

# AFFORDABLE HOUSING TOOLS AND PROGRAMS

**Housing and Planning Committee Meeting, April 28, 2017**

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# OUTLINE

**I. Definitions**

**II. Assessing Needs**

**III. Programs, Tools and Revenue**

**IV. Austin Strategic Housing Blueprint**

**V. Future Initiatives**

# DEFINITIONS: AFFORDABILITY

## Affordable Housing:

Housing in which the occupant(s) is/are paying no more than 30 percent of his or her income for rent, mortgage payments and utilities and no more than 45% of his or her income including transportation.

*.Definition from the U.S. Department of Housing and Urban Development (HUD)*



## Household Affordability (Imagine Austin Priority Program #6):

Household affordability is about the costs of housing, utilities, taxes and transportation.

*Definition from Imagine Austin*

## Median Family Income (MFI):

30% MFI: \$17,100 for 1-person household; \$24,600 for a 4-person household

50% MFI: \$28,500 for 1-person household; \$40,700 for a 4-person household

80% MFI: \$45,600 for 1-person household; \$65,100 for a 4-person household

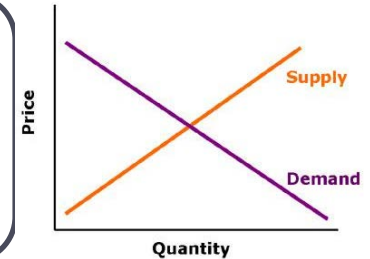
*2017 U.S. Department of Housing and Urban Development (HUD) Values for the Austin-Round Rock Metropolitan Statistical Area (MSA)*



# ACHIEVING AFFORDABLE HOUSING

## Market Rate Affordable Housing:

Housing that is rented or owned by people who pay market rates to rent the property or paid market value when they bought the property.



## Income-Restricted Affordable Housing:

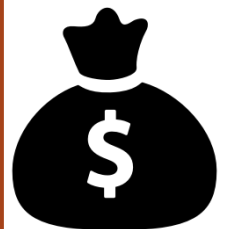
Housing for which renters or buyers must meet specific income guidelines to be able to live in the unit. This guideline is generally defined in terms of a percent of median family income, or MFI.

### Affordability through Regulations or Incentives

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

### Subsidized Affordable Housing

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



# WHO NEEDS HOUSING THAT'S AFFORDABLE ?



## HOUSEHOLDS BELOW POVERTY LEVEL

*Including Seniors and Persons with Disabilities*

**Less than \$11,770**  
*per year for an individual*

People living below poverty level including those 65 years of age or older, people with physical, developmental, and mental disabilities who live on a fixed income such as Social Security

**CURRENTLY =**  
**24,068**  
**HOUSEHOLDS**



## LOW-WAGE WORKERS

**Less than \$26,900**  
*per year for an individual*  
**Less than 50% Median Family Income**

Childcare providers, nurses aides, bus drivers, retail sales people, cashiers, cooks, custodians, visual/performance artists

**CURRENTLY =**  
**83,631**  
**WORKERS**



## LOW-INCOME FAMILIES

**\$38,400 - \$61,450**  
*per year for a family of four*  
**50% to 80% Median Family Income**

Medical assistants, bookkeepers, social workers, elementary school teachers, electricians, plumbers, paralegals, teachers' aides

**CURRENTLY =**  
**68,262**  
**FAMILIES**



## MODERATE-INCOME FAMILIES

**\$61,450 - \$92,150**  
*per year for a family of four*  
**80% to 120% Median Family Income**

Teachers, public safety workers, nurses, database administrators, architects, physical therapists, computer programmers, dental hygienists

**CURRENTLY =**  
**66,527**  
**FAMILIES**

AUSTIN



TEXAS

# Programs & Activities

## *Overview*



# Programs & Activities

## HOME REPAIR & FINANCIAL EMPOWERMENT PROGRAMS

### Financial Empowerment:

- ▶ HousingSmarts Home Buyer Education
- ▶ Down Payment Assistance (DPA)
- ▶ Community Land Trust (CLT) Program

### Home Repair:

- ▶ Lead Healthy Homes Grant
- ▶ Architectural Barrier Removal (ABR)
- ▶ Home Repair Loan
- ▶ Private Lateral Pipeline Grant

# Programs & Activities

## *Financial Empower Programs*





# Programs & Activities

## HOUSING SMARTS PROGRAM

### ►FREE homebuyer education training

- ▶ Teaches first-time home buyers and others how to manage and improve their credit and finances, obtain a mortgage, shop for a home, and protect their investment
- ▶ A HousingSmarts graduation certificate satisfies many homebuyer education training requirements

### ►Eligibility

- ▶ Live within Austin city limits
- ▶ At or below 80% Median Family Income
- ▶ All City employees are eligible



# Programs & Activities

## DOWN PAYMENT ASSISTANCE (DPA)

Assistance with down payment, eligible closing costs and pre-paid expenses depending on financial need

- **Standard DPA: \$1,000 to \$14,999**
  - Deferred, 0% interest loan, 5 year term
- **Shared Equity DPA: \$15,000 to \$40,000**
  - Deferred, 0% interest loan
  - 10 year note, 30 year lien and shared equity

### Eligibility:

- At or below 80% Median Family Income
- First-time homeowner and completed HousingSmarts
- Approved for a mortgage loan from a participating lender
- Sales price must not exceed FHA limits

