitchen: My question is -- I think you answered it. I was asking if it has to be a choice.

>> If they choose to take the funds, they'd have -- both the city and developer would have to abide by the terms and conditions that are in state law. But, they do not have to receive those funds.

>> Kitchen: Okay. You answered my question. That's what I thought. I just wanted to clarify whether this was giving us any more tools in terms of requiring a developer to including affordable housing. But it's not. I just wanted to make sure that that was the case.

>> And I think, councilmember, just to add to that, I don't think we would go out and create a bunch of

311 without a plan. And that plan -- actually, we couldn't. It's required to have both a project plan and a financing plan.

>> Kitchen: Sure.

>> And those plans, whether they were developer-initiated or city-initiated, we would -- part of that plan would be -- a component of those plans would be agreements that if you're receiving tif funds -- if you're in a tif zone, and you're going to benefit from that tif zone, where through infrastructure indirectly or directly through a buy-down of units to add another funding source instead of go bonds or this, you would have -- they would happen concurrently. We wouldn't advocate, set up a 311 and assume people would come in. You wouldn't really be able to do that.

>> Kitchen: Okay. Okay.

>> Any other questions? Thank you. Okay. Now we are back on the regular agenda. We're now on item 3. And I forgot to mention that our colleague, councilmember Gallo, was off the dais when we approved the minutes.

[10:08:33 AM]

So, I want the record to reflect that. Okay. Item 3 is a discussion about the housing and community committee meeting schedule for 2015. I believe it's in your package. Or not. As you see on the list, we are changing our regular meeting time to the 2nd Wednesday of each month at 3:00 P.M. And this year, we are recommending meetings on the fourth Wednesday. I want to avoid the conflict for next year, because open space is also having that meeting at that time. So that's why we're changing it to the 2nd Wednesday. And there's also three months -- may, August, and September -- that's going to conflict with a budget work session. So I suggest that we keep our committee meetings -- just keeping our committee meetings those days, but pushing the start time later. Is there any comment?

>> Casar: I move for us to pass the schedule. And I think as we keep thinking through the committee system, we might find a way to not have a meeting every month.

>> Renteria: .

[ Laughing ]

>> I'm fine with this.

>> Renteria: Okay.

>> Kitchen: That's a second, sorry.

>> Renteria: Motion has been made and seconded. Motion made by councilmember Greg Casar, and seconded by councilmember Ann kitchen. All those in favor? It's been passed unanimous, but with councilmember Gallo off the dais. The next item is number 4. It's a discussion on the resolution related to fair housing and codenext.

[10:10:38 AM]

This item was brought by councilmember Casar first. We will take any speakers, then I'll turn the floor over to him to explain this item. And the first speaker is Maurice Madison slogan.

>> Sorry.

>> Renteria: You have three minutes.

>> My writing is terrible. I'm Maddie Sloan, director of disaster recovery and affordable housing at Texas apple seed, a 501c3 public interest law center focused on social and economic justice, covering a wide range of issues. I'm here to speak very strongly in support of this resolution. We actually sent comments on the code in June of 2014, urging them to pay attention to the fair housing implications of the code. Land development and zone use -- zoning and land use are really key to a city's obligation to refrain from discrimination and to affirmatively further fair housing, which means, you know, jurisdictions have

an obligation not only to refrain from discrimination, but to go beyond that and to address the legacy of segregation and lack of equal access to opportunity. Austin has a really -- fairly unique opportunity here, because we are doing a code rewrite from the beginning, versus going back through every section of code that's accumulated over a lot of years, as we would otherwise be required to do as a condition of our eligibility for federal housing and community development funds.

[10:12:40 AM]

This is something -- this is a major piece of the analysis of impediments to fair housing. And I would add that this is not to criticize the neighborhood housing and community development department. They've, you know, acknowledged this in the draft, and there are some issues with the code not being finished, but I think the actions staff has to take are to ensure that fair housing considerations like, do you have zoning requirements that prevent the integration of people with disabilities into neighborhoods? Do you have concentrations of undesirable land uses, like dumps, or industrial sites? Does your zoning allow that, and have they ended up in minority neighborhoods? Of particular interest, I know to this council, is the way that zoning and land use can be used to prevent building affordable and low-income housing, particularly in high-opportunity neighborhoods. And I would just emphasize, you know, this is not nhcd's analysis of impediments to fair housing. It is not --

[ beeping ]

>> Their responsibility. It's the city's, and I would urge you to pass this resolution and ensure that those silos are eliminated, and that we're going the right thing to qualify for federal funds. Thank you.

>> Renteria: Thank you. Stephanie tren.

>> Good morning. My name is Stephanie tren, and I'm a low-income housing attorney, a member of Austin women in housing, and a board member of ora.

[10:14:45 AM]

I am speaking here today in my personal capacity, my my experiences have informed by opinions. This resolution is very important. I have encountered over 500 families that have or are currently facing displacement, unsafe and unhealthy living conditions, retaliatory landlords, or all of the above. Even with substandard housing, the rents are still rising. Last week, I met one tenant who has had her rent increased \$175 per month in the last year, yet her landlord ripped up her written request for repairs right in front of her face, and she still renewed her lease. Our low-income population lives at the mercy of the landlords, and at the mercy of our housing market. I've advocated for code enforcement, rental registration, displacement assistance, source of income protection, and more funding for affordable housing, but these measures, while all vitally important, are not enough, not in this housing market. As rent rises and our affordable housing stock disappears, we are falling deeper and deeper into a landlord's market, a market where landlords have all the power and are able to mistreat tenants and get away with it. Low-income tenants, and those with disabilities have limited options on where they can live. They live in districts 1, 2, 3, and 4. As 1 and 3 continue to gentrify, we cannot expect other neighborhoods to house them all. It is the responsibility of every neighborhood in Austin to provide affordable housing options. The fair housing act was based on the idea that anyone should be able to live in any neighborhood. There shouldn't be a black neighborhood, a brown neighborhood, a white neighborhood, a rich neighborhood, or a poor neighborhood, but any of us here today could point out where all of those areas are. The city was legally segregated at one time, but policies have kept it segregated for another 50 years.

