

RESOLUTION NO.

WHEREAS, families and individuals who would like to remain in their homes in Austin have more challenges due to rising housing costs and property values; and

WHEREAS, purchasing, selling, or mortgaging a home can be an arduous process to navigate; and

WHEREAS, housing investors buying homes at a low price and then selling them at a significantly higher price with minimal cosmetic improvements is increasing home prices in neighborhoods that used to be considered affordable; and

WHEREAS, many homeowners are under constant pressure to sell or take second mortgages on their homes, some families receiving multiple mail offers a week; and

WHEREAS, some investors prey on homeowners, especially the elderly and low income families, with artificially low offers on homes with promises of quick turn arounds for the transaction and the ability to avoid additional fees through a complicated process when selling; and

WHEREAS, predatory lenders also take advantage of low income homeowners by convincing borrowers to accept unfair or abusive loan terms through deceptive or exploitative tactics; and

WHEREAS, predatory home flipping affects both homeowners who are pressured to sell at a price lower than market rate, as well as the family that can no longer afford to

purchase a home when it is sold at a significantly higher price with minimal cosmetic improvements; and

WHEREAS, low-income residents attempting to purchase manufactured homes often enter exploitative rent-to-own contracts; and

WHEREAS, the City of Austin currently offers Financial Empowerment Programs for potential homebuyers; and

WHEREAS, empowerment is the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired action, often achieved through education and public awareness efforts; and

WHEREAS, through increased education and outreach efforts to low and moderate income population, the City of Austin Financial Empowerment programs aim to provide tools to make choices that better position families and individuals for housing and financing opportunities; and

WHEREAS, increasing financial empowerment education and outreach specifically targeted to families and individuals at risk of home flipping would enable informed decision-making, help families avoid fraud, and empower home-owners to advocate for themselves in the home buying, selling, and financing process to protect their greatest investment;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The Council directs the City Manager to develop a comprehensive strategy, based on information gathered on best practices, which will create and launch a “Families Not

Flippers” empowerment educational campaign. The Council directs the City Manager to conduct a community stakeholder process while developing the strategy. The community stakeholders should include both governmental organizations and non-profits including, but not limited to Texas Appleseed, Texas Fair Defense Project, Texas RioGrande Legal Aid, Austin Revitalization Authority, and Austin Board of Realtors. The Council recommends that Neighborhood Housing and Community Development (NHCD) take the lead on developing the empowerment educational campaign.

BE IT FURTHER RESOLVED:

As part of the comprehensive strategy, the Council directs the City Manager to develop recommendations that include the following:

- (1) best practices regarding educational and marketing campaign strategies to educate families on the home selling, buying, and financing process, to empower homeowners and homebuyers, including manufactured home buyers, to make the best financial decisions for their families;
- (2) outreach activities in areas where vulnerable populations are at risk for being targeted by house flippers and predatory lending due to relatively affordable home prices in areas experiencing market pressures;
- (3) initiation of education and outreach activities integrated with the Financial Empowerment program activities currently offered by NHCD, potentially including a hotline to report predatory lenders and call for advice, a “Good Realtors List,” and a list of legal resources;

- (4) a campaign work plan that includes a timeline for implementation and a breakdown of associated costs; and
- (5) identification of possible alternative funding sources, including both public and private funding options and potential partnerships with local realtor groups.

BE IT FURTHER RESOLVED:

The Council further directs the City Manager to present a briefing on the recommended comprehensive strategy for a “Families Not Flippers” empowerment educational campaign, and an estimated budget impact on NHCD’s Fiscal Year 2018-2019 Budget, to Council no later than June 28, 2018.

ADOPTED: _____, 2018

ATTEST: _____
Jannette S. Goodall
City Clerk