



## M E M O R A N D U M

**To:** Mayor and City Council

**From:** Gina Fiandaca, Assistant City Manager *Gina Fiandaca*

**Date:** July 21, 2020

**Subject:** **Response to Resolution No. 20200423-038, related to displacement**

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The purpose of this memo is to provide an update on our response to [Council Resolution No. 20200423-038](#) (Council Item Update Report 2260), directing the City Manager to: provide recommendations to align current policies, services, programs and resources to specifically prevent transportation investment-related displacement; ensure people of different incomes can benefit from transportation investments; convene several departments to provide guidance on creation of those recommendations; and, provide options for establishing a fund that could provide financing for additional strategies and solutions.

Capital Metro and City staff recognize that Project Connect is a program that will monumentally shift how we move through our city. Our current transportation challenges prevent people in our community from reliably and equitably accessing jobs, education, healthy food, medical facilities and the activities and destinations that make Austin our home. Project Connect has the potential to provide a pathway for the City and Capital Metro to address inequities in our built environments that continue to negatively impact life outcomes and opportunities for communities of color; therefore, it is essential that there be a significant investment in transit paired with robust displacement prevention measures.

We are working collaboratively and creatively to consider how to maximize the benefits spurred by Project Connect, while also determining what actions need to be taken to stabilize households of those who currently live and work along these routes and ensure the economic benefits are enjoyed by existing families and businesses as well as newcomers. We are also working proactively and aggressively to manage this project through the development of policies, programs and resources dedicated to preventing displacement. Community members have expressed the desire for a full analysis that includes: an assessment of potential harms to vulnerable populations, plans and actions to mitigate those harms, and equitable transportation options for marginalized communities.

### **Project Connect Status and Equitable Transit Oriented Development Investment**

During a Joint Meeting on June 10, 2020, the Capital Metro Board of Directors adopted the Project Connect System Plan, which includes several Locally Preferred Alternatives (LPAs). The Austin City Council endorsed the System Plan and LPAs and directed the City Manager to draft amendments to the Austin Strategic Mobility Plan to include Project Connect as adopted by Capital Metro. Decisions about governance of the project going forward and how to pay for the investment in Project Connect will occur later this summer.

Nearly half of the total program investment is expected to be funded by Federal grants with local investments making up for the remainder. Staff have recommended to the City Council and the Capital Metro Board that they consider a dedicated tax rate for the purpose of funding Project Connect (both the capital cost and ongoing operations and maintenance of the system). The tax rate cannot be used for

purposes not directly related to the implementation of the system plan and associated transit supportive investments.

The Federal Transit Administration (FTA) considers equity a key component of how transit agencies develop transit plans, such as Project Connect or Capital Metro's ten-year service plan, Connections 2025. In creating and implementing transit service, Capital Metro follows Title VI guidelines related to anti-discrimination to ensure the entire community benefits from transit service. Each project in the Project Connect program will also be required to complete a robust environmental study in order to obtain Federal funding. Each project will be required to complete an environmental justice analysis during the National Environmental Protection Act (NEPA) review. Both the alignment and individual station locations are analyzed during this review, which is intended to identify the disproportionate and adverse impacts to low income residents and communities of color in order to mitigate those impacts. The NEPA review process is a key component to the success of this program, both in terms of delivering the project and determining any necessary mitigation to maximize project benefits for our community. We anticipate Neighborhood Housing and Community Development (NHCD) along with the City's Equity and Innovation Offices will be key partners in completing this community-focused review.

A new, independent organization known as the Austin Transit Partnership (ATP) will be formed to manage the Project Connect investment on behalf of the City, Capital Metro and the community. The ATP board is currently envisioned as a five-member board, with a representative from each Capital Metro and the City, and three members of the Austin community who have experience in construction management, finance and auditing, and sustainability and planning. There will be an open application process to serve on the board. An equity scorecard will be developed by the City's Equity and Innovation Offices, NHCD and the community to be used by the board to help them assess delivery of the project and project-related amenities.