[10:16:46 AM]

We have to make some hard decisions. Developers will build as long as the market demands it, but if we continue to slow it down on the west side of town, arguing for months over parking regulations, it is the east side that will continue to pay the price. Austin's fair housing action plan, the plan that the city submits to hud, a plan for fair housing, recognizes that overly complex land use regulations limit housing choice and create impediments to housing affordability. The codenext process is the city's opportunity to rectify this for austinites now, and austinites for the future. Thank you.

>> Renteria: Thank you. Next is rogan.

>> Good morning. Hi. My name is robin, I am one of the residents from lakeview apartments, and one of the family members that Stephanie was referring to. My family and I were forced out of a house we had been living in for four years. That district has been my home since 1982. I've had many children since then. Now being forced to move to a place that's double the rent, beyond my means. Within the last month, rent went up \$100. I'm wondering if I'm going to be able to make my rent. I received a letter saying they're developing more places next. The place I just moved to, in 12 months, do I have to find another place to live? How am I going to afford a place to live? Where am I going to go? Being forced out of a place we've been here most of our lives. It's an uneasy feeling, especially when you have to take your children from one school to another in the middle of the school year, not knowing if you're going to have a home at the end of the day. Because of the prices going up. I'm hoping, after all, of this that there will be some affordable housing not just for me, but for anybody.

[10:18:53 AM]

We shouldn't have to be forced to live somewhere we don't want to. We should be able to live anywhere in the city. I hope that being here today is going to help not just me, but for the other families that I'm here speaking on behalf of, because it wasn't just my family. Hundreds of other families have been moved out of our home. What will I tell my children at the end of the day? Maybe we'll have a place to sleep tonight, maybe we won't? You know? I'm just worried that the way things are going, that we're being pushed out after being here most of our lives, to make room for people that have not been here. I'm a taxpayer. I've been paying taxes here since '82, and I feel like I've earned the right to live anywhere in Austin I choose to live. Thank you.

>> Renteria: Thank you. Melissa Warren.

>> Casar: It says does not wish to speak.

>> Renteria: I'm sorry. Steven -- right?

>> Good morning, and thank you for the opportunity to testify this morning. My name is Steven, I'm on the board of ora, grassroots nonprofit which advocates for an Austin for everyone. The board is endorsed. This resolution calling for the analysis of fair housing as part of the codenext process. Our platform calls for abundant housing. We'd like to take a brief moment to highlight the fact that the history of land use regulation has always been one of segregation. It has been at the very core of the entire regime of land use in the history of our country, and especially in the history of our city.

[10:21:01 AM]

The landmark supreme court case which upheld the right of cities to zone, euclid V ambler, was struck down by the trial court on the grounds it was discriminatory. In the words of the trial judge, "The purpose to be accomplished is to segregate according to income." On appeal, the supreme court did not disagree. They found it to be true but said it was fine. In the words of the majority opinion, "The apartment house is a mere pair site constructed to take advantage of the attractive surroundings created by the residential character of the district." 100 years later, we see the trial judge was correct.

We have a city segregated according to income. We have accomplished the goal, right? Zoning, land use regulation, exists to segregate. And here we are today, as called out in the resolution, with the most segregated metro area in the country. The bottom line is that any land use regulation which caps the population of a given area below however many people would like to live there is going to be de facto discriminatory and a violation of fair housing. If you look at the 2012 zoning capacity report that was prepared by staff as part of the imagine Austin process, they looked at what would happen if you permitted redevelopment -- sorry, not permitted. A 100% of all parcels within a given area redeveloped, whacked happen to the population of it. The highest-demand areas in Austin are capped in population. Even if you redeveloped every parcel in old infield, only 300 more people could live there, six hundred in Hyde park. You could find 685 people in this building who would like to live in Hyde park. And then you contrast that with areas like mono-toplis, 13,400 people, gold valley, 10,000, highland, 10,000.

[10:23:07 AM]

All the growth is going to these areas because the population of the high demand is effectively capped. Codenext is our opportunity to change this and make it possible for however many people would like to live in a given area to do so. That's the question we need to ask.

[ Beeping ]

>> If it does not enable that population growth, we will continue Austin's ugly history of segregation through land use regulation. This resolution is the first step in the right direction, but we have a hundred years of damage to repair.

>> Renteria: Thank you. Marlene.

>> [ Speaking Spanish ].

>> My question to you is, what are you doing to support people who are in the low-income rental group? Because I've been to different affairs to see what programs are available.

>> [ Speaking Spanish ].

>> And housing is too expensive, especially in east Riverside, between 1500 -- and 1300 for a single bedroom.

[10:25:20 AM]

>> [ Speaking Spanish ].

>> I was paying 850 and now I'm paying 1200 for two bedrooms.

>> [ Speaking Spanish ].

>> I am not yet middle class. I am a little bit below middle class. I'm working hard, and, therefore, we have to take on extra work, and sometimes have our children unattended.

>> [ Speaking Spanish ].

>> Translator: I want everybody to be treated equally, for all of us to be able to have dignified housing, and for all of our children to feel safe.

>> [ Speaking Spanish ].

>> Translator: We were treated unjustly this time. I think, referencing lakeview. It made us hard to find housing quickly, entering into arrangements that were not good, and having to find arrangements that were very hard, given our limited resources.

>> [ Speaking Spanish ].

[ Beeping ]

>> Translator: And so that is my question to you. What do you think about this, and what are you going to be doing to help the community?

>> Casar: Just to answer really quickly, [ speaking Spanish ].

