



MEMORANDUM

TO: Mayor and Council Members

FROM: Rosie Truelove, Director, Neighborhood Housing and Community Development Department

DATE: February 5, 2019

SUBJECT: Most Contributing Development to the Concerted Revitalization Plan – Homestead Preservation Reinvestment Zone No. 1

As part of the application for the 9% Low Income Housing Tax Credits submitted to the Texas Department of Housing and Community Affairs (TDHCA), an applicant may submit a resolution of support issued by the local governing body identifying the area as a Concerted Revitalization Plan area. If approved by TDHCA, this resolution provides additional points for the competitive application. A local governing body may also designate one development per Concerted Revitalization Plan area as the most contributing development to the implementation of said plan. Of the developments that were submitted to the City of Austin for resolutions of support, two identified the Homestead Preservation Reinvestment Zone No. 1 as the operative Concerted Revitalization Plan and claimed to be the most contributing development to the implementation of the plan. If TDHCA determines this area to be governed by a Concerted Revitalization Plan, all three applications can receive additional points or being within the Concerted Revitalization Plan area; however, Council may designate only one development per Concerted Revitalization Plan area as the most contributing development.

The two developments claiming this designation are Talavera Lofts by Saltillo DMA Housing, LLC and Pathways at Chalmers Courts West, LP by the Housing Authority of the City of Austin. As stated in Texas Local Government Code Chapter 373A. Homestead Preservation Districts and Reinvestment Zones, the purpose of the Homestead Preservation Reinvestment Zone No. 1 is to:

- (1) Promote the ability of municipalities to increase home ownership, provide affordable housing, and prevent the involuntary loss of homesteads by existing low-income and moderate-income homeowners living in disadvantaged neighborhoods;
- (2) Protect a municipality's interest in improving economic and social conditions within disadvantaged communities by enhancing the viability of home ownership among low-income and moderate-income residents in areas experiencing economic pressures; and
- (3) Provide municipalities with a means to expand and protect the homestead interests of low-income and moderate-income families.

Staff reviewed both developments to determine how well each addressed the three purposes listed above. Talavera Lofts includes a total of 92 units, with more than 60 units affordable to households with

incomes below 50% of the median family income. Additionally, twenty units would have multiple bedrooms, serving multi-generational households. Pathways at Chalmers includes more than 150 units, also with more than 60 units affordable to households with incomes below 50% of the median family income. In contrast to Talavera Lofts, however, Pathways at Chalmers includes more than 70 units with more than one bedroom. Because Pathways at Chalmers provides more units in total and more multiple bedroom units than Talavera Lofts, Pathways at Chalmers can be deemed to contribute more to the implementation of the Housing Preservation Reinvestment Zone No. 1.

However, this is only one of the stated purposes of the Homestead Preservation Reinvestment Zone. The second purpose addresses homeownership, and therefore is not instructive to this analysis. The third purpose of the Homestead Preservation Reinvestment Zone directly relates to the “reinvestment” aspect of this plan, calling for a “means to expand and protect” the interests of the community. Although the Housing Authority of the City of Austin is a long-standing and valuable member of the community, as a quasi-governmental organization, it pays no property taxes. Conversely, the Talavera Lofts will remain under private ownership and the property taxes collected will be reinvested in the Homestead Preservation Reinvestment Zone No. 1.

Moreover, Talavera Lofts is proposed to be in the center of the Plaza Saltillo Transit Oriented Development. The Plaza Saltillo TOD Plan calls for mixed-use developments with active edges in the center of this plan area. The investment of additional residential units in this area programmed for higher density has the potential to attract more commercial investment. While Pathways at Chalmers is a very short distance away, it is outside of the TOD plan area and has a lower potential, albeit modest, to attract the same level of commercial investment.

Due to these conflicting influences and considerable similarities between the proposals, staff has been unable to recommend one project over the other. Staff recommends Council designate one of these developments as the most contributing to the implementation of the Homestead Preservation Reinvestment Zone No. 1; however, staff has no recommendation as to which development should be designated as such.

cc: Spencer Cronk, City Manager
Rodney Gonzales, Assistant City Manager