

POTENTIAL HOMEOWNERSHIP STRATEGIES

Austin City Council Work Session
6.15.2016

RESOLUTION #20160407-024

Directs the City Manager to develop...



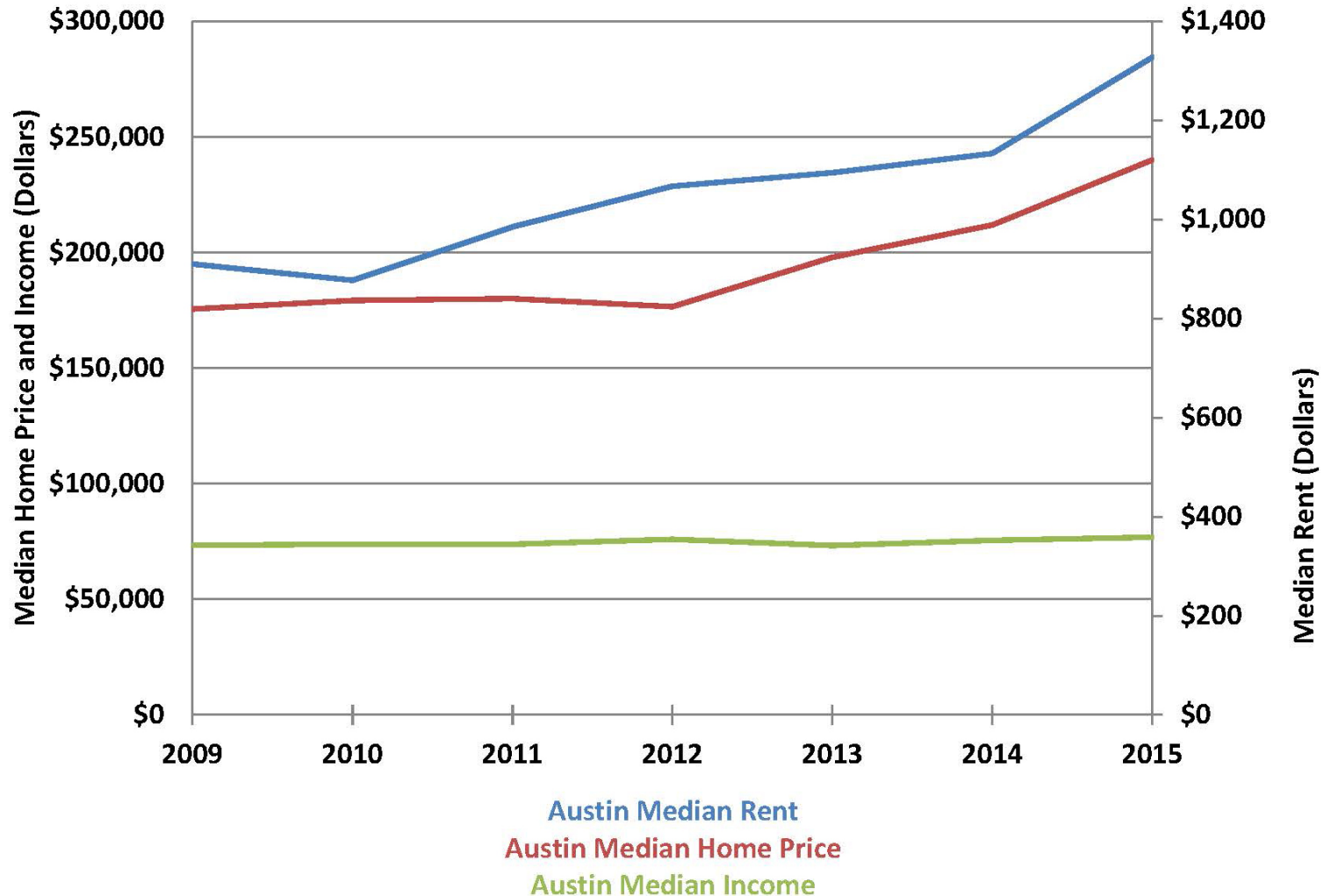
- recommendations to create more **homeownership options** for households earning 80% to 120% of the Median Family Income (\$52,000 to \$78,000 per year).



- recommendations for incorporating permanent affordable housing homeownership opportunities in **future bond packages**.