[10:27:37 AM]

>> [ Speaking Spanish ].

>> Translator: Yes, I know -- fair housing --

>> [ Speaking Spanish ].

>> Translator: A family of four, at 40,000, is not a satisfactory requirement. It's hard to obtain that to qualify.

>> [ Speaking Spanish ].

>> Translator: You've got to think about it, or else you're going to have more people living under bridges. And nobody wants people living under bridges. We want to live in safe homes.

>> Thank you.

>> Casar: Thank you.

>> Renteria: I believe the next person, is it Sam?

>> Good morning, my name is sally, I'm a community development professional at structured development and a member of Austin women in housing. Thank you for your service to the city of Austin. I am here to support you and the resolution. Our job as community members and leaders is to look after the health, safety, and welfare of our neighbors. Families deserve to live in places that are safe, and children deserve and have the right to attend a good school. Austin has grown very fast, property values outpaced wages, making housing a financial challenge for many. Simple mechanisms such as making accessory dwelling units easier and increasing density in target the places will relieve pressure against affordability and keep Austin a healthy, livable city.

[10:29:41 AM]

Thank you for considering these policies and the many other great ideas discussed to permit housing that our neighbors and coworkers can afford. Thank you.

>> Renteria: Thank you. Do you want to speak?

>> Councilmembers, my name is ruby, and I am here on behalf of the folks that spoke to you today on the segregation, discrimination, and the affordable housing. Those of you -- all of you that are on that dais know the work that I do, and who I work and serve. And it is -- I think I'm speaking to the choir here, but it is extremely important that we work together with the other councilmembers to pass this policy. There is discrimination. There is retaliation. And you just heard from these families that they have endured and have gone through that. So I think, you know, this is an excellent way in order for us to try to make our city more equitable. And like the gentleman said earlier, we have a hundred years of -- behind us that, you know, we have to try to fix. And I applaud you for doing this. And I'm in full support. If there's anything that I can do in order to serve you, to pass this policy, I'm ready to do that. Thank you.

>> Renteria: Thank you. Jaime?

[10:31:42 AM]

>> [ Off mic ].

>> Renteria: Oh. For the record, as for the item 4, portencia Garcia Rodrigues, not wishing to speak, but for item 4. And I believe the last speaker that signed up is Jennifer potter Miller.

>> Casar: And then I think there's a paper that I handed you. There's somebody else that wanted to speak.

>> Good morning. Thank you for allowing me the opportunity to speak. It's an honor to be here. I was very interested in the data provided by ora. I'm a member of the neighborhoods. I'm a supporter of ora,



and was informed about this opportunity by that organization. And I came down because of my personal interest in this matter. I was very interested in the data they provided about the amount of people who currently fit in various neighborhoods under current zoning. I'm here to speak in favor of changes to the code, and also very concerned about what we've heard of the history of segregation. And I would say, now, income segregation in the city of Austin. If there's, indeed, limited space for larger development in our neighborhoods, then one piece of the puzzle is surely the construction of different types of housing within single-family neighborhoods, including both granny flats, duplexes, possibly even tri-plexes.

[10:33:46 AM]

This would diversify income segregations in our neighborhood and city. In my neighborhood, cherrywood neighborhood in east Austin, I see an increase in concentration of high-income households. There's no way I could now buy my home, for example. Just in the five years since we bought what is now our second home in cherrywood. We are currently building a garage apartment at our first home, which is eight blocks away. And now a rental house. My sister is going to live there. She's a freelance photographer, a professional photographer, and a single parent. And there is no -- there are almost no spaces in the nearby neighborhood where she could live. And it's very important for her to be close by, so that we can, number one, be a close family, but also can provide some support and childcare. This ties into one of my main motivating energies. I see so much discussion -- not so much in cherrywood, which I think is a very open-minded neighborhood still, despite all of the changes. But I see so many voices talking about preserving neighborhood character in our city. And I want to ask, always, what about our neighbors? What about preserving the kinds of neighbors that we've always had? The diversity of neighbors. If we are so intent on preserving neighborhood character that we interpret that strictly as single-family housing, that means that we're limiting further and further and further --  
[ beeping ]

>> The kinds of families that can afford to live with us. I would be more interested in preserving, in addition to the physical character, the population that is around us. I'm not interested in living in a segregated, very homogenous neighborhood.

[10:35:50 AM]

That's not why I live in the central city. Thank you very much for your time.

>> Renteria: Wishing to -- okay.

>> Hi, councilmember. I signed up, but apparently not competently. I'm here to speak in favor of item 4.

>> Renteria: I'm sorry. I see you here.

>> No problem. I'm very excited that you are considering this measure, and I'm here in full support. My name is Julio, a resident of Bolden creek, active in several issues. I'm an active member of ora. As you know from a recent study released by housingworks, east of I-35, we have 58% subsidized units. West of mopac, we have 3%. This is not the way we want to organize our community. It undermines our commitment to equal opportunity, and it puts people like our friends from lakeview under dire straits. We can do better, and I think this resolution is a part of that. I am a resident of district 9. And we have about 8% of the subsidized units. This is too low a number. I hope that we will have more people that are affordable income be my neighbors in the near future. And the reason for that is because I live next to the jobs, next to transit, in an area of great schools. And I believe everybody deserves the chance to be able to live next to those amenities. Here is a development pattern for 2000 to 2014. You inherited this, but you will have to fix it. This is single-family housing, what we think of as where families live. As you can see, the density of growth is at the periphery, not always where jobs are. This is how we provide affordable market-rate, and maybe, to some extent, through our subsidized housing, we put it farther

away, meaning transit costs.