# Programs & Activities

## COMMUNITY LAND TRUST (CLT)



**Home** – owned by income-eligible buyer

**Land** – owned by city or non-profit  
(reducing property taxes for owner)

- Allows low- and moderate-income people to purchase a home and lease the land
- Takes the cost of the land out of the real estate transaction
- More affordable than houses on the open real estate market
- 99-year ground lease with the CLT is signed for the use of the land

# Community Land Trust Homes

Homes created through Austin Housing Finance Corporation



# Home Repairs Programs

## *Home Repair*



## Programs & Activities

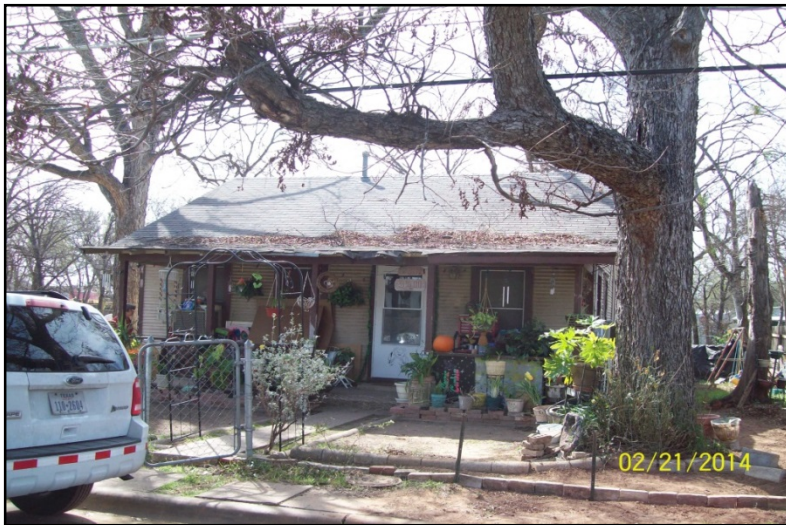
### **LEAD HEALTHY HOMES OFFERS**

- ▶ Houses built before 1978 may contain lead, which has been found to have especially negative effects on children
  
- ▶ Lead Healthy Homes offers up to \$30,000 in **FREE** services
  - ▶ Lead poisoning testing for children
  - ▶ Home inspections for lead
  - ▶ Lead removal
  - ▶ Risk Assessments
  - ▶ Lead Abatement
  - ▶ Relocation of occupants
  - ▶ Removal and storage of contents



# Lead and Healthy Homes

## BEFORE & AFTER





## Programs & Activities

# ARCHITECTURAL BARRIER REMOVAL (ABR)

**Up to \$15,000 grant to modify or retrofit the homes to increase self-sufficiency, mobility, and safety for persons with disabilities.**

- Handrails
- Door widening
- Buzzing or flashing devices (for persons with impaired hearing or vision)
- Accessible door handles or faucet handles
- Shower grab bars
- Shower wands
- Elevated toilets
- Accessible sinks and showers



# ARCHITECTURAL BARRIER REMOVAL BEFORE & AFTER



# ▶ Programs & Activities

## Home Rehabilitation Loan Program (HRLP)

- ▶ **General repairs to** bring homes up to minimum property maintenance standards and make them safe and sanitary
- ▶ Foundation, roof, plumbing, HVAC system, electrical work and other major interior and exterior repairs
- ▶ **HRLP Rehabilitation**
  - ▶ 0% interest, 15 year deferred forgivable loan
  - ▶ Assistance \$15,000-\$75,000
- ▶ **HRLP Reconstruction**
  - ▶ 0% interest, deferred loan forgiven over 20 years
  - ▶ 25% shared equity, 30 year term

# HOME REHABILITATION LOAN PROGRAM BEFORE & AFTER

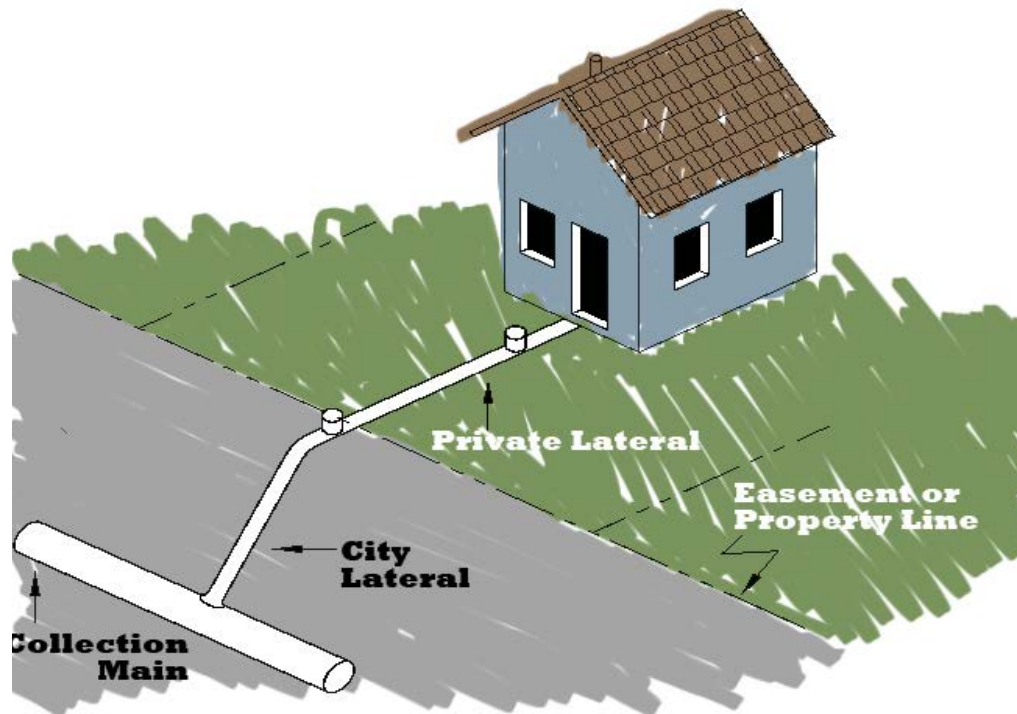


# Programs & Activities

## PRIVATE LATERAL PIPELINE GRANT (PLP)

### Reparation or replacement of Private Lateral pipelines

- PLP is the portion of the wastewater service line located on property that connects building structure to the City wastewater main located in the street right-of-way or Utility easement.