INCREASING HOUSING PRICES / STAGNANT WAGES

Median Rent, Home Prices and Incomes, 2009-2015



PROCESS AND CATEGORIES



Process:

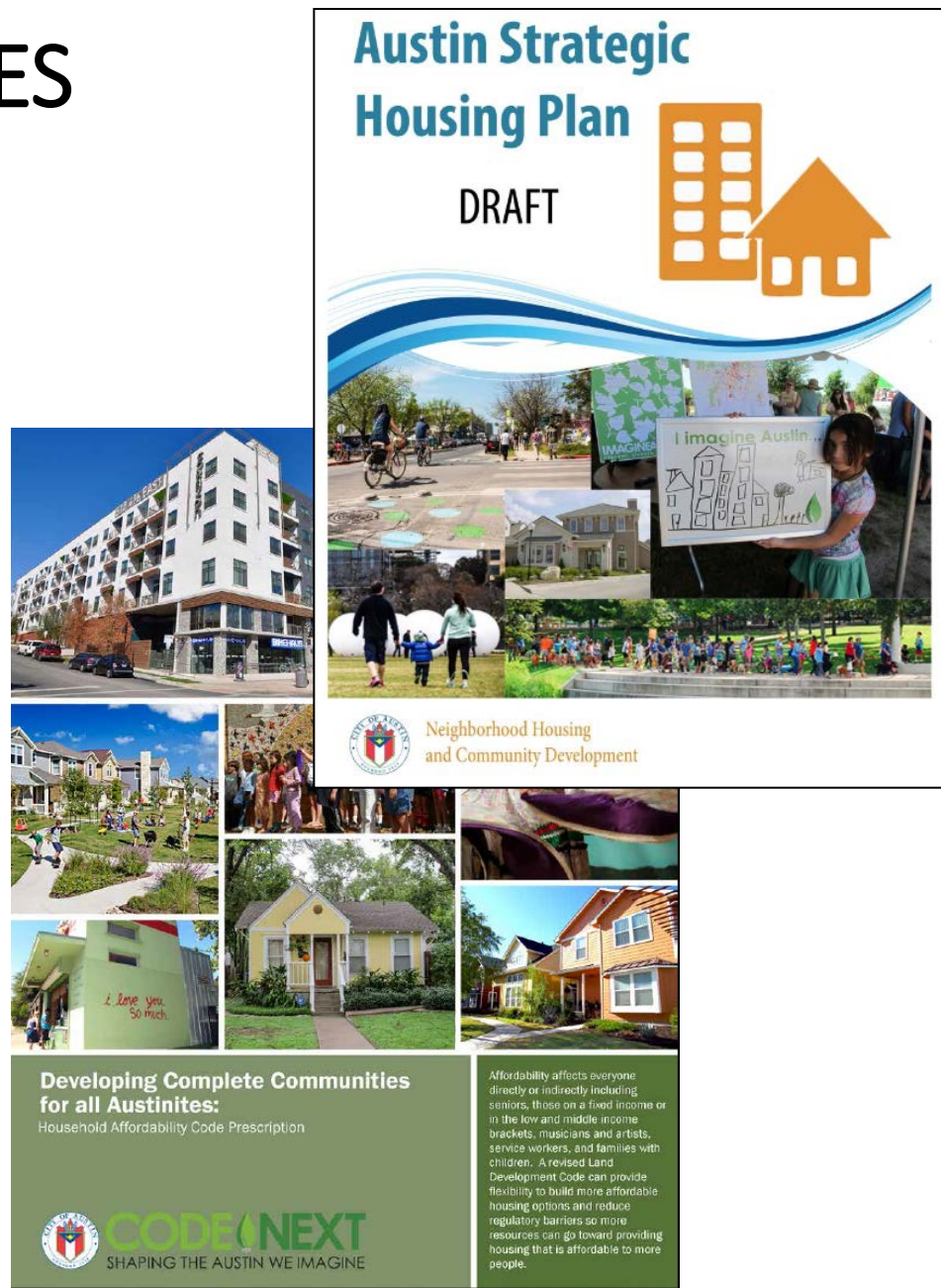
- Staff researched approaches of other cities.
- Staff received stakeholder input on the most effective approaches in terms of feasibility and impact.

Strategies fell into the following categories:

- Create **income-restricted ownership units** through mortgage and financing tools, including General Obligation Bonds
- Create **income-restricted** and **more affordable market rate** ownership options through regulatory and zoning tools
- **Maintain affordability for existing owners**

POTENTIAL STRATEGIES MUST BE:

- Considered in the context of the draft Austin Strategic Housing Plan.
- Coordinated with changes to the land development code through CodeNEXT process.



WHAT WE HEARD: POTENTIAL STRATEGIES
TO CREATE *INCOME-RESTRICTED*
OWNERSHIP UNITS THROUGH
MORTGAGE AND FINANCING TOOLS,
INCLUDING GENERAL OBLIGATION BONDS



CREATE INCOME-RESTRICTED UNITS THROUGH MORTGAGE AND FINANCING TOOLS



- Community Land Trusts (CLT) / Shared Equity.
- Modify Homestead Preservation District CLT Legislation.
- Expand partnerships to create mixed-income developments.
- Engage lending establishment.
- Explore creation of Tax Increment Financing District(s).
- Use sales of public land as a means to fund housing.