[10:37:55 AM]

This is a good and bad pattern you see here. In many ways, the places where we want to put multifamily is in our transit corridor. The fact that it is only in those areas that we have significantly entitled tells you at least we're providing some supply, but we are not fully committed to affordability, because we are not massively building in the areas where we have transit service. This, in turn, creates all kinds of pressure in the areas that we might want to protect from regional demand of housing. In particular, look at this chart. This is the change in the median value by zip code. This is, again, what you inherited. And note the remarkable change in the traditional central east Austin area. It is very unjust that this community, right, that has faced segregation, that has this highway dividing it, to ask it to, in essence, fulfill the demand that we do not meet in the '03s and the '04s, because of the proximity of the land to economic activity. We need to do better. This undermines our commitment to fair housing, because it eliminates the parcels where we could have affordable subsidized housing near economic growth. This is a point that's so important, because the affordability conversation and the fairness conversation in this community --

>> Kitchen: Excuse me. I'm sorry. Could you go back to the last slide? I have a quick yes.

>> Yes, ma'am.

>> Kitchen: This is the percent change in value? This indicates where the appraised value has gone up?

>> That's right. Robinson.

>> Kitchen: Okay, I've got you.

>> So, in my community, we definitely felt it. But our income levels, right, if you take a snapshot of income in '07 and '04 versus '02, there's a difference.

[10:39:57 AM]

The implication for property taxes, there were changes in the retail and cultural mile. Folks that previously felt comfortable there, both economically and culturally, are facing pressure that would not be the most just place to be in to create that kind of displacement. The affordability conversation oftentimes in this community focuses around the level of taxation and spending as it impacts property owners, but if you look at where low-income people are concentrated, it's overwhelmingly in the rental category. So if we want to talk about affordability, and we want to tie that into how we do fairness, it comes to rental housing. I think about this chart a lot. Right now, obviously, are a democracy responsive to the people most involved. Those are the folks at the top of the scale. Look at the demographics of that group of people. The policies that you're making, however, are creating the community that the folks at the bottom of that scale are going to live and experience opportunity to. The mismatch causes a lot of reflection for me about what policies are important. And I say this because oftentimes, the preferences that we care about -- a fair housing, coupled with language reform, coupled with fiscal policies that prioritize investment in low-income people is deemed as "Hipster millennial." And that creates a vision of a white, upper-class, privileged category of people. But if you look at the people that these policies really are intended to help, and the type of vision that at least I am trying to create in this community, it's really about those demographics at the bottom. If you look at how the school district thinks about yield factors from housing for its school, you'll see that apartments are actually the efficient land use. And this is really relevant to fair housing because you want to be thoughtful about how you use funding to create the most opportunity for kids, and I bring this up so that we don't fall into the trap of thinking that the efficient way to create opportunity for kids to attend schools in high-opportunity areas is big, single-family homes.

[10:42:18 AM]

>> Casar: Can I ask a question about that really quickly? To make it clear, I have insight into the school district because of my family. I want to make clear you're saying, aid uses this chart to determine how many kids are going to their school.

>> It's the chart the consultants that tell them what is the likely attendance in an area, is going to produce. So they multiply a type to have unit, times a youth factor. People will say, wait a second, single-family is .36, and the apartments are lower. Yes. But land use efficiency, because apartments are smaller units relative to single-family, they are at parity or potentially exceed. The point I'm trying to make is, oftentimes in our conversations, we will say, we need more housing to support school district enrollment. I am simply saying, gently, let's look at the data. If we want to create school opportunity through fair housing policy, it might not be about creating as many single-family homes that are large in high-opportunity school areas, but rather, investing thoughtfully in three-bedroom multifamily. See that little --

>> Casar: Right. Essentially, the school district calculates how many kids are going to their school, and look around. And when they see a multifamily unit, especially a multifamily attached unit, they say that's most likely to provide kids at our school. And that's been my experience with my friends who are principals at schools, is they could name the three or four apartment complexes that are 80% of their kids.

>> In your district, and definitely when I lived in councilmember Renteria's district, that was the case, that kids were in apartments. I want to be as intellectually honest with you as possible and say, you should dig into the data. This has implications for the fair housing direction. We need to resist the narrative that single-family housing is the only way to create yield for school districts.

[10:44:22 AM]

A few recommendations, and I'll go through this quickly. You'll hear my voice later on item 5. In general, it's so fantastic you're creating a new infrastructure around fair housing. It's important to have it as part of codenext. I do hope that you will think about using fair housing impact statements and reporting throughout your land use decision-making cycle. I think you should add transit productivity heat maps. In my neighborhood, Bolden creek, I am served by two fantastic transit service lines, the 5 and 10. Even though we demolish housing stock to make way for people like me, we have a greater level of entitlement. I feel like our neighborhood is over-served by frequency. So, either we need to do a better job of matching where services to entitlements, or changing the services. You need visualizations of that. We're going to talk about the red, blue, deep blue and green scenarios in item 5. You have a lot of fantastic planners, but they think about planning in a way that remind me of law. These are compatible, like economists, what is the marginal impact in terms of supply of this item? In general, this, and a need for data actability as a citywide need is something you want to invest in as you consider the next budget. Finally, I'll leave you with this note. We need a complementary policy MIX. We need a broader mix of things to happen. We just need to do it. We need vast subsidized housing funding streams. I'm excited you're considering the homestead preservation district, but you heard that number. \$1 million, right. It's great. Nobody's saying it's bad, but that's only going to get us so far. If we are the truly enlightened community we claim to be, we need big dollars. The place to do it is from the general fund.

[10:46:24 AM]

We have a tremendous amount of prosperity that allows us to boost funding and cut taxes. Maybe cut taxes a little bit less, and boost funding from the general fund for subsidized housing a little bit more. You know our spiel on land use modernization. Supply, especially near transit, is important. It can also help preserve neighborhood character in places where right now we are sprawling into. And for those of you that are environmentalists, it keeps open space protected. And, our fiscal policy. As you know, you've adopted a few fiscal policies in the recent past, such as the homestead exemption, that, in effect, subsidize the use of important tracts of land for wealthier folks to keep very low density uses. We want to reconsider policies like that, parking, etc., that make it harder for us to use land productively in a way that creates bang for the buck for our fair housing dollars. Thank you.