# Revenue / Dedicated Funding





# Revenue & Dedicated Funding

## GENERAL OBLIGATION (G.O.) BONDS

In 2006, Austin voters approved \$55M in G.O. Bonds for affordable housing. In 2013, Austin voters approved \$65M in G.O. Bonds to continue the program.

*Three Main Investment Areas:*

- Rental Housing Development Assistance
- Home Ownership Programs
- Home Repair Programs

# RETURN ON INVESTMENT

## 2006 GENERAL OBLIGATION (G.O.) BONDS

**\$55 MILLION**  
IN AFFORDABLE HOUSING BONDS

**\$196+ MILLION**  
LEVERAGED

**3,417**



NEW HOMES AND APARTMENTS



HOME REPAIRS FOR LOW-INCOME HOMEOWNERS

**1,398**      

NEW RENTAL HOMES FOR LOW-INCOME FAMILIES

**131**  

NEW ACCESSIBLE HOMES FOR PEOPLE WITH DISABILITIES

**108**  

NEW RENTAL HOMES FOR LOW-INCOME SENIORS

**\$55 MILLION**  
INVESTED

**2,919**



JOBS CREATED

**3,417**



HOMES DEVELOPED

\$55 MILLION WILL BRING

**\$865 MILLION**  
TO THE LOCAL ECONOMY

**\$392 MILLION**

TOTAL CONSTRUCTION IMPACT

**\$473 MILLION**

ONGOING OPERATING EXPENSES (YEAR 10 FORWARD)

