# Housing and Planning Committee Meeting Transcript – 6/11/2019

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>> Casar: Okay. We're going to get going. So I'm councilmember Greg Casar, chair. And I'm calling the meeting of the housing and planning committee to order. It is Tuesday, June 11th. It's 110 A.M. We're at Austin city hall in the boards and commissions room. I'm joined by vice-chair Ellis, councilmembers kitchen and Renteria, and councilmember harper-madison is out on some personal business I think until tomorrow. So we'll get going. The first item is approval of the minutes from our last meeting. Is there a motion to approve those? Moved by councilmember Renteria. Seconded by vice-chair Ellis. Any objections? So we'll approve the minutes on item number 1 by acclamation. Our second item is citizens communication. Do we have anyone here who wants to speak to something not on the agenda? Okay. We'll move on from item number 2. Reverend Jones already told me what he thought personally so I appreciate that. Thanks for being here. Okay. Item number 3 is what we're diagnostic today. And we're going to -- what we're doing today. We're going to spend some time doing it. For folks watching it, this is an important moment as we start thinking about how we do our rental housing assistance and our ownership programs given all the new bond money. So thank you to the voters for entrusting us with that and now we want to be transparent in doing it. Now we will call up the staff for number 3, the briefing on the project application process for affordable housing. >> Thank you, councilmember. My name is James may. I'm with the department of neighborhood housing and community development. I'm the housing development assistance manager. And I manage the rental housing developmental assistance program as well as the ownership housing assistance program.

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That's what we're here to talk about today. And first I wanted to give you an overview of the process that we go through. It's a relatively new process. It started this year. To intake all of our applications, review them and then present them to you for recommendation. >> Casar: Mr. May, before you go into it, I want to frame up for everybody who might not be on the committee or watching this, is just we get so many questions so often around how is it that you decide who gets bond money and how do you make sure that you're getting affordability out of it and are you checking to make sure that this is doing everything that it's supposed to do? And so for everybody that ever has questions about that, the answer is we care about that, we're really trying, we're doing new things to make sure that we do that. And you've come up with this really thorough process to get us there and we're going to keep figuring it out. This is not necessarily set in stone is my understanding for the next rounds, but I think it goes to show how hard it is we're trying to get affordable housing everywhere and as much as it as we can. So I wanted to just give that broad framing for people that might be wondering what this is about. I think this is trying to answer those questions for folks, so thank you. >> Thank you very much for that. Yes, we are -- this is an iterative process. It's a new pross and we've been working with the development community and with the other stakeholders to ensure that we are dedicating the city's resources as responsibly and efficiently as we possibly can. Part of that was implementing a new process where we now review all applications on a quarterly basis. We have a quarterly deadline. We take in all of the applications, review them to ensure they are complete and meet a minimum threshold. And then we send them to the next round of review, which is with our staff panel. We have multiple members of nhcd staff who review all the application and ask some basic risk management questions. Is this the right place, is this the right time? Is this the right amount of funds to be dedicated to this project? Those concerns are then translated to the applicant

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and then the application is processed on to the housing investment review committee. The housing investment review committee is comprised of representatives from the community development commission as well as several members of the general public who are knowledgeable in affordable housing, finance and development. They will ask some deeper questions to the applicant, have more conversation, and then those notes go to the executive team. The executive team then reviews all the of the information from the applications. At all stages of that review process. And makes a recommendation for the Austin housing finance corporation board to make the ultimate decision of whether or not this project gets funded or not. Throughout that process we're looking for applicants to improve their application. Always making it better so that we can bring the best product to council for their decision. How we do that is after the first application deadline, we have a conversation with every single applicant. Say this looks great. Can you give us more? After the panel reviews the applications, we have the same conversation. After the her, we have the housing review committee, we have the same conversation. Until we make the recommendation at the executive team we are in constant communication with the applicants to try to make it better. Through this process in this round, we are currently in round two, we receive 17 applications at the deadline. We have had five applications withdraw because they have seen that this is a competitive process and we only have limited funds. So best to withdraw your application now than to spin your wheels. And maybe come back later once you have a better project or a better project to present to the council. We have also had several applicants improve their projects over the course of this process. Several of them have reduced the amount of funds that they are requesting either by going to traditional lending sources or finding other sources of grant funding. We've also had several

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applicants improve their applications by providing more units pore deeper affordability. So as opposed to just 50% median family income targeting, we've got applicants that are now targeting at 30% median family income. We've also had applicants improveheir application by providing more continuum of care units or permanent supportive units or by providing more units that are accessible for mobility impairment or for sensory improvement. Those are some of the ways that you can improve your applation by getting more points on your application score. So that's our general process, just to give you a very high level. I do want to talk about some of the issues that we have come across throughout this process. Just in the last -- it's only been six months since we started this. And have a conversation. So I would like this to be a conversational and just tell you some of the things that we've run across that we would like your input on. First we had several applications come in in the first round and in the second round looking for predevelopment funds. Predevelopment is a very integral portion of the development process. It's when you start getting together your site plan and your architectural drawings, ensuring that you have site control. Lots of things happening in that time period. It's also very risky because things aren't necessarily set in stone. Any developer who is asking for predevelopment funds knows that that development is not 100% on the way. And that's why we are concerned about investing large amounts of funds at that stage of the process because we want to be responsible with the city's funds. However, often times developers have no other source of funds in order to secure that predevelopment portion. So we're trying to figure out a way to address that. Predevelopment loans are not competitive through the current process. It's possible that this portion of the application should be shifted to a

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separate program. There are other sources of funding that provide predevelopment loans. They have caps on the amount that they will provide as a grant. Tdhca provides these things. I believe tshac also has a predevelopment package. In Dallas there is a predevelopment package. But it is separate and apart from their traditional programs. So that's one of the issues that we've run across. An additional issue that we've run across is request from applicants for partnerships. Partnerships are very important part of our program. We currently have seven partnerships. And we want to ensure that we are partnering with the right people and the right properties at the same time. One of the concerns that we have with any partnership or ground lease is that as soon as the city owns the ground we're no longer collecting taxes on that property. So that's just something to consider when we are entering into any sort of partnership. It does have an impact on the tax rolls. We've had several requests from ahfc for housing developments. We have a request out for a housing manager who can help organize that are process and make sure that we are making decisions responsibly. So that's part of what we are doing to make that process better. However, we know that there are ways to improve it. Any additional -- as I said, I'm glad to have conversations about these points as we move forward. >> Yeah. The other --

Mandy de mayo, neighborhood housing community development. The other thing that we are encountering, which was somewhat anticipated, are the really large asks.

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I've been working in this program for years and years, probably since the inception, and one million or two-million-dollar request for gap financing used to be kind of what we would consider a large ask. What we have seen in recent years is five million, six million. And again, we're funding -- we're not the primary source of financing. We're financing -- we're filling the gap, but the gap over the last several years has gotten larger. And there are two main reasons for that. One is just increase in development costs. Labor costs have gone up, land costs have gone up. Construction costs and materials have gone up. That's something that we are experiencing across the board in the city of Austin as well as across the country. The other thing that we are experiencing as a result of tax reform from about a year ago was a reduction in the corporate tax rate, which had a ripple effect on the low income housing tax credit familiar, the litac really counts on, it's predicated on selling the tax credits to corporations who want to offset their corporate tax liability. Once the corporate tax rate was reduced, that really devalued and deemphasized the importance of acquiring the low income housing tax credits. We're Steeg in the tax credit program, 10, 15, sometimes 20% reduction in the value of tax credits, which reduces the equity that's being brought to the development, which of course increases the gap. So we're kind of seeing a confluence of a couple of different issues that are hitting us at the same time, which is really putting increased pressure on the city of Austin as the primary source of gap funding. So certainly bigger asks, which is tied to another issue we're seeing, which is lower leverage. We -- because our dollars are more important and take up a bigger piece of the development puzzle, we're

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not seeing as good of leverage as we have seen in the past. Typically our tax Credi our nine percent tax credit, which is the competitive tax credit program, we have historically seen like a 10 to 1 leverage ratio. That's been reduced a bit. And again for all of those reasons that I've mentioned, increased development, increased funding asks. So these are not unanticipated, but this is something that we and Jamie and his team are challenging all of our applicants when they come to us for funding to look for additional sources. We can't be the only source of financing. We only can'ting the only source of --E also can't be the only source of gap financing. We encourage them to look at fill philanthropic sources, there are multiple grant sources. So we're really challenging all of our applicants to as Jamie said, do more, and bring additional sources to the table so that we can stretch our bond dollars farther. They're precious. >> Casar: Are those the three challenge areas that you are identifying for us right now? Maybe I missed one. >> We've got more. [Laughter]. >> Casar: Exactly. But whether we should fund predevelopment dollars or not, how we handle partnership requests that might result in us getting more units, but having less tax dollars on the rolls. And then third, how we address the big asks, lower leverage situation. >> We kind of separated those out, but those are certainly related. And then we have a few more. >> Casar: Okay, let's go. >> There's a question about quite, unquote, double dipping. If an applicant receives entitlements through a zoning process, they ensure that they will provide some sort of affordability and then six months later they come back and ask us for