>> Renteria: Thank you. I believe that's our last speaker.

>> Casar: Chair, I think I got a note from my staff. I think it's unclear on the signup sheet whether Renee Lopez wants to speak on this item or item 5. Okay. No worries. I just wanted to check.

>> Renteria: Go ahead. All right.

>> Casar: I just -- thanks to all of the speakers for having come up today. I think, again, this is one step. It's an important step towards fair housing that was listed in our impediments to fair housing report to address fair housing in codenext. In my conversations with our codenext staff, and with the consultant that we have supporting us on this, they think that it's a good idea to show the support from council. And my view is that this doesn't just show support from council.

[10:48:25 AM]

I think it shows prioritization, because I am, of course, interested in connectivity and walkability and all those things that codenext is supposed to do, but I'm much more interested in those streets having all different kinds of people on them. And I'm frankly, sick of sitting on the board of a council that is in charge of a city being called the most segregated in the country. I am open to any suggestion on the resolution, but hope we can move it along.

>> Renteria: I'm going to put that on the overhead so people can see it.

>> Casar: It's going to council. Just because -- if you guys have a meeting between now -- meeting after Thanksgiving. In December.

>> Casar: And part of the reason for the haste is, I want to make sure that it influences what the consultants bring back to us, and how staff work on it.

>> Renteria: This is your resolution here that we're going to be taking action on?

>> Casar: Yeah, I would love for us to send it along to the council so that we get it, considering that we're in the middle of sound check week, and the consultants are here. I wouldn't want them to present to us a code that is not at least showing us the options to maximize affordability.

>> Kitchen: Yeah. I think this is a very good thing to move forward. I know that our code team has already got this in mind, so it's not that -- this is not an attempt to assume that they wouldn't be doing this. This is an attempt to make a pretty strong policy statement -- a very strong policy statement -- that we want them to be sure and do it.

[10:50:31 AM]

And the other thing I think it does for our consultants, as well as our staff, is it makes it clear that we would like to have some details about it, because it includes -- not only does it talk in terms of including - you know, including these kinds of analysis in the codenext process, but I read it as, perhaps, bringing some additional information, you know, back to us to explain to us how the codenext process addresses this. So I think it's really good. I think it's something that's a statement to our staff, and also to our codenext team that we support their efforts in this regard, and we want to make sure that they have

what they need to do this, and we want information back.

>> Casar: And I think one item that may be new is that fair housing impact statement. I think it will be important for us as a council to understand which parts of the code will further fair housing. And that is something that we've been talking about with the consultant. And they're checking with their affordability sub-consultant to figure out whether this is something that they see as within their current scope of work. And we will certainly get together with the department, too, about that. But it looks like you want to speak up.

>> I apologize. I just wanted to thank you. In our analysis of impediments, this is a huge action statement for us to make. We now have to report out each year on our progress for reducing and eliminating impediments. This is a huge step as a council, to be able to take, for us to be able to report back. I just wanted to thank you for that.

>> Casar: Great. And Mr. Renteria and I were chatting here on the side. I think that if there isn't a CDC meeting between now and the next council meeting, I would love for you to distribute it to the members and see if they have any feedback or amendments between now and then. We do want to get this, as we said, passed.

[10:52:33 AM]

But we can just check to see when y'all's meetings is.

>> Renteria: When is our next meeting?

>> [ Off mic ].

>> Kitchen: Should be the second Tuesday in December.

>> Yeah.

>> The 8th. December 8th.

>> Renteria: So that's after your --

>> Casar: I think that's after our council meeting. My fear is that if we put it off to the very last council meeting of the year, that we don't get it in in December. I would like to have it posted for the 3rd. And if -- let's just keep the conversation open and going, and seeing if the CDC -- if a poll of CDC members, if we can get somebody to send it to them, or I'll post it on the message board. I would be really happy to get amendments or suggestions. And then if our council wants more time on the 3rd, and bumps it a week, it gives the time. I just don't want to tell the council they absolutely have to pass it on the 17th or we're going to miss the boat.

>> I think we could probably do that. Listening to the testimony, I'm very supportive of this. I think it's a great opportunity to preserve and protect our low-income residents. And with all the changes coming around, anything and everything that we can do to preserve affordable housing and to protect our residents from having to move out is well-received. And I would think that the committee development Co commission, after all our duty is to serve the poor of Austin, Texas, would be more than happy to do whatever we can to give our support on this. Thank you.

>> Casar: Yeah, thank you for joining us.

>> Renteria: Do I have a motion for approval?

>> Kitchen: Second.

>> Renteria: Motion has been made by councilmember Greg Casar, seconded by councilmember Ann kitchen. All those in favor, say aye.

[10:54:37 AM]

>> Casar: Aye.

>> Renteria: It was approved unanimous, with councilmember Gallo off the dais.

>> Casar: Thank you to everyone.

>> Kitchen: Thank you for bringing this forward.

>> Renteria: Yes, thank you. Next, we'll move on to agenda number 5 for our update on affordable housing goals and target, and the affordable housing plan and community scorecard to address the housing gap in Austin. I think we have staff here to give us an update.

>> Chairman, you may have speakers. I'm not sure. So I'm happy to defer to speakers if you do.

>> Renteria: Okay. I think I do here.

>> Casar: I will call up the speakers. First, Jennifer Mcphail.