# CAPITAL BUDGET

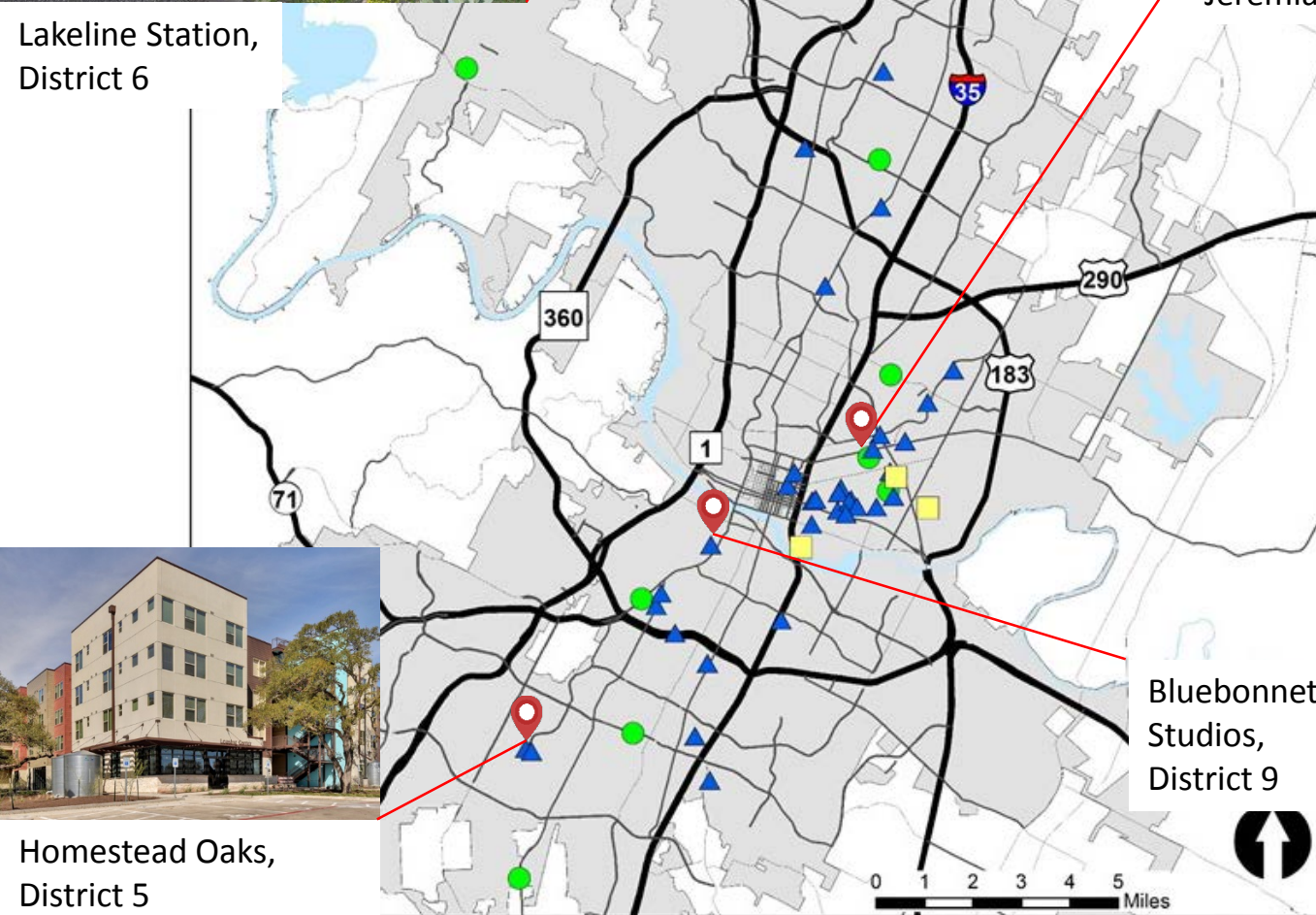
## Overview of Bond Funded Developments



Lakeline Station,  
District 6



Jeremiah Housing, District 3



2006 Bond  
Funded  
Developments

2013 Bond  
Funded  
Developments

2013 Bond  
Funded  
Developments  
Approved in 2017

Bluebonnet  
Studios,  
District 9

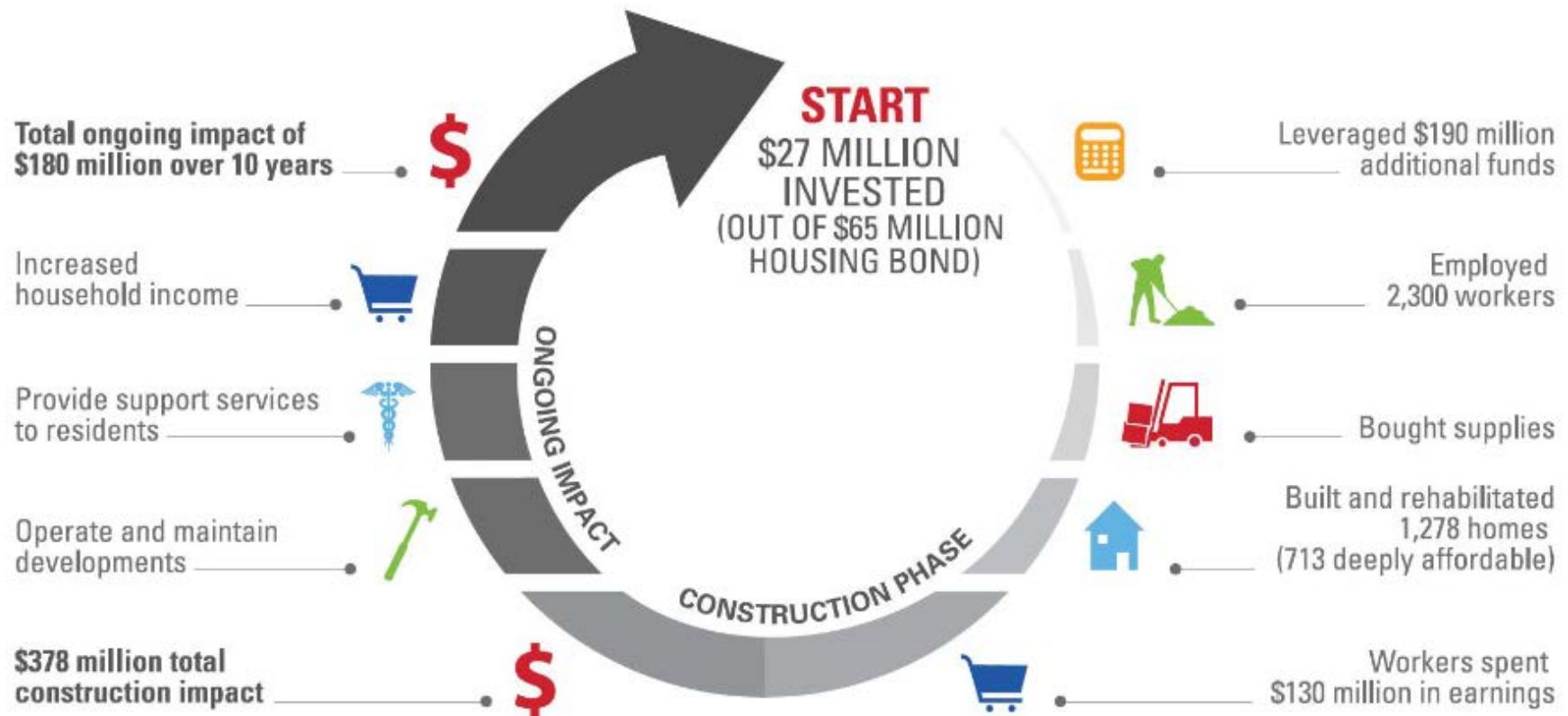




# RETURN ON INVESTMENT

## 2013 GENERAL OBLIGATION (G.O.) BONDS

\$558 MILLION OVER 10 YEARS





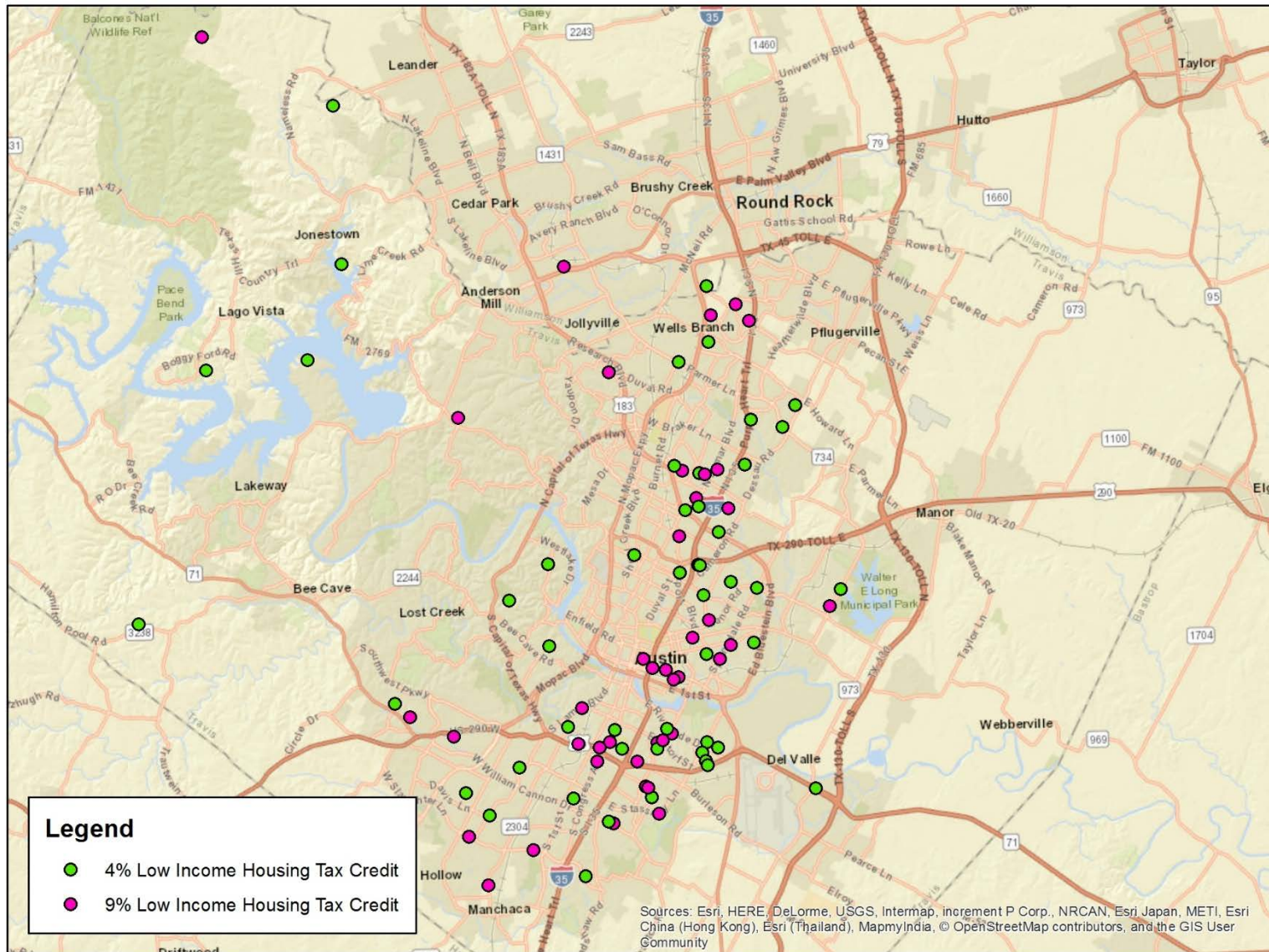
# Revenue & Dedicated Funding

## LOW INCOME HOUSING TAX CREDITS

- Texas Department of Housing and Community Affairs (TDHCA) administers the Low Income Housing Tax Credits (LIHTC). Includes 4% Housing Tax Credit; Competitive 9% Housing Tax Credit
- Program is a means of directing private capital toward the development and preservation of affordable rental housing for low-income households
- State program was designed to:
  - ✦ Provide a source of equity financing for the development of affordable housing;
  - ✦ Maximize the number of affordable units added to the state's housing supply;
  - ✦ Ensure that the state's affordable housing supply is well maintained and operated, serving as a credit to the communities in which affordable housing is constructed and operated; and
  - ✦ Prevent losses in the state's supply of affordable housing
- Funding is provided to developments that score the highest in each state region; Austin is in Region 7