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financing. Is that the intent of council? Is that -- is that the intent of the program of that zoning requirement? It's difficult to make a decision about funding that has already been dedicated, if that is how that is supposed to work out. The second question that we have is -- the final question that we have concerns the psh or continuum of care. In our new guidelines and in our new process we have worked with echo to give them authority over what is considered a continuum of care unit. Since they manage that process, letting them make that decision just makes sense for us. And it removes one more point of conflict in our process. However, often times developers will come in without securing an mou with echo prior to submitting their application. And then echo is kind of behind the gun trying to get that mou finalized before council takes action. We have expedited our process down to 100 days, so there is a time limit. However, we also want to ensure that we have those coc units, that echo has time to draft those mous and ensure that they are securing those units for the continuum of care. We're not sure if there's a -- we've gotten recommendations from several stakeholders saying that maybe there should be a minimum number of coc units in every development. We've also gotten recommendations saying that you should -- we should just advertise our coc process better. There are a couple of different paths that we can follow, but we're trying to find the most responsible one. >> Yeah. We haven't landed yet. We're continuing conversations with all of the stakeholders. Our goal, of course, is to maximize the number of coc units. We realize that homelessness is a huge issue and this is an opportunity to incorporate coc units into

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affordable rental developments. So we're kind of navigating that process right now and our plan is in the new fiscal year, so starting October 1, that first quarterly review we will have revised guidelines, and some of the issues that we're talking about today will have been addressed. As you mentioned, councilmember Casar, we know there is an iterative process. We know whatever we discuss attend thin conversations with stakeholders on October 1st, that will be the end and the guidelines and the scoring criteria and everything will be set in stone. This is going to change and evolve really over the life of the bond process. >> Casar: Great. So you've identified five or six challenges. Are there any other -- am I cutting you off before you've finished? >> No. Those are the big ones, I believe. >> The only other thank -- >> Casar: I should stop inviting challenges. >> We're looking at it. There are opportunities and we have some solutions as well. The only other thing that I'll mention that we have toyed with is really in the last probably 10-plus years we have structured all of our gap financing, our loans, as deferred forgivable loans. What that means is that our G.O. Bonds go out the door D provided the applicants comply with their Lura, land use restriction agreement, we monitor that. At the end of their affordability term, let's say it's rental housing and 40 years, that loan is forgiven. There's no -- it's a zero percent. There's no interest rate tied to it. So one thing Jamie and myself and the rest of the team have been toying with is, is there an opportunity in some of these projects to incorporate some true debt? That would then provide some sort of repayment provisions? Not for default. We have repayment provisions for default, but I'm just saying down the road at the end of the affordability

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period, particularly as we mentioned when we have our general obligation dollars, our local dollars are so precious, how do we ensure that 40 years down the road that we recycle those dollars, that we find a way to kind of evergreen the G.O. Bond affordable housing dollars? We're still -- we're really just in internal discussion. We haven't talked with external stakeholders yet. But it is something we've looked at other peer cities and that is something that other peer cities do. It's just not something that we have done historically. And we would need to we would need to make sure we have the internal capacity from a loan-servicing perspective, but we would also need to make sure this really enhances our affordable housing developments and doesn't -- we don't want to put up more barriers to entry. It may only be appropriate in certain cases and not other cases. Again, preliminary conversation. >> Kitchen: One thing I'd like to give the committee a chance to do is ask questions about those six challenges and us to G through them based on interest, and I see you're getting close to the end of your agenda here, but you gave us this paper, too -- >> Yes. >> Let's go over this. >> These are the applications? >> Kitchen: With everybody's consent here I think it might be useful for us to tell us what's here, identify any challenges you might have, and then people might come up with more things. If we go over this -- >> So you have two pieces of paper in your packet, to be clear, for folks who are watching. And one is essentially a spreadsheet of all 17 projects. There we go. It's up on -- >> And then the other is a map showing the location of all of those 17 a applications. To be clear these are just the applications that we received in round two. >> Kitchen: This is just one quarter of one year's worth of applications? >> Correct. >> Kitchen: Which is what -- this is way more than we usually used to get in,

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like, a year. >> Correct. >> Kitchen: Which is exciting but means we have to rank them and make choices? >> Exactly. The opportunity we have is we can make all these projects more competitive and invest the funds where they need to be invested. Just going down this table, the top two were included as part of your packet make sure that's correct. Sorry. Previous version. Going down your teenagers the first one is Travis flats. At the may 9 council hearing, the council reviewed several projects that were what we called legacy projects reinwe had already invested large amounts of funds and they were coming back for more. We tried to talk to all of our development partners, come to us once. We want to know how much you are asking for so that the city can make a determination as to whether or not this is a responsible investment. This is one of the last ones of that era. We do expect applicants to come back for supplemental financing toward the end of the project if necessary. But I'm homing it's five figures instead of seven. Travis flats received $1.5 million in August of last year. It is a 9% project. Those are city tax credits from tdhca so they're very well-leveraged in terms of our funding. They're also requesting an additional $1 million. The other projects on this list, with the exception of fourth and onion, are all new. These are all new projects who have not received any funding from ahfc in the past and they are organized based on the housing development assistance score that they received when they submit their application. So this is their quantitative assessment score. I'll see that the fir city heights apartments was one that revised their application after consultation, after they

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submitted they reduced their ask and increased the number of units they were providing. Foundation village, talavera lofts are both app plants for 9% tax credits aawarded in July. We do normally prioritize the 9%s only because they score so well. Talavera lots of submitted as though funded through a 4% tax credit. >> Renteria: Can you go all the way across and tell us what the whole -- all the columns. >> What the headers look like? Project name, how we organize it. The funding source is all pending. Once we identify a funding source, whether it's local or federal, we'll fill that in. Program is ownership housing distance or federal. The council district is where it's located. Total budget is the number provided by the developer in terms of how much it's going to cost. The requested amount is how much they're asking for us and any prior ahfc funding is in that next project. I'm sorry? >> Renteria: When you're saying prior funding, is that the same project? >> Yes, yes. >> Renteria: Okay. >> The ahfc leverage is the percentage of the funds that ahfc would provide for the totabudget so it's just that requested amount divided by the total budget amount and that gets you your leverage percentage. >> Kitchen: And your average percentage takes into consideration prior funding and this ask? >> Yes, it does. >> Kitchen: So the lower that percentage is the more we're leveraging? >> Absolutely. >> Kitchen: If it's 20% we're getting five to one, 50 percent two to one. >> Correct. And we only actually count that none for any unit we invest in. So any unit -- for rhda any unit below 50% mfi is counted against that leverage. However if they have market rate units we don't fund those so they're not part of

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our leverage. Which goes to the ahfc fund per unit. That's how much they are asking for per unit that they are providing. The ahfc fund per bedroom, we are looking at the number of bedrooms for multigenerational housing to see how much money we are investing in per bedroom per unit. The unit score, the initiative score and finance score are the three buckets of scores that you receive in your hda application. The unit score is based on the council district goals that are identified in the blueprint implementation plan, the initiative score is based on the multiple initiatives we have in the blueprint such as permanent supportive housing, multigenerational housing, accessible housing. And the finance score is your -- your leverage, how much you're asking for, how much you're asking for per unit and per bedroom. Those three scores total up into an hda score and that's your first threshold that you have to achieve in order to make it to the next stage of the application review process. The total units column is the total number of units in the column. Funded units are the units that we actually put funds into. The next two columns are for ownership development, so we've split out the rentals versus the ownership, and coc units that's continuum of care units. If any development is providing any continuum of care units and have secured that mou, that memorandum of understanding with echo, then they will receive points for those coc units. >> Can I clarify one thing? On the funding source, so the second column, although today we're talking about general obligation bonds and that is by far our largest source of funding as a department, I do want to reiterate that we do have other sources of funds, including federal dollars, including other local dollars like the homeless

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preservation district ters, just getting up and running, some fee-in-lieu that we've collected like the downtown density bonus, plaza saltillo has a separate uno, the university neighborhood overlay. So our applicants are applying to us for rental housing development assistance, let's say. They're not applying for a specific source of funds. We at the staff level are determining what is the appropriate based on the use and the existence of funds, what's the appropriate source of funds. In general. Because, again, we have G.O. Bonds are our largest source of funds. That would be the likely. But that doesn't mean that every single -- if we funded every single one of these projects, which we can't because we don't have enough money, but if we did there would be multiple sources of funding that would go into these projects. I wanted to make sure folks understood that. >> Working back down the list, and creek is another development that revised their application after consultation to increase the number of units and reduce the amount of funds requested. The aboli is a 9% tax credit applicant. Again, that will be determined in July who receives those 9% tax credits. 1140salina street is an application from Blackshear neighborhood development corporation. This is one of their first applications in a while, and it's to develop I believe it's two units, two households for rent, and in the Blackshear neighborhood. The lakeline station phase two is an application from foundation communities. This is up in destruct six. District 6, furthest north on your map. This is one of the requests we've had for partnership or ground lease.