>> Hi. I'm Jennifer Mcphail with adapt of Texas, and we just wanted to come here today to give you some of our thoughts on the affordable housing plan. When we saw it, we were very disappointed, because as it's currently written, there is no detail about plan -- initiatives to integrate people with disabilities in the community. There's no mention of affordability goals for serving people with disabilities. So, we, unfortunately, have to be against it as it's currently written. And we have recommendations. And I have it in written form. There's several pages. But I'll hit the highlights. As we understand it, there's a 50,000 unit need for people.

[10:56:43 AM]

If you set aside funding, the conversation on if they'd be able to use that funding in a reasonable amount of time, given that the demand is so high, I don't think you would have any problems if you wanted to aggressively serve people below 30%, that you would have any problem actually spending that money. We've seen in the bond process, the G.O. Bond housing projects, that there's an overwhelming desire for people that are at 30% and below to be served by G.O. Bond projects. There's waiting lists for every project that's been funded by the G.O. Bonds. So, with that track record, I don't think you'll have any problem meeting -- or serving people, and then having a demand even beyond what you can serve right away. So, what we recommend is that you triple the funding for 30% and below, because most of our members, and those people with disabilities who are on SSI, are at 15% median family income. So, we're talking about drilling down even deeper than that. And some of the ideas that we had for funding, to increase the amount of dollars available, is to actually have, sort of, like, a tax or a fee every time a person flips a home, and that home is not affordable, and it's not allowed, or it's not available to the community of low-income people, that there be a fee assigned to that flipping process so that you can generate some income. We've had, over the years, many conversations about corporations coming in and actually providing money to make housing affordable. I think we need to be more aggressive about truly low-income people being served by those business owners. Every time we give a tax abatement, we should have some incentives for affordable housing that are being met.

[10:58:50 AM]

Some other --

[buzzer sounding]

-- Things are have units available in every complex regardless of the income that's targeted, have low-income people have -- have units set aside for low-income people. So say, you know, a big luxury apartment complex is built downtown, you set aside units for low-income people and then you don't have a lot of the consequences of stacking low-income people in very targeted areas and have all these problems that you see with crime and drugs and everything else. If you spread low-income people around, you don't have that broken window syndrome type of issue. So that's what we want to see is that low-income people actually get integrated in the community just like you were talking about with

the resolution. That's a way to do it.

>> Casar: Thank you. And one -- I'll certainly ask about some of the questions you have around if the target should have some accessibility Numbers. And, of course, I know that there's the -- and agree there's a demand of 30% mfi and the earlier presentation was if we had enough money to get it done.

>> Well, we never have enough money, but we can come up with some creative ideas to generate that money.

>> Casar: I agree.

>> Renteria: Next is Renee Lopez.

>> Can you all hear me? My name is Renee Lopez, and housing the Austin has become a real issue for me.

[11:00:53 AM]

I'm really concerned about the change in the neighborhoods, particularly east Austin. I was born and raised in east Austin, 78702 zip code, and I love my community. And my parents grew up there, my grandparents grew up there. Mr. Renteria, I think you probably know my family. So I'm really glad about the codenext but I'm here on behalf of a disabled person who is with adapt and I just want to make sure that these changes address people with disabilities. I think it's equally important that homes are made accessible and affordable. We need to address accessible, affordable and integrated housing. And we need to know how these are going to be implemented. I don't have a solution to the whole problem. It's all about money, I understand that, but I think one solution that I would like to see is to get the apartment association to start accepting section 8 vouchers. There are many apartments I've noticed that are going up that have accessible apartments. However, it's too expensive for anybody with a disability to live in. So we could make it more affordable, people with disabilities would have a greater option. So I would like to see that implemented and maybe get the apartment association to start agreeing with allowing people on section 8 with disabilities to be able to live in these apartments. Especially downtown where it's easier for us to get around and use public transportation, get to the store. If not, we're going to be pushed out into the suburbs and that's going to create an even bigger problem because there isn't accessible transportation and it creates more isolation and more difficulty trying to get attendant care or get to the doctor and it's going to cause a greater problem.

[11:03:01 AM]

So I hope you all take that accessibility into consideration. I would really appreciate it as would adapt who I'm here to represent as well. And I thank you for your time.

>> Renteria: Thank you. Any questions? Next is Julio Gonzalez.

>> Very briefly, I was hoping we would be able to see some of the work product to be able to discuss it more fully. The specific idea that I wanted you to consider as you embark on the process of coming up with some targets is to embrace multiple scenarios instead of one and to give specific policy constraints. I would prefer or I would recommend that you think of four scenarios. A red scenario which is based on basically the bbc study and its recommendations. It provides no constraints. It basically says give us the same types of income stratification that we have in the community, project some growth onto it, keep that. I would like you to on top of that consider three scenarios where you provide staff specific constraints. A green snare crow that's focused on not consuming any additional land but not creating any constraints in terms of how much subsequent growth or the types of income in the community. This could potentially be a very class unequal but environmentally friendly scenario as well as a blue scenario, one where we try and achieve 50% and under mfi. Anybody in the region, right, because the relevant unit for our housing debates is a region, not the city, and even in the region under 50% of mfi,

what level of market building will we need particularly in our transit corridors to be able to house everybody in the region.

[11:05:08 AM]

Not because that's what you are going to do, but to understand the [inaudible] Of policy. Then the deep blue scenario is one where you provide a reasonable subsidization level. In the past we've done affordable housing at around \$16 million. I think it should be double that and there should be a general fund commitment. Pick whatever policy you want but you've got to give a sense of here are the realistic subsidies at the local level, what is the impact on that. The reason is because as you know from your vast experience our discussions tend to be completely indisciplined because we're not optimizing for anything. So we'll spend time on eight units there, 200 units there, hey, 18,000 unit, whatever, we need to understand the trade-offs of different trades and this is how it fits in with our desire to have a city that's open to people under certain levels mfi. Here's what the scenario means in terms of continued stratification. You need to see those trade-offs clearly as you accept the -- whatever recommendation. And then general and this would include staff recommendations often tend to be binary, up or down and I think it would be much better for your decision making and policy making to ask for different flavors --

[buzzer sounding]

-- Based on different values and different constraints.