# Revenue & Dedicated Funding

## LOW INCOME HOUSING TAX CREDITS



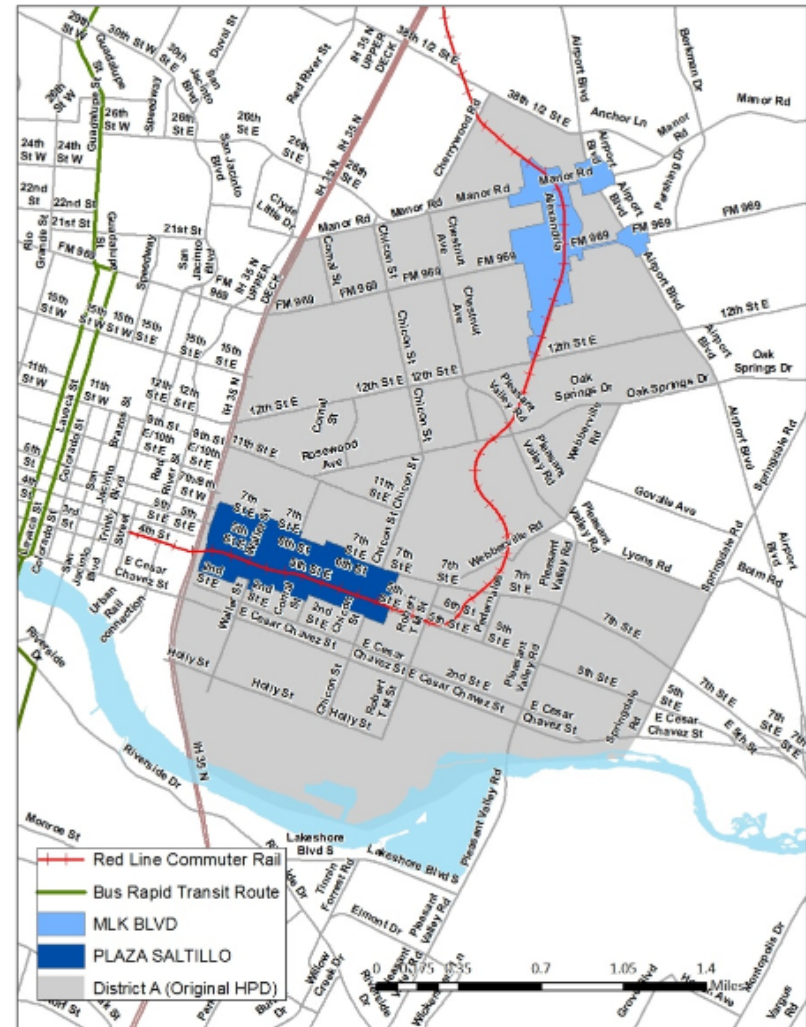


# Revenue & Dedicated Funding

## HOMESTEAD PRESERVATION DISTRICT

### Homestead Preservation Districts:

Created in east Austin to: “increase home ownership, provide affordable housing, prevent the involuntary loss of homesteads by existing low-income and moderate income homeowners living in disadvantaged neighborhoods.”



# Revenue & Dedicated Funding

## FEDERAL RESOURCES: HOUSING CHOICE VOUCHERS (SECTION 8)

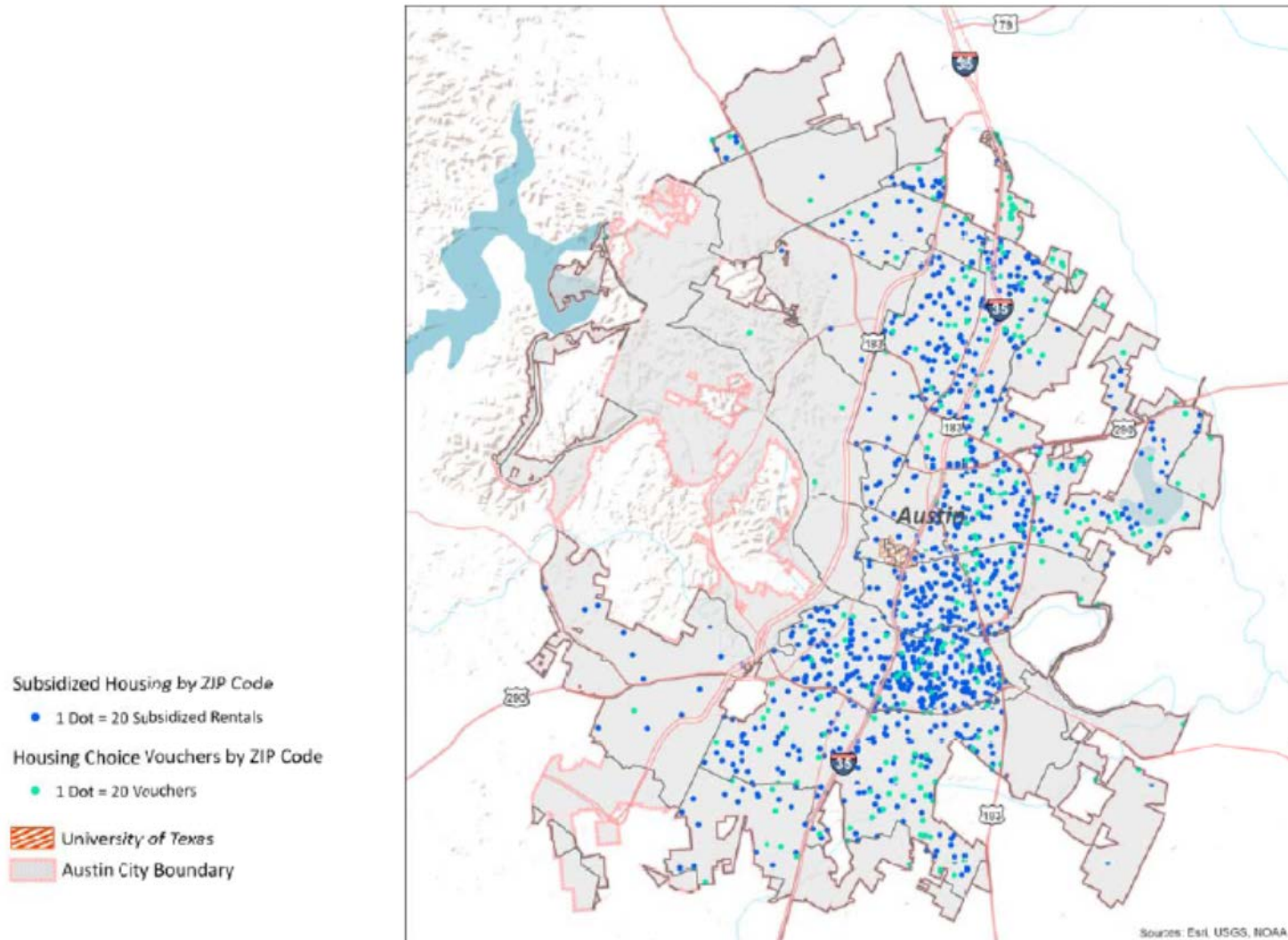
- Housing Authority of the City of Austin administers the program.
- Housing choice vouchers are administered locally by public housing agencies. The public housing agencies receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.
- Program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