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Calina is pending 9% application. 6711 porter is a project from Guadalupe maintained development corporation. They are looking to purchase one unit and build an accessory dwelling unit behind it. Burnet place apartments is an application from project transitions. If you recall from may 9 there was a development that was funded for Roosevelt gardens. This is from the same entity, serving the same population. Fourth and onion is a development from habitat for humanity. In the plaza saltillo area. And the last three on the back page, 732 Springdale, this is an application from Springdale arts. They have several 21-unit development, proposing to have two four bedroom units affordable for 80% mfi households. La vista Lopez are on your chart to highlight they are predevelopment applications, and these are the type of applications that we expect to receive more of in the future. >> Kitchen: Then on our sheet them of care units was cut off. I saw councilmember Ellis has the numbers. Can you tell us what those numbers are down the list? >> Yes. Travis flats is providing three. City heights, six. Talavera lots of, three. >> Kitchen: Foundation village. >> Zero. >> Kitchen: Yeah. >> And that does highlight something that's not to say that foundation village -- >> Right. >> -- Will not provide any. I should be clear. Our expectation is that they will. It is a single-room occupancy proposal so our expectation, just like with Waterloo terrace, which just

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had its ground breaking up in district 7, I think that's 132 units and we have 27 units of continuum of >> Kitchen:. >> We have not had those discussions yet. >> Casar: That's challenge number 5. >> It's a challenge. >> Casar: So we'll get there. Úanderson creek. >> Anderson Greek five. Next one is vgalena, four. >> Kitchen: So the rest are zero. >> This does get to a -- it's not semantics, but it is -- some of these projects, the tax credit projects are participating at the state level with the sensation 811 program which they consider permanent supportive housing for people about disabilities, often people exiting institutional settings or people who may be homeless. But we are not considering it continuum of care because they are not coming off of echo's coordinated assessment system. So there is -- there's a conflict with definitions at the state level, what they consider permanent support housing, what we consider permanent supportive housing, what we count as permanent supportive housing or continuum of care units. I don't know that we'll ever reconcile those differences, but our expectation for continuum of care units is that the entity, nonprofit or for-profit, has a memorandum of understanding with echo and that they have agreed to accept the folks that come off of -- rise to the top of the list in the coordinated assessment. >> Casar: Let's get knee that -- >> Kitchen: Yeah, I have a lot of questions about that. >> Casar: That's why I'm

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creating a box for it. [ Laughter ] Big box. >> Burnet place apartments also has nine coc units. >> Casar: Great. >> The rest have zero. >> Casar: Okay. So -- thank you for running down that side. On the other side of the columns I wanted to mark where the 9%s were. Is that Travis bots, aboli, vgalena -- >> Foundation village. >> Casar: Foundation village is competing for nines. >> Kitchen: Can you say that again? Going too fast. >> Casar: Those competing for 9%s it won't be decided until July if they have one them? >> Keep in mind Travis flats is from last year, already awarded a 9%. >> Casar: Travis flats is awarded nine. Foundation village is a competing nine, talavera lofts competing nine, the aboli and vgalena are competing for nine. >> That's correct. We anticipate that only three of those proposals will in fact be awarded 9% tax credits. So councilmember kitchen asked me to walk through that bun more time. Foundation village. >> Yes. >> Kitchen: Talavera lots of. >> Yes. >> Aboli and vgalena are currently competing nine. >> So we have four in the running. >> Casar: And three will get it. >> We anticipate, although we have been surprised in the past. >> Casar: We hope that three will get it. To tee up any more questions people want to write down and we can walk through them in turn, if, you know, the next quarter there won't be 9%s tax credits so if we were to image that this was not a 9% round, then city heights apartments, Anderson

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creek and Selina street ones might be the ones we aren't ranking high. Is that right? >> Yes. >> Casar: It's useful for us as we look at the map and we haven't determined how much money we're putting out there so haven't determined who makes the cut, who doesn't, it's useful to sort of look at this map and say, okay, well, if today I was to give it to the top three or the top four, this is where they would be and then to imagine, okay, let's say there weren't 9% tax credits, the 9%s were all off, then you could look at, you know, city heights in district 2 and Anderson creek here in the middle of district 4 and then the Selina street one here in district 1 and say, those -- start looking at those to get a sense of who it is that's rising to the top. >> Yeah. I also want to remind folks with our 9% tax credits, there are irs deadlines. So there is. With our 4% tax credits, because it's noncompetitive and they're accepted throughout the year, there's less of a sense of urgency. And then with our projects that are not tax credit funded, while there may be other financing constraints, we have a little bit more wiggle room and that's something that we are, as we have discussions with the applicants, what is -- do you have a purchase option that is expiring? Do you have -- I mean, is there something that we need that we can't put this off until next quarter or the following quarter or whatever it may be. >> Casar: Okay. Since we have the room until noon and we have an hour 15 minutes left, there are six

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questions identified by the staff, if zoning and lease agreements -- zoning or lease requirements already require affordability how do we handle it, hsh continuum of care questions. Is it a question about funding and then actual -- their loan being paid back, is that ripe enough for us to have a real pros and cons discussion yet. >> We'd love your thoughts if we have time. >> Casar: If there's immediate thoughts we can put that, a list. I think maybe sets of questions about how the scoring is going and whether it's meeting expectations. Are there other questions besides those -- are there other categories besides those seven that we want to add so that I can break up the time and we can make it to all of those questions. >> Kitchen: I think there's a very basic question that would be helpful since this is public and everything. >> Casaryeah. >> Kitchen: And that is to confirm the use of these dollars. These are for sticks and bricks, right? >> Absolutely. >> Kitchen: Okay. >> So our dollars are -- and because there is misinformation out there, not only is this -- this is capital dollars. >> Kitchen: Right. >> Not for services. Capital dollars. And in addition to reiterate all of our rental housing development assistance is for 50% and below median family income for a minimum of 40 years and all of our ownership housing development assistance is 80% median family and below for 99 years. >> Casar: Right. When folks sometimes see a project that looks really nice, they sometimes may not know that it's an affordable housing project and sometimes may not believe that sometimes a single parent making $20 an hour might be making too much to move into it. So I think, you know, we have set these guidelines to really build affordable housing for a lot of the folks that need it the most while also they do have units for people making a little bit more, making moderate incomes, scattered throughout the two. >> I might ask for a quick

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clarification for people watching at home once these are built is there a landing page or website where people who are looking for affordable housing can find out if they qualify you and where those locations are and if there's any availability for them? >> Yes. It's something that we're working on. >> Ellis: Okay. >> Our gis team is building out -- I think Eric can answer this pretty well. >> Ellis: That would be great. I think that would be helpful for people know we're doing this but aren't quite sure how to get one for themselves. >> Sure. Erica, neighborhood housing. If people go to austintexas.gov/housing there's a button that says resources for renters in the case of rental units or resources for owners. There are the buttons on the screen right now. So if then the to the resources for renters button, which is -- wait. Scroll up. Okay. >> Top right. >> Top right. Blue button. >> Just found it. >> Do you want to click on it, or can you? >> It's buffering. >> Okay. Then we currently have -- and scroll down a little bit more. So there's something that says "Looking for rental housing." You can go in there. Then there are a couple of different ways to search at present. One of them is that we do have a map that shows the units and people can click on the map, find out more information about that. We're also beta testing something that's a little bit more like a search tool, more similar T something like -- I was going to say apartments.com but that's probably a little fancier than we'll be able to do but basically you can say that your household size is three people and you make this much money and you really need a unit that's, you know, close to transit or

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whatever, and you can put in your search criteria and it will actually narrow down the list. I will say the thing that we have not figured out how to do yet is to actually have people, like, the landlords update information about whether the unit is vacant. And truthfully that is a very difficult thing to do, especially for income-restricted units where there are often already waiting lists. So it's something that we're working on, trying to figure out through a few different means, but that's in process. But right now there is an online list. It just does require people to call and find out if they can get on a waiting list. >> Ellis: That's great. I heard you mention gis. Maybe as an idea there could be some sort of geographic regionality to it, people could make sure if they have a particular neighborhood or working in a certain spot that they can find something -- >> So the current system is divided by -- loosely by geography. It you want to be in southwest Austin, that's the current system online. The new system, which is pret cool, I played around with it, it will be very functional and responsive, you can search by area. >> Yeah. So it has a mapping function. And that is austinaffordablehousing.com, maybe. >> Ellis: Thank you. >> Testing my memory but, you know, if it's the right one, yeah, that is the right one. So, you know, this might be helpful for people to see. Like I said we're still working out some kinks, but it is functioning. It does have data in it already. And so you basically go through a number of prompts