>> Renteria: Thank U you. That's the last speaker. Staff?

>> Neighborhood housing community development. We put together just really actually some talking points and we distributed them to you so that you could follow along. We wanted to talk to you a little about process.

[11:07:09 AM]

What we want you to know is we have been visiting with you all about a proposed or a draft component of the overall housing plan for a few months. And these are -- we've just been talking to you about the numerical goals and targets. That is one component of the overall strategic housing plan so we wanted to walk you through our process, get some feedback from you all and it would be our intent to come back with this process laid out in a work plan with time lines so that we can align our work with your expectations. But the overall housing plan component obviously would be it is our mission and certainly that mission is laid out in a comprehensive plan as well as a number of places, but really the mission statement behind the plan itself. We have been identifying the gaps in a number of our documents. The housing market study is one source that's noted quite a bit in the identified gaps that we've been talking about. And again, we've been working with you on goals and establishing numerical targets. I want to pause and recognize adapt and the work that they've done. I want to thank Jennifer Mcphail and her membership. Betsy and I were actually very pleased, frankly, to get their letter that they had written indicating to us that we need to pause and pay attention. We actually met with adapt last month and I want to thank them for bringing that to our attention. It is our intent when you see the numerical goals that we do take into account their feedback, and so it is our intent to bring that back with their feedback incorporated. Following -- following up on the different plan components, we would obviously want you to see what we can produce from our department alone as well as what we can produce when you take into account other agencies in the community to include a number, but obviously the housing authority would be one.

[11:09:15 AM]



And then some of the things that you've all talked about today is the strategies, the homestead preservation district being one of many, but really recognizing there needs to be that buy-in in community dialogue around the strategies, not just the ones that we have but the ones we want to employ. And then fair housing. It is actually something that we would want as a component of the overall strategic housing plan. We do have excellent resources and we intend to leverage these resources in the design of the plan. And I'll note obviously we have excellent data that drives our decision making and recommendations. We have educational institutions and subject matter experts who have been engaged with us and we do intend to look at the opportunities around advisory groups to continue to inform the plan as well as the work along the way that informs recommendations to this group and council as a whole. And then recognizing that this is just -- it goes well beyond just the housing department, but really recognizing that there needs to be an interagency opportunity that brings together multiple departments around recommendations to council. So our process is laid out really in about eight steps, but to identify the gaps is certainly important and we did employ the housing market study to get us to that point along, again, with a number of different documents that have put forward gaps that we now need to address. Number 2 is working to identify numerical goals and targets. And we recognize that there's a lot of stakeholder involvement that needs to occur here. We have been targeting our stakeholder involvement in conversations; however, if you look at number 3, we recognize that once we have draft numerical goals and targets there needs to be a very meaningful outreach, strategy to include all members of the community want to go engage on this issue.

[11:11:19 AM]

I've noted several. Certainly the real estate community, the homelessness community, the disabilities community and many more, and really recognizing a meaningful way to touch all residential district areas. And then to ensure that there is an alignment and conversations around codenext result in outcomes, to ensure responsiveness to fair housing principles and to utilize the groups that we have at our disposal such as this group, the community development commission and other applicable and relevant boards and commissions. It is our intent once that work is done to bring this committee a draft strategic housing plan that can be proposed to the full council. And with that said, we would have an annual score card designed that would align with the plan that would essentially be the barometer of how successful we're being as a community to hit the goals and targets that we've laid out. We know that this is an ambitious process and we are, again, working on one small component of the overall process, but it would be our intention to begin fiscal year 2017 with certainly the milestone plan that can be then utilized to measure the success as a community. So that really gives us a year. If you all have a different thought process, we would certainly want to hear from you all here or certainly in the interim as we design a work plan that alliance with your expectations. We do want to note that there can be some committee considerations along the way and we would look for policy guidance. One is a housing - a housing plan advisory group. We can certainly do that administratively or we can look to you all for appointees that you believe would be excellent resources to inform it.

[11:13:29 AM]

And certainly the -- the concept of adopting the housing plan. This really goes along potentially with another concrete measure that would support the resolution that you pass today, but to adopt the housing plan as a potential component of the imagine Austin comprehensive plan and codenext initiatives. And with that, we're happy to answer questions. We did distribute a memorandum in response to questions that we had last time about overall costs of the gaps identified in the housing

market study. I know it was a very busy day for you all yesterday. You do have that, however, and we stand ready to answer any questions on that once you have an opportunity to review that and ask questions as needed.

>> Renteria: Okay.

>> Kitchen: A question about item number 6 -- or actually 7. So would the thinking be that for council adoption in the summer before we adopt the budget? Seems like that would be a good target. Is that what you meant, so it would be ready for the 2017 fiscal year?

>> That ideally we would have something by end of year, that is correct, yes. The --

>> Kitchen: I'm sorry, go ahead.

>> The -- the realities around the outreach plan is really what we believe would drive any kind of time line. We have been working on the numerical goals and targets, but we recognize that a public engagement plan, and it can be a very long time line or it can be more condensed, and that's something that would be a key driver.

>> Kitchen: My thought is -- my thought is that we need to have this in time for our budget adoption.

>> Okay.

>> Kitchen: So -- because the information should inform our budget adoption, which means to me in the summer. Now, I don't know what my colleagues think, but that would be my thought.

[11:15:32 AM]

>> Casar: I think it makes sense. Sorry, I was just reviewing the plan and flipping through it a little bit.

>> Uh-huh.

>> Casar: Is the expectation that that would have to accelerate the process?

>> Well, I think -- your question is the public input process; is that right?