### Maximum Household Income for each Family Size

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

# Revenue & Dedicated Funding

## HOUSING CHOICE VOUCHERS (SECTION 8) & SUBSIDIZED RENTALS, 2012





# Revenue & Dedicated Funding

## LOCAL RESOURCES: HOUSING TRUST FUND

- The Housing Trust Fund (HTF) was established on April 20, 2000
- Council Resolution directed the City Manager to identify funds and resources to invest in an expanded Affordable Housing Initiative
- Housing Trust Fund is funded through 40% of incremental tax revenues derived from developments built on City-owned lands within the defined Desired Development Zone
- **Resolution No. 20160616-035:** Regarding fair housing and strategies to achieve affordable housing, including direction that new property taxes generated from formerly county-owned and state-owned land should fund the City's Housing Trust Fund
- **Resolution No. 20151217-074:** Direction to increase the percentage of tax revenue derived from properties within the desired development zone that were formerly City-owned to be transferred to the Affordable Housing Trust Fund from 40% to 100%



# Revenue & Dedicated Funding

## POOLED LOAN FUND / STRIKE FUND

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



# Policy Tools & Incentives

# Policy Tools & Incentives

## DENSITY BONUSES

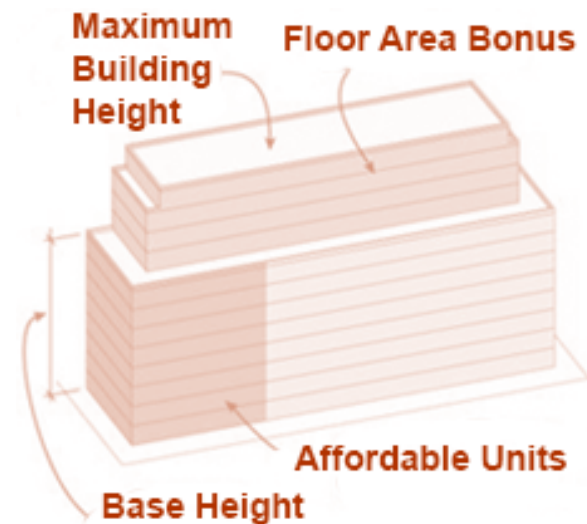
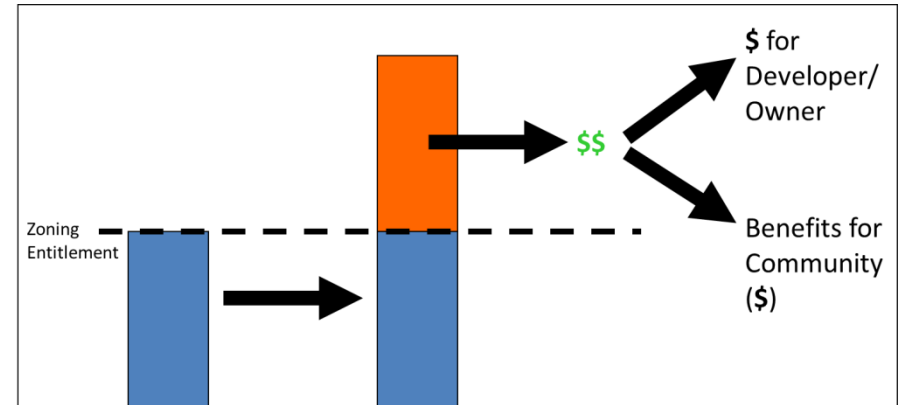
### What is a Density Bonus Program?