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to fill in some information but then you can get to a map showing what income-restricted units are there. >> Angie, just to show folks, can you just, you know, a family of three -- >> [Off mic] >> Yeah. I mean, it. . . >> Okay. That's kind of crazy. I would probably sort with a few -- with fewer criteria. >> But this will at least show the map. So if you can put in -- that's the yearly income. >> This is gonna be too narrow. I think you can also scroll down and you can skip, somewhere you can kind of skip going through all the steps and you can actually just do more of a search. Or if that functionality is not there, then it's something that we need to get to. >> And this will also enable you, particularly for families with children, if you have a certain school dachment area that you want to be in, there are a lot of -- Angie, I think if you hit next and next. And we get to criminal history. I mean, there are a variety of parameters? >> There we go. >> Then you can click on the individual locations, and it will tell you a little bit about the property. So it's not perfect, hence beta testing, but it's -- >> Kitchen: A year ago we were not even close to this. >> Exactly. We are headed in the right direction. >> Casar: So thank you. Councilmember kitchen, do you have a question or do you want to run into the topics? >> Kitchen: Well, I have a lot of questions on the

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coc -- >> Casar: Yeah. With the time that we have, what I broke down was if we spent five minutes on the predevelopment question, ten minutes on partnerships, ten on big asks, ten on double-dipping, that would leave us 15 minutes on psh or coc, five minutes for people who have thoughts on loans not being fully deferred, and that gives us 15 minutes to have anybody ask questions about the scoring. And we make it right at noon. And main we save ourself time on some of them and that buys us time for others. Is that all right? Since I see that there's a lot of interest on the coc/hsh we can start with that and see if we can get those questions knocked out in 15 minutes. >> Kitchen: Okay. So a couple of questions. It might be useful for you just to give us a 30 -- very sht overview of that because my questions go to -- I'll just name a bunch of them. >> Casar: Sure. >> Kitchen: My questions. So, for example, when we say three coc units, is that three out of the ones that are listed as ahfc-funded units? >> Yes. >> Kitchen: Okay. And there's no dollars that go with this, right? I mean, in other words the -- who pays for these units? That comes out of -- the rent on these units, that comes to out of a different pot, right. >> Yes. >> Councilmember kitchen, just to clarify, echo, because we're relying on them with the coordinated assessment, what they have assured us is with the 3-legged stool, we're saying here's the unit and then they're bringing the other two legs, which is the services and the -- >> Kitchen: Rental assistance. >> We're having on going conversations with the housing authority so it is multiple moving parts. Yeah, we're providing the unit. >> Kitchen: Okay. So then how is it determined how many coc units there

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will be in a given property? Is that totally left up to echo negotiating it? What role do we play in determining that number? >> It is left to echo negotiating it. The role that we play is in scoring those units, so a developer who is further down the list of priorities who wants to move up, maybe get funded this round and not wait until next round can provide more coc units. >> Kitchen: So help me understand how that really works. So because it -- my guess is that the determining factor on the number of units is the availability of the rental assistance as opposed to the owner's willingness to put more units. The reason I'm asking, it strikes me this is a pretty small number of coc units, so just help me understand the dynamics that impact the number of units. >> The -- as I understand it, echo will negotiate with the developer to get as many units as they possibly can. I've been in contact with them on one development and they were looking for 100% of the property. Now, they were -- that was a population that was already being served that was similar to the coc or the continuum of care coordinated assessment so they were -- those expenses were already built into their development budget. >> That might be a good -- that may be a good example to illustrate where there is a conflict. So the example that Jamie is mentioning is with project transitions, Roosevelt gardens, a 40-unit development. Their mission as a nonprofit is to serve people with hiv/aids and they're primarily coming out of their hospice care, okay? They are folks who have been generally -- folks who have experienced homelessness. While we may say we'd like

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100% of your units to be coc units, their mission as an organization is to serve their specific clients. So there was a conflict between just taking whoever rises to the top of the list and then who they, as a nonprofit, who their board, their intention is to serve. >> Casar: Councilmember, I think we've got sort of two issues and I think, councilmember kitchen is asking about one and that one is also important to hit but I do want to really understand that first question that you've asked, which I understand it is a question of -- let's say that we set a goal that we wanted to get 25 coc units per round, right? You know, so that way we're pushing people to say, you know -- that's a theoretical. I think what I'm hearing from councilmember's question, and tell me if I'm wrong, is, is it the city's own funding of rental assistance in our budget at times the limiting factor on whether or not we could -- because in part here we're just trying to hit 30% mfi and below units. >> Kitchen: Yes. >> Casar: People also need rental subsidy, so is the limiting factor how hard we're negotiating here or pushing or is there a second, whether in the budget we set enough rapid rehousing dollars -- >> Kitchen: Yeah. >> Casar: To make this happen anyways? >> Kitchen: Yeah. So that's a -- yes, that's a component of the question, is I'm trying to understand our role in the number of coc units, and I'm understanding the coc units are only units for people that go through the coordinated assessment. >> Correct. >> Kitchen: Okay? So we have a target for how many units for homeless individuals. That's in our housing blueprint. So I want to understand what our role is. We have a role in scoring. I understand that.

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But I'm not sure that's enough of a role. And how many points are there and et cetera, et cetera, you know? So how are we -- how is how we set up the system influencing how many C units there are? >> So -- >> Kitchen: And like councilmember Casar was asking, is there something else that's limiting that? >> So there are two different ways. We could increase the number of units, in my mind. One is through additional incentive, incentivizing these, whether throu scoring or funding. That's another thing we've looked at. >> Kitchen: Yes, yeah. >> We could also require, and we have heard from some stakeholders, notably echo, making it a threshold criteria. If you want general obligation bond dollars or rhda dollars, a certain percentage -- I don't know the magic number, but a certain percentage of your units would need to be coc units. We could also make that a requirement. So either incentivizing a requirement. In terms of limiting factors, the rental subsidy -- there are multiple, whether it's services, multiple other limiting factors other than us. >> Kitchen: Sure. >> My understanding from my review of the -- this was the Waterloo terrace mou with foundation communities, between echo and foundation communities, there were 27 units in that mou. There is a -- I don't want to say a scape clause, but if echo can't provide the subsidy and the services, foundation communities doesn't leave that unit open. >> Kitchen: That was my next question. >> They have the right to -- as long as it's the income -- the income level is nonnegotiable, 50% and below. But there is -- the mou has a reasonableness built into it. >> Casar: Then I guess I'm trying to understand why

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folks wouldn't -- >> Kitchen: Yeah, that was my next question. Why would they not? It's the same -- >> Casar: Beuse my understanding was that you had to do it. Now if you -- if somebody isn't provided, the rental subsidy isn't provided, why wouldn't somebody want to jump to the top of the list by saying, hell, if somebody provides me 30 tenants, I'll take them? >> Kitchen: Yeah. From the -- related to that then, from their perspective, the landlord's perspective, there's no difference between a unit -- in terms of what they get paid there's no difference between a coc unit or another affordable unit. >> Casar: Right. Or is that the case? >> That is correct. These are floating units? >> Casar: Coc units don't have to be 30% units, they could be 50% units. >> They could be. >> Casar: That's interesting. >> One thing I will point out is, we do have some neighborhood-based nonprofits who have raised concerns because their priorities are different. Their priorities may be -- and, again, this is not about income, but their priorities may be generational ties to the neighborhood. >> Kitchen: -Hmm. >> So that, again, is an example of where there may be a conflict between folks in coc units. Then I should also say, the need -- I hope I'm not -- but I think this is factual. The need in terms of coc really is in those single units versus a family property. >> Kitchen: I don't know that you can say that. >> Okay. Then I'm gonna -- >> Kitchen: That really doesn't bear out. Sorry. >> Casar: The idea being -- [indiscernible] A L of the folks that are hitting the top of the coordinated assessment we hear many of them need an sro but there might be a need for mixed units. >> -- We do have family properties that have coc

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units. We do have some. And it hasn't aligned quite as well. >> Kitchen: Part of the problem -- wait, I'm still asking questions. So part of the problem of course is that the coc uts right now anyway all come through echo, right? And not that that's a problem. I'm just explaining. They all come through echo and echo right now, the way the community is set up, it's all based on that coordinated assessment, and so if you don't rise to the top of the coordinated assessment you don't get on the list. >> Correct. >> Kitchen: That's a whole different issue. You know, in terms of how that's set and whether there really ought to be tiers of those in terms of people that hit -- have different needs instead of everybody at the top. But that's a different issue. So -- okay. So I have a different question. Did you have another question about this? >> Casar: So what I wanted to figure out, given some of these challenges and I think there's a the love interest here, will be if we can maybe right after this committee meeting, maybe using the message board or talking amongst each other to find out these sorts of questions we can maybe send out to housing providers to really understand what the deep pros and cons are on their end because potentially y'all just come and tell us what you've chosen to do on these challenges, potentially you ask for a recommendation from us we move along to the council so it's formalized. I don't know which path we go down. To me a really good question that came out of this back and forth, sorry for interjecting, mostly to say this is a really good question. Let's say you're not project transitions, you're somebody doing 170 unit project. If you know that you can run up to the top of the list potentially by saying I'll offer 20 of my 160 units or 30 of them, way more than anybody has done here, why