2013 G.O. BOND USAGE



- Limited for households with incomes at or below 50% Median Family Income for rental developments and at or below 80% MFI on home ownership developments.
- Allows for acquisition of property for a Community Land Trust, but not for incomes above 80% MFI.

FUTURE G.O. BOND USAGE



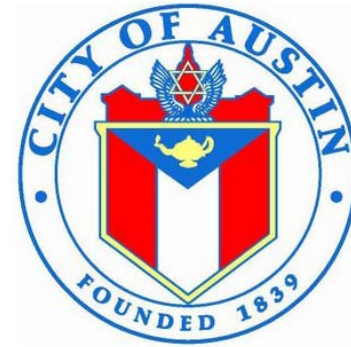
Bond Counsel Findings

- City Council has discretion to determine a public purpose
- No state law or City Charter provision prohibiting the City to provide financing for affordable housing to the extent that:
 - City Council determines that the provision of safe, affordable housing to its residents with incomes within ranges prescribed by the City Council is a public purpose
- City Council **can authorize** the issuance of the City's GO bonds for such purpose, subject to voter approval.
- City must consult with the Texas OAG to confirm that they concur with this analysis.

WHAT WE HEARD: POTENTIAL STRATEGIES TO CREATE INCOME RESTRICTED AND MORE AFFORDABLE MARKET RATE OWNERSHIP OPTIONS THROUGH REGULATORY AND ZONING TOOLS



CREATE INCOME- RESTRICTED UNITS THROUGH REGULATORY / ZONING TOOLS



S.M.A.R.T. Housing™

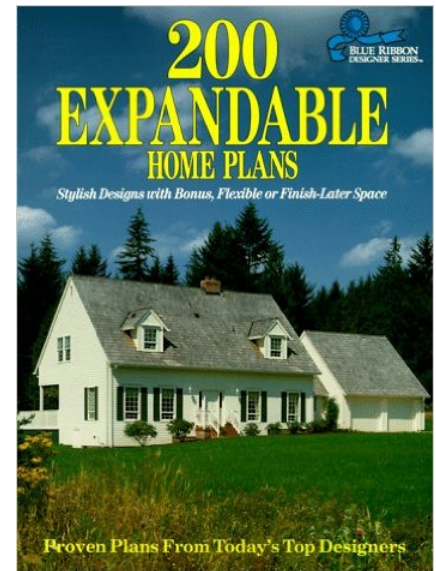
Safe • Mixed Income • Accessible • Reasonably Priced • Transit Oriented

- Modify S.M.A.R.T. Housing™ Program for higher incomes.
- Modify density bonus programs for higher incomes.
- Create a small scale density bonus program for residential lots.
- Create mixed income housing using public resources.
- Explore the concept of requiring rezonings with increased residential entitlements to include income-restricted units.

CREATE MORE AFFORDABLE MARKET RATE OPTIONS THROUGH REGULATORY / ZONING TOOLS



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- Allow more diverse housing options within most form-based code districts.
- Simplify the permitting process for developments with 3 to 10 units.
- Adjust lot size minimums and maximums to allow a diversity of housing.
- Develop a catalog of “pre-approved” missing-middle product types that can receive expedited approval.
- Allow very small homes that can be added on to over time.
- Allow more flexible housing options: cooperatives, prefabricated housing, group homes, mobile and manufactured homes, RVs, tiny homes, temporary and permanent shelters.

WHAT WE HEARD: POTENTIAL STRATEGIES TO MAINTAIN AFFORDABILITY FOR EXISTING HOMEOWNERS



MAINTAIN AFFORDABILITY FOR EXISTING HOMEOWNERS




- Allow owners to convert existing interior residential space into a rentable apartment to help pay mortgage/taxes.
- Simplify/expedite remodeling processes for existing owners.
- Dis-incentivize the construction of new big, expensive houses.
- Support increased wages for low-income Austinites.
- Distribute housing and jobs throughout Austin to lessen the pressure on prices in central Austin.
- Consider infrastructure costs of increased density.


SHORT TERM


- **Consider these potential strategies and priorities in the context of the Austin Strategic Housing Plan**
- **Incorporate code changes through CodeNEXT process**
- **Explore requiring permanent affordability for this income level when developers seek increased entitlements, including in Planned Unit Developments (PUDs)**

Austin Strategic Housing Plan

DRAFT








Neighborhood Housing and Community Development

Developing Complete Communities for all Austinites:

Household Affordability Code Prescription

Affordability affects everyone directly or indirectly including seniors, those on a fixed income or in the low and middle income brackets, musicians and artists, service workers, and families with children. A revised Land Development Code can provide flexibility to build more affordable housing options and reduce regulatory barriers so more resources can go toward providing housing that is affordable to more people.



CODENEXT

SHAPING THE AUSTIN WE IMAGINE

LONG TERM



- **Explore the inclusion of higher income limits in future General Obligation Bond elections**
- **Explore the potential for other new funding sources for this income category**

QUESTIONS?

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