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

### Entitlements can include:

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

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

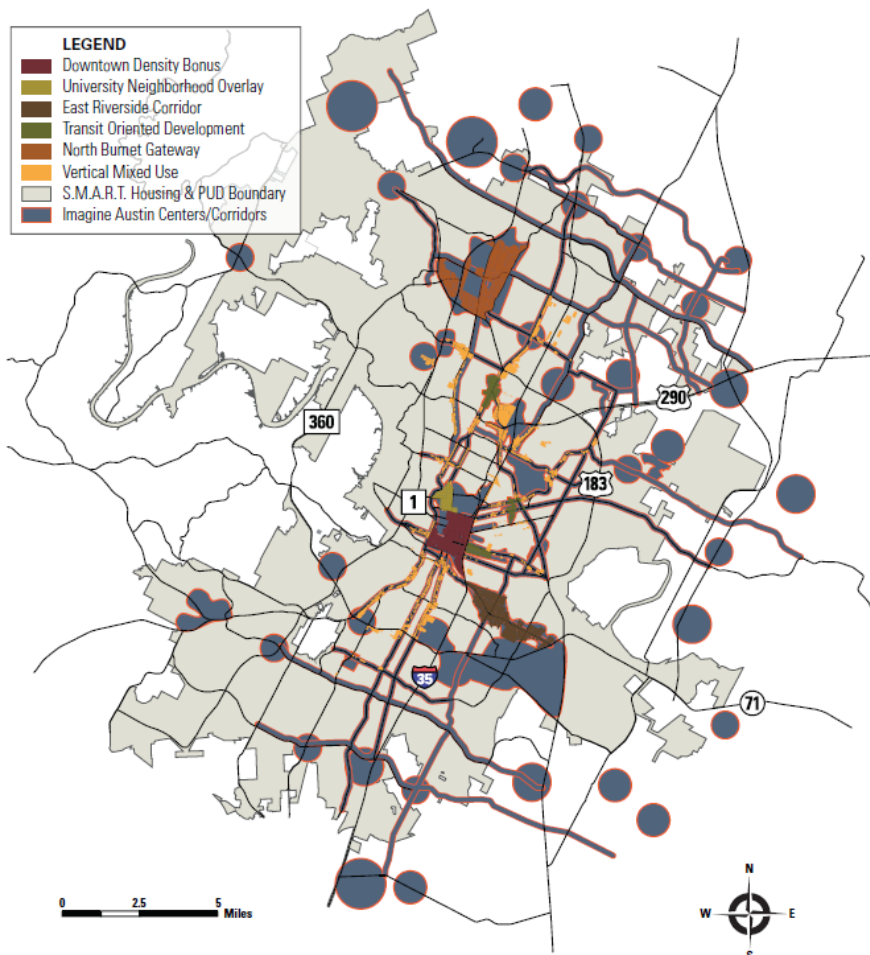


# Policy Tools & Incentives

## Importance of Land Development Code

MAP OF EXISTING DENSITY BONUS PROGRAMS WITH  
IMAGINE AUSTIN ACTIVITY CENTERS AND CORRIDORS

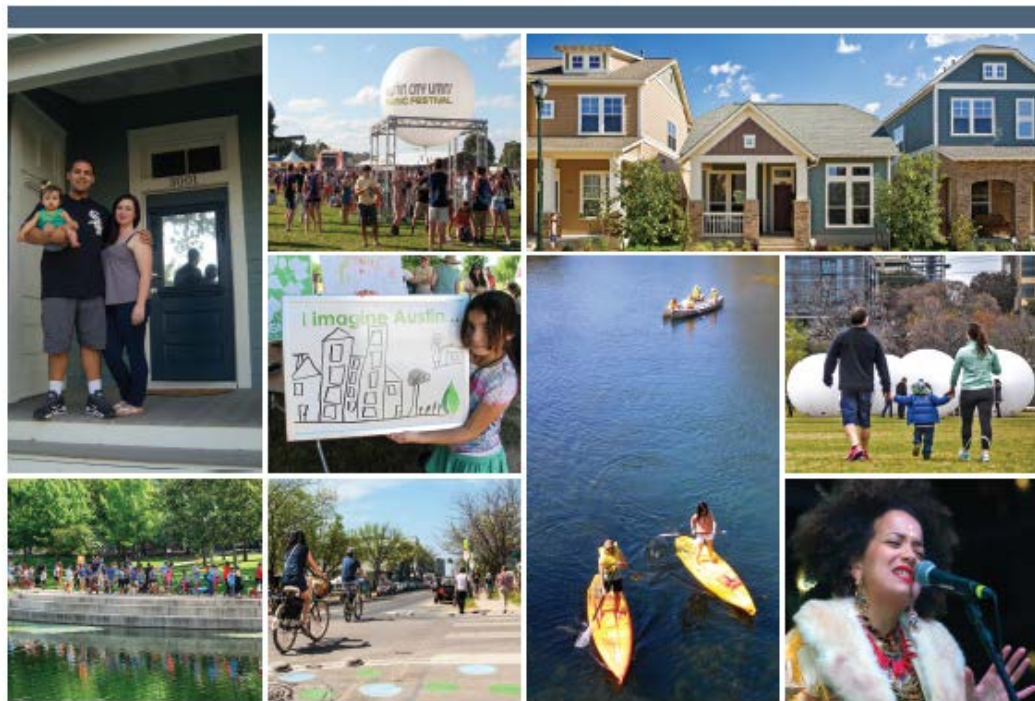
FIGURE 10:



- **Land Development Code Rewrite (CodeNEXT)**
  - Examine what makes it difficult for both for-profit and non-profit development communities to provide affordable housing units on the ground
  - Expand opportunities for the creation of income-restricted and market-rate affordable units

# ► A Strategic Plan for Austin's Future

## AUSTIN STRATEGIC HOUSING BLUEPRINT



- Implement the adopted Strategic Housing Blueprint
  - Affordable Renter and Owner Housing Opportunities
  - Preserve Existing Affordable Housing Opportunities
  - New Partnerships, Policies, and Innovative Financing

# ► Implementation Initiatives

## • Policies: Increase private sector partnerships

- CodeNEXT Density Bonus Analysis
- Revise S.M.A.R.T. Housing program, under review
- Planned Unit Development (PUD)

## • Diversified Funding: Multi-pronged approach

- Compliance with current policy for annual transfer to Housing Trust Fund
- Tax Increment Financing (TIFs) for Affordable Housing
- Dedicated Revenue (fees) for Affordable Housing
  - Expand dedicated revenue sources to grow the Housing Trust Fund
  - Public Improvement Districts (PIDs)
- Future General Obligation Bond Program funding
  - Expand approach to include City land banking dollars; dedicated funding for affordable housing core transit corridors

# Implementation Initiatives

## Continued

### • Grow Partnership Base for implementation

- Legislative Partners
  - Interim session goals
  - Coordination with other large cities experiencing affordability challenges
- Financial Partners
  - Strike Fund for Preservation
  - Community Development Financial Institutions (CDFIs)
- Private Sector Development Partners
  - Development Incentive Programs
- Nonprofit affordable housing partnership
  - Balanced approach with targeted procurement instruments (RFPs and RFQs) aligned with Blueprint goals
- Governmental Entities
  - Use of public lands for community benefits (State, School Districts, Transit Agencies, Counties, housing authorities and/or corporations)

# Questions

[www.austintexas.gov/housing](http://www.austintexas.gov/housing)

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