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wouldn't you. >> Kitchen: Why wouldn't you do that? >> Casar: I just want to understand that. I'm not implying there isn't good reason, but if there is no rental difference, no cash difference, I would want to understand -- >> Kiten: The related question to that is why are we leaving this to echo to have to do the negotiation? What kind of leverage do they have as opposed to us? You know, in terms of -- as opposed to the city in terms of doing those? I would love to hear from them what they hit up against because basically you're asking -- we're asking a nonprofit in the community to negotiate wit these folks, and I think you said earlier that there's timing issues with relation to those negotiations, too. And so I'm just wondering if we're putting sufficient weight from the city behind those negotiations. >> So we -- the reason why we put echo in the lead on that is because in the previous applications that we had received, developers would say I'll give you 27psh units and we count them, and then they aren't rely psh units because echo can't count them as part of their coordinated assessment. So it was -- >> Kitchen: Why would they not be a psh -- help me understand that? >> It was a -- there wasn't quite clearly defined, and our staff wasn't able to assess whether or not those met any sort of definition outside of the rhda system, which is why we removed that determination from our staff and put it on to echo, since they know -- they're the experts. >> Kitchen: Okay. My related question is, I was assuming it was pretty simple that the definition of those units have to do with the income level. Is there something else about the definition of the units? In other words -- >> For coc or permanent supportive -- >> Kitchen: For coc. >> Coc is very specific and clearly defined. I don't want you all to think we're not involved in those negotiations. >> Right. >> It was more bringing echo to the table than us just

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handing it off to echo. >> Kitchen: But what I don't understand, give me an example, if you know, and of course we can talk to echo, but give me an example of -- when you say they're defined, I understand that they'd be defined by income level and someone's eligibility off the coordinated assessment list, but is there some other kind of definition that relates to the number of bedrooms or the configuration of the unit or the location -- the kinds of things that would be -- that the landlord would care about? >> Casar: I think the conflict was part of what Ms. Demaio described, project transitions is homelessness housing individuals but the person they house with hiv/aids may not have gone under a coordinated assessment so we can't prove that they would have been the most highest at-risk person that got that unit but it is a psh unit, and so I think one question that comes to out of this -- >> Kitchen: That's not my question. >> Casar: Okay. Tell me -- >> Kitchen: I get that. I certainly understand, and that has to do with the eligibility of the individuals. I'm asking now about the designation of the number of units. So for those kind -- like you said earlier, for those kinds of complexes that don't have that kind of criteria on who they're serving, I'm not understanding why -- I guess it goes back to your -- >> Casar: Is the units the same but the level of services you're not able to verify if those services meet our criteria? >> Yes. What we -- I hope I'm understanding this correctly. What we as a department are verifying is the quality of the housing, the income level of the tenant. >> Kitchen: Right, okay. >> Those are the things that we are verifying during our monitoring? >> Casar: The level of risk of the tenant to death or homelessness and the level of services provided to that tenant you are not professionals at monitoring. >> Absolutely not. So we have a contract with echo, and echo is responsible for reporting all of our permanent supportive housing and

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continuum of care units to H.U.D. That falls squarely in echo's responsibility so we're working with echo. I look at it as kind of a triparty, it's us, the applicant, and echo working together to make sure that we maximize the number of continuum of care units and it's appropriately sized to the property. >> Kitchen: But I still don't -- okay. So the last thing you said, "Appropriately sized to the" -- for example, I'm just trying to get at the outside parameters. For example, we've got one of these that says -- and I don't know what their requirements are. So if you have one that says their number of units that are affordable, which is the funded units column, so the first one for example, Travis flats, three out of their 62 units are coc. So why is it only three if we don't have a place -- and I think you asked that question earlier. From the landlord's -- or from the developer's perspective, what do they care whether it's ten or three? And from -- because from their perspective, they're just talking about the units. The person -- you know, so I don't know why they would care and why we wouldn't, as a city, help echo -- does echo have difficulty and they can only get three out of them for that purpose? Or -- and why? Do you see what I'm asking? I don't see why we don't -- since there's an out clause why wouldn't we say 62 out of 62 could be coc. I want to understand the parameters. >> Casar: It sounds like and because we have these other questions to move onto. >> Kitchen: We can move on. >> Casar: That's the big question. >> That's the crux. >> Casar: Is there challenge for the applicants, two, is there challenge for echo, how do we address those two.

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Then there's the third one, which I think I'v come to better understand, which is -- echo right now serves as our monitor of the viability -- of having the right tenants and the right services. Does it make sense to have echo's be the primary monitor that scores you the most points but if the state defines something as psh or another party like project transitions, are those things that we want to count? Do we want to count them for less? But the idea of alternative or other forms of compliance because if we do create 27 psh units but they aren't coming off the coordinated assessment list, do we want to count those -- we still want to count those because they're housing homeless people but not as much because -- what is that -- >> Kitchen: That gets to the whole role of -- that's a different question. >> Casar: How should we count it, who should be our third party monitor sounds like a question you all raised but the main question is -- >> Kitchen: I'm getting to the number O units. The other question -- of course my first question is the number of units. The second question related is how are they funded. But assuming we could fund the number of units, then why don' we have more units? So the question from an echo perspective and the city's perspective is, do we have enough funding for all the units that we have? And my understanding is we don't have enough units, which is why I'm asking these questions. I might be wrong. About that. But my understanding is that we need more units.. >> Casar: And I promised 15 minutes on this one and we went 20. Let's run through the next one if that's okay. Councilmembers, was there a particular challenge you want us to land on or do you want us to run from the top? >> Renteria: I was just curious on the scoring. >> Casar: Let's go to scoring. >> Renteria: How do you get around to the scoring

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part? My concern is if we're building as many units as we can and leveraging our money so that we get the max. I looked at some of the amounts of requests and it seems pretty high. I know the cost of construction has gone up and materials and everything else. When we were doing this funding people were coming in and offering us very good deals, offering that especially when it comes to our land, our property, we were given -- we had one developer come and I don't know if they're still around, but they offered if -- they would give us 50% of the units and they kept 50% of the units for 40 years, and then the whole unit would come back to us, you know. Are you seeing any of these type of offers coming down? >> The only kind of unsolicited, what -- in terms of the applicants when we have seen thus far is while the projects range completely from small ads to a large tax credit project, the kind of unsolicited offers we've received thus far really have been in terms of partnerships where will a developer has come to us and has a parcel of land and they'd like either for to us purchase it and ground lease it. And again, this gets to what Jamie mentioned about taking property off the tax rolls. Or be part of the partnership. Generally the general partner and the developer would be the limited partner. We do have six of those right now that are kind of in that traditional mold. Thus far over the last year, the proposals we have gotten

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have not been in areas of town that we necessarily want to incentivize our priority from a locational perspective is really tied to the strategic housing blueprint. We want it in high opportunity, gentrifying, next to transit, imagine Austin, all of those things. And a couple of offers that I recall were really on the fringes of town where it wasn't necessarily something that we felt like was going to add additional value and kind of -- >> Rentea: So the partnership is kind of a problem then right now? >> No. We actually have some really good partnerships with both non-profit and for-profit. Cesar Chavez is one. We have a family property in district 1. Which was an acquisition rehab, very successful. Villas on sixth, another in your -- I believe it's district 3. Again, successful with a for-profit developer. That was a nine percent tax credit development. I think we have successful models. Before we move forward with additional partnerships, one as Jamie mentioned, we will be hiring staff to really not just vet those partnerships coming in, but steward them throughout. We're partners really for perpetuity when we're talking about a ground lease, so steward these partnerships along the way. >> Renteria: I'm glad you're focusing on that also because it's very important to partnership. >> It's incredibly important and it is really one of the tools we have in terms of getting that affordability. That's one of the ways we drive down the rent. >> Casar: On the partnerships question then with that can we come back to scoring in a second and begin? Since we got into that topic. >> Sure. >> Casar: On partnerships it kind of strikes me that it is just a further way to leverage more dollars and

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the question is is the partnership worth it? >> Yes. >> Casar: Do we have a partnership right now which we can ask everyone, hey, if you went into partnership with haca or the city, how many more units could you get us and is there a way for us to rank that? I'd be open -- is there a reason for us to not say hey, if we took this property off the tax rolls, how many more units would you get us? And if somebody said two percent more units, we could say no, not good enough. But actually if it was 20% more units then we could take that into account. Is that like -- is that an option? >> So often times the partnership it's not even how many more units would get, it's whether or not the deal would actually pencil. It's the property taxes taking that off the tax rolls that really allows the tax to flow with the additional rents. >> Casar: So we could provide you zero with it and 30 with it and then we can rang it compared to other folks and give other people the same option. >> Absolutely. And actually, we have one applicant in this current round, lakeline station is -- they put together their proposal as if they had a ground lease. So that is the proposal that they have pending. We don't have a separate system to assess partnership proposals or ground lease proposals, but for the rhda system. >> Casar: Is there not a reason to say you have to turn -- actually, -- now I disagree with myself. If we said you had to turn one in with it and one without it, and with it they have to ask for two million dollars more in bond money and without it they don't. Is there not a way to really ask people to show us their work? >> This may answer your question. One idea we are contemplating, as we are looking at applications that are great applications, providing a significant amount of affordability, but we just don't have the