>> I am putting forward -- it is our intent to have a meaningful engagement process and so we can put together an engagement process that can align with the expectation to have what I'm hearing you say a draft plan for consideration. And what we're really saying by that is there's a number of different facets, but the key component would be the draft numerical goals and the targets. That we would want to bring back to you to meet expectations of an October 1st fiscal year.

>> Kitchen: Yeah, my thinking that there's two components that might be useful to the budget process and one of them is understanding the targets because I think there's interaction how we address budget issues. But the other within is the policy. Policies that I know have been -- I guess we're not really waiting for that, but the council needs to understand what policies we might need to change or address in order to meet the targets. So I think that that goes hand in hand.

>> Renteria: And I'm just wondering about the chair of the CDC, Gilbert Rivera, has any comments or suggestions on that.

>> Well, I think that on item number 7 and before -- before you mentioned the -- the importance of the committee, redevelopment commission and all of the stakeholders to working jointly together to get a final -- a final housing plan because I see the committee as a very important new step in this process where we can sort of go back and forth and clarify any concerns that we may have before it goes to council.

[11:17:46 AM]

So I see us working very closely in partnership. That sense that the committee is going to be very beneficial and can clear up many of the questions before it actually goes to the full council for a vote. And to me that's very important part of this committee is when we can come in -- the department and the community development commission and work together to get a very strong, very positive plan

before council. And I would hope that also the -- all of the stakeholders, Jennifer and her group, I've known Jennifer seems for 100 years and I think we're in the same -- in the same game plan here is to try to look at how we can provide affordable housing for the disabled community in the city. Many people don't know this, but I'm disabled too. I'm a survivor of polio. And so luckily I have been able to get around, but I also have issues with getting to -- into apartments or into places to visit family and friends. So I really believe that the point that she brought, the paper that she gave us here was all the needs that are there for the disabled community are very important for me and respect as my position as chair of the community development commission, I would work really hard toward that. So I think this is a great forum to work out all the details. So I'm really behind it -- behind whatever we can get done in order we can get it to the council. And it can be approved.

>> Renteria: And I think, you know, we have very good as being past member of the community development commission, I really would like to, you know, really encourage that we work real close with the committee because they are the ones that are really getting -- hearing and taking all the input that we don't have as a council and committee don't have the time to go through all that process.

[11:20:05 AM]

And we really want to heavily lean on the city for their input. So if we can just work together on this -- on this plan so that we could come up with something before so we can go -- when we go into the budget process that we could identify some resources for -- for this program.

>> If I could, gentlemen, and councilmembers, what would be particularly helpful to us would be guidance in regards to priorities. In previous years we have received direction and guidance to do a lot of different things. I'll use the permanent supportive housing example. Tremendous, tremendous initiative and opportunity. When we received that original resolution, the resolution charged us to create or retain 350 units of permanent supportive housing and continue to do everything else we do. And so what would be incredibly helpful to us is if we could get your guidance on where you want us to prioritize. And so -- because there's a lot of need and there's a lot of different things. And so I only offer that as it would be helpful to us. We will do what you want us to do and so the more clear you can be with us, the more beneficial it will be for us to produce the product that you are looking for.

>> Renteria: Thank you. Is there any other comment, discussion? Questions?

>> Casar: I think relevant to the -- one of the goals in the plan about having certain levels of housing at certain levels of mfi in every zip code I think is also relevant to the resolution we worked on previously.

[11:22:05 AM]

Do we have the data on existing zip codes and how much housing is available in each mfi?

>> We do. In the housing market study one additional tool that we received was -- it's a spread sheet, for lack of better words, pulls in data from the different zip codes and provides a lot of information about the average value of homes, the average mfi of individuals, and so it was offered to us as an opportunity for a siting policy. In previous councils we had wrangled with that conversation and were not able to come to consensus on what would be the best way to site affordable housing. The housing market study did actually recommend that a healthy percentage would be 10% affordable housing, up to 20% in each zip code. That was their recommendation to us, but because of that we've got the tool, we can pretty easily determine or get the statistics that demonstrate the composition of each zip code. Does that answer your question?

>> Casar: Yes, and so is that available in the appendix, is it publicly available study or just something we have somewhere?

>> It is in the appendix of the housing market study, and one of the things that it would be our intent to

bring forward conversations around the housing plan and really speak to you all about the core values and get to a more definitive definition. That being around geographic dispersion. So we're happy to bring that housing model forward in that conversation, show it to you as a presentation, but it is also available as an appendix.

>> Casar: That's what I get for reading the beginnings of studies and not -- thanks.

>> Kitchen: I'm sure you all have this in mind, but I just wanted to point out on the resources, the talking points you handed out, to be sure and include the transportation department.

[11:24:11 AM]

>> Uh-huh.

>> Kitchen: Because that obviously has an impact and I'm sure that you were planning on that already.

>> Yes. We have the existing housing transit job action team and so that group meets on a regular basis and so we will factor all of that into what we bring forward.

>> Kitchen: Yeah, I think it would be helpful for the transportation department and actually public works also to have the opportunity to provide some input on the -- on the strategic housing plan. The other thing that would be interesting too is that the transportation department is embarking on a strategic mobility plan. And so during similar time period, although it -- it will last longer, but the plan is to start that in January -- or start the process -- anyway, there's some overlap in the time line. So I think there could be some synergys there or at least some potential to really work together on those strategy plans.

>> Absolutely. That sounds great. I do know that the housing job transit action team has put forth some draft recommendations already so we will certainly incorporate that and we'll get together with transportation and see how we can marry those up.

>> Kitchen: Okay.

>> Renteria: And also I want to just inform you that I designated my policy aide, Nicholas, to be the key point man for -- for my committee here, and so I'm going to have him working with you all more closely. So just wanted to let you all know that.

>> Sounds good. Thank you. That completes our agenda. Without objection, this meeting of the housing community committee is adjourned at 11:25.