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funding, the dollars right now or maybe in the next couple of quarters, that is a tool in our toolbox. Can we come back to them and say hey, et cetera a great project. We know you maximized your coc units. You're doing multigenerational housing Y in 'a high opportunity area, whatever it is. We don't have the funding right now, but what if we purchased the land? And then leased it back to you? We have not done that thus far. These are just internal conversations we're having as is that a possibility? >> Renteria: -- >> Casar: And my last question before I hand it over to the vice-chair for her question. I don't know why we wouldn't -- our best project, that is, providing the most everything -- we're going to fund them. I don't know why we wouldn't ask them how much better -- how much even better would it be. Show us what it is on both fronts because then we just choose. I don't know if we should be scar of having the choices in front of us and we might very well say this is good enough on the tax roll so let's leave it on. If somebody is already providing such a good project in such a good area and they could do even deeper affordability there when we haven't even asked, I don't know quite yet why we wouldn't avail ourselves of the opportunity to know what the options are in both cases. We give them the option to ask us for how much bond money they want to ask for. >> It is a cost benefit analysis that we run. I'm thinking of our two most recent partnerships, both with dma development. One is nightingale, a senior housing project under construction right now. I think it's 172 units. The other is Aldridge 51, which is 240 units in Mueller. Both of those we really had to assess again what are you giving us, what is the present value of that

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property tax benefit, which is huge. And are we getting more than what we're giving? And we did have to run that analysis for both of -- both of those projects. >> Casar: Councilmember Ellis. >> Ellis: My question is regarding partnerships. Do you see any potential funding gaps or pitfalls in terms of funding when it comes to creating these strategic partnerships, if you will? I know you're well versed in what people can simultaneous apply for and what they cannot, but in creating those partnerships do you ever blur those lines or did you ever see any spots where we would have to be extra careful to make sure we don't create these conflict inadvertently? >> One of our concerns with all of our funding is utilizing multiple sources of funding in one particular deal. We are highly aware, particularly with federal funding, of enormous constraints and rules, regulations, and when we can combine local funding, whether it's general obligation bonds or some geographic specific funding like our plaza saltillo dollars or downtown density bonus dollars that per ordinance is to permanent restrictive low income housing. We have to be very aware and it speaks to limiting the sources of funding so we can-- we don't tangle funding and thus tangle funding and regulations and also have multiple levels of monitoring, which we already have, but multiple levels of monitoring where some of those monitoring requirements may conflict with each other? >> Ellis: So we may need to look at a it depending on how the partnerships play out to make sure that all the ducks are in a row. >> Yes. >> Casar: Councilmember Renteria and kitchen. >> Kitchen: Well, mine, I don't know if you're ready for it. It's a more overafternooning eligibility. Not eligibility, selection. >> Casar: Let's wrap the partnerships question. Do we have any more

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questions on partnerships? >> Renteria: No, I don't. >> Casar: It sounds like on the partnerships end if you could get us any info on questions about whether or not this would mess up separate streams of funding and then potentially what would it look like if we discuss asked everybody could you give us a better deal? As councilmember Renteria said, how much better of a deal could you get us? A better deal for less dollars or for more units if we offered everybody an option of a partnership or not? Councilmember kitchen, what's your question? >> Kitchen: I wanted to understand how the selection process and these relate to our geographic goals. >> Casar: That sounds like it is back into the scoring bucket. So I think councilmember Ellis had a scoring question and then I'll come back to you for that again. >> Ellis: I did. I wanted more clarification on the initiatives score. I know that you covered it, but I just wanted to make sure I was gathering all of the information that goes into that score. >> So actually. >> It makes sense to walk through the application process since that's kind of what it covers. We have our map series where applicants can go on to the website and to the address of the development and pulls up exactly where it is in terms of all the geographic initiatives that you've identified in approximate the blueprint and the update limitations -- the blueprint limitations. Can you click on one of those? This includes access to transit, access to imagine Austin, centers and corridors, whether or not you're in an opportunity area or in a gentrifying area. As well as if you have access to healthy food. As with everything with this process, it is iterative. We can add more data points as it becomes necessary and as they become available. But these are the points right now on the map are the pending applications.

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You can see that the belu areas are opportunity areas as identified in opportunity 360. The purple areas are emerging opportunity areas. So far theoretically those would become blue at some point. If you are in an opportunity area then each council district has a set of goals and a number of unit assigned for opportunity Zones. The number of units that that development provides would count against your goal. Same with gentrification, same with imagine Austin and mobility corridors. As well as transit. So we've taken those goals that council adopted and counted the units against them. That gives you your initial unit score. The second bucket of points is your initiative score. And your initiatives are continuum of ce units, multigenerational housing units and accessible units. So if you are bringing in a multi-family development and you have a mixture of one bedrooms, two bedrooms and three bedrooms, you will get additional points for each additional bedroom that you have in that development. If you are providing any coc units then you're going to get an additional point for every coc unit that is counted on your application. And you will also get additional points for every unit that is accessible, constructed as accessible for mobility impaired or for sensory impaired. Again, these are flexible numbers. We're frying to make sure we're scoring these accurately, but those are the basic buckets of point. The third you bucket is your financial score. So how well you're laughing ahfc funds, how much more you're asking per unit and per bedroom. >> Ellis: I'll pass it

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over to Ann. >> Kitchen: I think that answers -- so the geographic goals are under the unit score if I'm understanding correctly. >> Yes, ma'am,. >> Kitchen: So do the number of points that are afforded, do they calibrated in any way based on how close we are to meeting the goals in a particular area? Question may be premature to do that, but you know if we've got a goal along X corridor of 100 and we're only 10% towards it whereas we have a goal of 100 on another corridor and only two percent, do you get a higher score here or do you just get the same score? >> So that's something that we're trying to work out right now. Hats issue that I've had with the scoring system is if you are in burglar's district, which I believe your -- in councilmember Casar's district, which I believe your goal is 4,000 units, versus councilmember Flannigan's district, which is roughly 8,000 units, you actually get more points if you're in councilmember Casar's district because you're achieving more percentage of his goal. That's not necessarily how we want that to function. We've set the goal, divided it by 10 as an analyzed goal so that's where you get your percentage of points. It's something we've been trying to figure out. I've put together multiple iterations and nothing seems to work. But that's kind of how we've established it. Once you've hit your annualized goal, so for example, if there's an area that's calling for 10 units and they provide 10 units, then you get all the points and there are no more points afforded for that area in that year. So there's a way to cap -- >> Kitchen: I see. >> Once you achieve your goal you can't go above. >> Casar: And that last point might be the most useful one. I think we mentioned this

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during the last meeting, as we have the housing goals we may want to understand what that means. Let's keep thinking about it. And at some point we may want it even. >> We don't actually provide points for on-siteervices. It's part of the qualitative assessment. We look for your resumes and the partners that are providing those services and assess that qualitatively. No tall need the -- not all need the same type of service or level of service. If you have a multi-family development, that's surrounded by childcare facilities, there's no reason to provide it on-site. But if you're in a childcare desert, then that's something that we want T see. >> Casar: It's part of giving you guys some discretion on the scoring system. >> Correct. >> Casar: On the transit map that you pointed us to, do you get more points for being in the purple than in the blue? >> Yes. The purple is a quarter mile from high frequency transit. The blue is within a half mile of transit. And that half mile gives you access to -- I believe it's metro access, which is on demand transit. >> Casar: Why great. That is useful to them. Other questions about scoring? My one other question about scoring is for city heights and Anderson creek, these are high-ranking projects that aren't nine percent projects. You know, I would expect for the nine percents because they're getting so much federal subsidy, to just all run up to the top. Any reason -- is it because these two are just

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leveraging so many other dollars. Is there any sort of anomaly in the scoring that mes it. When I picked it up at first I would think that the nine percents would be the first four or five because they get so much help. >> To be clear, our scoring is not aligned with tdhca scoring, which changes every year through the qualified application plan or qap. It's not to say it's disaligned, but we have very -- as Jamie mentioned, our opportunity 360 is different from what tdhca is incentivizing in terms of opportunity areas, our focus on transit is different from Todd's focus. I'm trying to think of other gentrification. That's not incorporated into tdhca's criteria. We have the UT gentrification study. Those are the three that kind of are rise to the top for me. >> Casar: That makes sense because it looks like those two, city heights and Anderson cek, have lower unit scores relative to some of the nine percents, but higher initiative and finance scores. >> As Jamie did mention, both -- this is the latest scoring, both city heights and Anderson creek were -- I think it's the same developer. They were responsive to Jamie's staff saying -- the application is good. Make it better, and they did. So their scoring, they were responsive to our request. >> Casar: Okay. And with the 25 minutes we have left, we want to cover some of the big ask questions, the zoning, double dipping questions. And the predevelopment question for sure. And if we have time we can give you thoughts on loan stuff. Let's talk about the zoning or lease double dip question. Can you sort of give us an example or two of what the

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challenge is. >> So in the last cycle and this applicant actually forwarded to this cycle, it's 732 Springdale. They were rezoned. It's in district 3. They were rezoned I believe in December of 2019, maybe February of 2017, around that cycle. As part of their zoning they committed to providing two doctoral units. They actually signed a restrict with the neighborhood association saying they would have two four bedroom units below 65% mfi, which is extremely rare. They had conversations with my predecessor, however none of that was memorialized in any document. And they submitted an application for funding based on those two units. So the question is were those units provided as part of the zoning where they intended to be funded through ahc? Is that a decisn that was made at that time of zoning or is that -- how should we deal with something like that? >> Casar: Because in this case there's a contract that requires they hit that level of affordability. If we provide no funding or the fact of the matter is they still have to make that -- if we don't provide that funding, then we don't get the housing so you have that --

>> It's possible those units don't get constructed. >> Casar: I'm happy to hear folks thoughts and comments on that. It's probably a controversial topic. I've allotted seven minutes for us to get some thoughts on it in the time we have left. >> Kitchen: I think we have to work towards clarity. I don't know that we've had clarity in the past when we did various zoning things, but we need to work towards clarity in our zoning. And my thought is the

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thinking is that one of the reasons for the increased entitlements was in exchange for the affordable units not on our dime. So I think that's the intent. So I think Ming forward we'll have to figure out how our processes actually reflect that intent. I don't know what to do about situations where we've already done something like that. I could say that as a council, yeah, we thought we were -- in this case we were getting two and we didn't think we were paying for them, but I don't know if our -- if we actually have a record that reflects that. >> Casar: I feel the same way. I think we are -- would be in trickty case by case situations for past ones, but moving forward hearing this really makes me think we need so much more clarity when we do the zoning. Because in some cases we might think we're getting -- we're getting them in exchange for the zoning not on our dime, but if somebody came to me and said I need one extra nor and provide 10 more affordable housing on my dime and I can get to 20% if you chip in, as long as that is clear, then we might say well, that's good because that means more affordable housing dollars are going to go way further because injury correcting and we're correcting. For all of the good and bad of the grove and fights around the grove, there was an actual spreadsheet for the council that clearly articulated is how it would be done without city participation. For every dollar of city participation this is how much more affordable housing can be gotten and that would be clear in whether people or not, it's on paper. What we don't want is a mismatch where the council thinks we're getting 10% on the developer's dime and that maybe the neighborhood and the develop know that

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they have to apply for city money and then there's a surprise and a conflict. And so I think just like all the other challenges we've gone through here, I increasingly am feeling like we need to either have the staff tell us what it is we have to do or have the committee recommend some things to the council and the staff because I think that might be something we all N to vote on when there is public agreement on a certain amount of affordability that they say I'm going to provide 10 units with that subsidy. Or because you're giving me one more unit I can provide five more units of affordability with subsidy, and at that point we make the decision and make that clear. I think that's also important in lease situations and intergovernmental ones. I think that was some of the misunderstanding as it related to the saltillo ground lease was I think that was the crux of the fight was people asking whether or not the 10% of affordability units -- affordable units was going to come as part of subsidy or not. So as -- so when we had the zoning case hit us, it put us in this hard spot and I think you're just raising a really important question for us. >> Renteria: Hi a discussion with this developer here and I just couldn't believe that he would come to us and ask us for additional money. Because that wasn't the agreement. And I just couldn't see funding 175,000 extra per unit. And I agree with the chair that we are going to have to really get down and have all these commitments done in writing. And then really hold them -- their feet to firefighter on this because I can't see myself giving that kind of money. >> Kitchen: Did Paige havething?

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>> Ellis: Just quickly to this point, I think it helps both sides to have these things down very explicitly. It help you know what goals we're meeting. Helps us know what we're agreeing to and what we're getting for it. Helps us monitor how we're getting people into housing and what kind of goals we can check off with that. I know with our regional ability committee we were also talking about tenant relocation and the evictions process through the county level, and so I know there's another layer to that where we're trying these units built or protect these units and without having that all encompassing picture it might be difficult. If we don't have these agreements in place to say, you know, this didn't work for this reason or this is how the situation played out. But especially having agreements on how much affordability and how much mfi I think is incredibly important for us reaching our goals and knowing we actually reached it and being able to monitor our progress. >> Kitchen: I would add to what everybody has been saying as part of the land development code discussion we have our policy guidance or direction that we adopt adopted. So we'll have to dig into the details when that comes back to us, but the question of additional entitlements along corridors, for example, will have to be crystal clear, what level of entitlements are given, not with an expectation that the city pay for it. And like the example that you gave,y, you get this additional height you will give us X number. If you want to offer more than that X number, then we can -- then we can consider some city dollars to help. And if we're going do that we're going to make that explicitly clear as part of the agreement. >> Casar: I think this is something that we need to figure out how to write and make really clear because then there is the other side of the coin. I think there's good stories here too where I recall an

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early zoning case on the border of my district, then councilmember Houston's, now councilmember harper-madison's district, where they did a rezoning and a guaranteed 10% affordable housing. They went and applied for four percent tax credits and came back and did 90% affordable units project, there by meeting their 10% goal with state subsidy and then surpassing it by 80%. So I think that there are -- we need to write it carefully or think it through carefully in a way that encompasses the variety of different situations that we have seen, but it sounds like clarity really is the bottom line fix here moving forward. So thank you for raising this. I think we're going to land the ship. [Laughter]. Don't think of more questions! [Laughter]. Okay. Big asks. So we are seeing more money being asked for part of the question is if they're great projects but have big asks, what do we do? My immediate feeling is that it is okay to keep our powder semi dry as we figure out how this process moves forward. I think that you testing it out is important and for us to not go -- give the biggest asks on the front end on the system makes sense to me. What I'm hearing is you're not holding back too much, but you are being semi cautious here at the beginning. >> So in the old hda guidelines, which I think were updated in 2009, we actually had a -- in the guidelines a cap of two million. >> It was ignored. >> We had some sort of per project cap, which wasn't realistic. So when we revised the guidelines what we did was change that to a percent of our subsidy. So we're not going to

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subsidize more than 50% of an affordable units, which gives us a little more bandwidth. And I will say that is a guideline we have. And a few of these are probably a little bit over 50%. And we did -- it's a guideline. Every project is unique. >> Project transitions -- not to pick on them, but they're a good example because that separation needed deeper subsidy from ahfc in order to make the project work. It was about 60% of ahfc funding. They could not take on any debt of a-- they already owned the property, so it was -- the numbers actually made sense even though it was outside of the parameters of our guidelines. Now, if it's a regular four percent multi-family development with maybe it has market rate units and they're sti coming in above 50%, then that's when we have the difficult conversations. >> And we are working with other community players to look at what kind of advantageous debt is out there. We've had multiple conversations with some cdfi's, community development financial institutions, about becoming more active in the city of Austin. We haven't had a lot of activity from cdfi's in Austin for affordable housing. And then also really encouraging all of our participants to look at outside sources like federal home loan bank, philanthropic dollars. We really need to stretch these dollars as far as possible. >> Casar: Councilmember kitchen. >> Kitchen: This may actually be in thether bucket because this line of

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discussion makes me wonder where in their development process do they apply -- in other words, is there a timeline? They have to apply for these before they have done X amount. In other words, they have to apply before they've started the development process, right? Is that how this works? >> Casar: That is the last bucket of redevelopment. We'll hop right into that one in one second. I want to see if there are other questions around the fact that these asks are coming in bigger. We have significantly more bond funds than before, people are asking for money in part because there's more and they can do more with it, but at the same time things are becoming more expensive and we've never seen asks and responded to asks this big, so how are people responding? I just want to hear about that. >> Renteria: On the agreement we made with some of the developments about the bonus part of it, can we hold our certificate of occuncy if they don't come through with that? >> Do you mean like incentive agreements? >> Like the one that we had here on Springdale where they made a commitment that they were going to build two units with four bedrooms and now they're coming and asking us for our funding. >> So that -- in that particular case let me get back to you on that because I'll probably have to talk to law. >> Renteria: And one other question is did we give Rebekah baines a 50-million-dollar loan? >> So the $50 million that was just approved is actually our private activity bonds which we are an issuer. So we're a conduit issuer. The funding comes from a state allocation. We issue it. It is debt on the property, which is repaid on the rents. So there's often confusion when we talk about the 50 million in bonds. It's private activity bonds, which is different from neral obligation bonds.

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We rbj I want to say 6.6 million for phase 1. They needed it. >> Yeah, they needed that part of it. They didn't need the other huge amount. Thank you for clarifying that. >> Casar: So that 50 million is paid back whereas the 6-point -- what was it, 6.6? >> 6.6 is a deferred forgivable and that's our general obligation dollars. The private activity bonds were a conduit issuer. We do several a year and it's non-recourse debt. >> Kitchen: It might be useful and you can tell me if if we already have this, to have some dined of chart of all the funding sources. >> We can get that to you. You mean like the cdbg, our home -- >> Kitchen: Like a one pager that says here's the buckets of funding that would be helpful if there's such a thing. >>Asar: My last thought on big asks is I trust you can hand out the bonds over the years and that we may want to have sort of more bonds available if there is a recession on arrest ditch because then -- recession or a dip because then we can be more accessible. Our land acquisition D may go farther. We may be able to stimulate the economy and keep people employed and stuff because we don't rely on profit to be able to invest. And so I think there might be a time here in the next few years, I hope not, but may be a time soon as we've seen where there is a dip and we might want to at that point really be pushing for the big asks and promoting building these things at that time. So it's something maybe for take into account. >> I should note that we have an allocation plan over the next five years for all of the G.O. Bond, all four buckets. But we recognize that that

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could change. It's not set in stone. But yes. >> Casar: So our last five minutes on the question of right now we're primarily funding the ones that are scoring the highest are those folks that are ready for development, is my understanding, shovel ready projects largely, or correct me if I'm wrong there, or folks applying for predevelopment dollars, just preplanning. So can you outline challenge is? And I think councilmember kitchen's is to that point. >> So what I tell all of developers are two things. One, tell me how much you need upfront. What is your total ask. And two, I need to be your last stop. Go see everybody else before you come see ahfc because we'll do gap financing. We have had applications for , for acquisition, for construction, all the way through the process essentially. We prefer to be involved at the [indiscernible] Construction financing, but the predevelopment as I mentioned is an important part of the development process. It's difficult to score that and it's difficult to assess that application versus a construction project because we never know if it's actually going to get built or when it's going to get built or what the full development budget even looks like. It's so early in the process that they don't even know those things. However, it is an important stage in the process. So the question is should we have a separate system, a separate financing program? If so, we can model it after tdhca or the federal home loan bank who has a grant program with a very specific cap and do it that way. That would be a different model. >> Kitchen: Do you ever look at it when they're in the middle of construction? I'm not suggesting you

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should. I'm just curious about that or cost overruns on construction or anything like that? >> So we've had a couple of projects. In fact, a couple of the projects that came back on may 9th. One was the Ruth Schultz co-op. That is almost done. They ran into construction delays due to -- there were issues. And we can go into later. But they needed to provide additional financing in order to get them over the finish line. Development budgets often go over. So that's why I said I would expect someone to come back for a five figure allocation at the end, if it's necessary, but it's when they come back with seven figure allocations at the end that I'm trying to avoid. >> We also wants to see with regard to our more sophisticated developers that they have more contingency. That they have that cushion internally so they are not coming back to us. There are -- unfortunately there are surprises in development. We want to minimize those surprises. >> Kitchen: So it sounds like that is done on occasion, but it's rare and you're moving away from it. I mean, you're to discourage it. >> We don't like doing it, but yes. >> And I was going mention something about the predevelopment. Amy did mention sources of predevelopment where typically the cap for those sources is like $50,000. And so that may give you money for your phase 1 environmental site assessment, for your survey, for an appraisal, kind of to get the site to make sure you can understand what you develop on the site. The asks we have had for predevelopment have been large. Hundreds of thousands of dollars. And the bond funding certainly is not appropriate. We have talked to bond counsel about this because we don't know what we're getting out of that and those dollars are so early,

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it's totally different from a tax credit development where we know that's going to be 97 units. We're going to get this many. The units may change a little bit, but we know what we're getting out of that. Soesting feels comfortable. >> We could spend $300,000 on predevelopment and find out you can't build affordable there. >> That would be 82nd. >> Casar: We uld have spent $300,000 from the voters for no affordable units. Or we could spend $300,000 and find out they could do a project, but that project is 12th on our list and we're only funding four. >> Correct. >> Casar: So to me it seems like next steps on all of these things is for y'all to put out there to all the folks that work -- have worked on bond projects in the past and have come to the meetings about interest in the future to ask them some of the key questions that we've raised so if the committee wants to have questions on some or all of these challenges or if staff makes decisions and the committee wants to understand what the pros or cons are. So I think those questions are like if the council or the staff decided not to do predevelopment dollars, what would we lose? What would we be losing out on? Or if we decided to only do $50,00and take the top three takers, what would be good or bad about that? Those sorts of -- >> And you know, our predevelopment asks are typically from our smaller non-profits. They don't have -- and we of course value them. They're part of the puzzle. But they don't have the capital in their back pocket to kind of go on out and assess a variety of different sites. So it's kind of a balancing, how do we ensure that they have the support that they need in order to move forward and explore different development opportunities while still safeguarding the public dollars. >> Casar: But the general questions, we would have those sorts of questions, but we would want to ask not just send off eight different emails, but also there's the questions about

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coc units, the questions about 50 -- capping our subsidy at 50%. Setting ourselves up as the last stop. Giving people the option on every application -- or actually maybe asking them on every application, say partnership or no partnership. How much would that reduce subsidy or increase affordability? I think really fleshing out what the pros and cons are of the answers to the challenges that we've described today just so that we have all the information we need to be able to make a call. Because again, the clarity out there to them about what we're doing I think will get us better -- the best results. >> Quick question. I know you're heading us towards wrapping up on time, which I appreciate. How does this affect private property owners? Like if someone who owned a single-family home or a duplex wanted to add unnoted and make it -- an Adu and make it affordable, would that be something available to them or is that a different issue altogether? >> So we have funded in the past, we have a long-standing partner, Austin community design and development center, a non-profit organization that works with private property owners to design and develop the Adu under the smart housing program, which currently requires affordability for only five years. And it's affordability at 80% or below median family income. So they're eligible for the fee waivers. In some situations, adccd has worked with not-foto determine more long-term accessibility through accessory dwelling units, the alley flat initiative. So it certainly is something that we have considered in the past and funded in the past. But the requirement of rental housing development assistance is 40 years of affordability at or below

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50% median family income. So it would be very difficult for a single private property owner to meet that criteria and get enough subsidy to really make it feasible on a single unit basis. I mean, really where the value comes in is kind of in scaling. >> Ellis: Sure. I think that could be an interesting conversation we may want to look at moving forward given where we are in 2019. >> Casar: There is a part of city code that gives -- I remember this from 2015. That gives some extra flexibility to property owners if they make their Adu affordable. Not many people have availed themselves of it, so that may actually also be a route as to touch base with the alley flat initiative folks and find out what it might take to make it more enticing for a property owner to go ahead and do it so that they don't have to deal with city subsidy and that stuff, but they can have the flexibility on their -- there's just lots where we've provided additional flexibility and said if you provided an affordable Adu you get this, but it doesn't seem it's not quite flexible enough and known enough for people to take advantage of. >> We have had conversations with adccd, about scaling their program up and getting the affordability that we want, the level of affordability and the length of affordability. And they have run some numbers on preliminarily what it would -- what it would cost, which is not insignificant. But what it could cost through fee waivers or a variety of other that they're not currently able to access through the existing smart housing program. >> Ellis: Okay. Thanks. As we have our next couple of meetings I may have more questions about how this applies to however our land development rewrite is going to work out with missing middle. And things of that nature. >> Casar: So we made it through everything except for the idea that y'all are still baking on having folks pay back some portion of the bond funds. My first reaction to that is

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to have you guys keep looking intond report back to us on WHA think, but it may just be something that we say that we do just like the partnership thing where we say, if we asked you to pay some of this back at the end, how much affordability would we lose? Versus if we made it deferred and then we just continued to negotiate those? Because to me it's all about -- I wouldn't want to lose too much affordability, but in the end if it gives us a decent amount of money back we don't lose that much affordability and might get it with the money back. So I think really hg people provide us their best efforts on each category makes sense. And I'd ask the same thing on sort of the affordability unlocked question would be now that it's in effect, figuring out as you have conversations with them and push them to say are you utilizing all your entitlements to get us all of the units that we're asking for? It could be universal to know who -- useful to know who is utilizing it and who is not. >> We're having those conversations. >> Yes. >> Casar: Okay. Anything else? Well, thank you. Because I really wanted us to only be two minutes late! [Laughter]. Our last item is any future agenda items. Is there anything that folks want to bring up now as something that we want to cover? My feeling is that this was useful enough that we probably -- soon enough if not at the next meeting, the meeting after that, bring this back. But with either you guys telling us what the answers are or us providing some recommendations. >> We're going to circle back with some written information for you all. >> Casar: That's great, thank you. This was really informative. Clearly you guys have thought about this a ton, more than any of us all combined here. So really appreciate all the work so far. So thank you. >> Thank you. >> Casar: Without objection, I will adjourn the meeting. It is 12:03.