#### **City of Austin Anti-Displacement Strategy and Update**

Austin residents, primarily those who are low-income and communities of color, continue to face an increasing risk of residential displacement for a variety of reasons. The Neighborhood Housing and Community Development Department (NHCD), Equity Office, Innovation Office and others have worked collaboratively for several years to develop policies and programs the City is pursuing to help prevent direct, indirect and cultural displacement, as defined and examined by the University of Texas *Uprooted* study.

In October 2019, NHCD hired a staff member to focus on implementing prioritized displacement prevention strategies and to be in communication about the strategies with the public. This position will be part of a newly-formed division within the proposed Housing and Planning Department focused solely on implementing displacement prevention measures to provide a comprehensive, collaborative and robust approach to address displacement pressures.

The 2018 Bond Election included \$250 million for affordable housing to be invested in accordance with a five-year spend plan in home repair, housing development assistance for both rental and ownership housing, and land acquisition. Most of the acquisition funds have been allocated to acquire property that will be developed as affordable housing. This strategy is well coordinated with transit investments, as proximity to transit is a key determinate of the property's appropriateness for future affordable housing investment.

With the Project Connect Plan approved by the Capital Metro Board and supported by the City Council, NHCD is prioritizing affordable housing bond investments along the high-quality rapid transit routes included in Project Connect. NHCD, through Austin Housing Finance Corporation, has entered into a partnership with a private developer to develop a 170-unit affordable housing community near the intersection of E. Oltorf and Pleasant Valley, which is identified in UT Austin's *Uprooted* study as a neighborhood typology that is "Susceptible" to gentrification. The property, known as Vi Collina, will serve low- and moderate-income families and provide immediate transit access to the planned E. Oltorf stop on the Project Connect MetroRapid Purple Line. In addition, NHCD currently has several properties under contract that are in proximity of Project Connect Light Rail and Metro Rapid stops. It is anticipated that those acquisitions will be presented to the Austin Housing Finance Corporation Board of Directors for consideration later in the summer of 2020.

### **Next Steps**

Recognizing that more can and will be done to understand and prevent displacement related to the Project Connect investment, the City is committing to the following steps:

- The NEPA environmental process is good but may not speak specifically or in depth to displacement pressure; an analysis unique to our community is therefore necessary. In preparation for the Project Connect investment, the Equity Office, NHCD and the Office of Innovation will co-create with community an equity scorecard that can work in conjunction with, but go beyond, the NEPA process and its results. The goal of the equity scorecard will be to:
  - Evaluate displacement risks and resilience opportunities at the neighborhood level.
  - Implement the City's displacement prevention strategy with a clear focus on Project Connect.
  - Help Austin Transit Partnership board to regularly assess the equitable delivery of the project and project-related amenities.
  - Provide transparency to the public of the equitable development of Project Connect.
- If Project Connect is approved by voters in November, the implementation of NEPA and the equity scorecard will begin in earnest and these departments and offices would work alongside the Austin Transit Partnership and with community to identify neighborhood level anti-displacement strategies, costs estimates, funding options, and implementation plans for consideration by Council for said strategies.
- In response to feedback from the community and City Council both during the Project Connect and Austin Strategic Mobility Plan process, the current approach to funding for Project Connect includes at least \$100 million to invest equitable Transit Oriented Development (eTOD) along the Project Connect routes, for the purpose of land acquisition that will be reserved for affordable housing in the future. Focusing growth around transit stations capitalizes on public investments in transit and provides many benefits, including neighborhood revitalization, affordable housing, economic returns to surrounding property owners and businesses, and more. For Project Connect, this includes land acquisition for high-quality affordable housing investments and other community investments to ensure complete, mixed-income communities emerge around the transit corridors. Equitable TOD projects will be just one neighborhood level strategy available for identification from the aforementioned equity scorecard and staff will be careful to structure eTODs that themselves do not exacerbate displacement.

This update outlines how the Project Connect teams at Capital Metro and the City plan to aggressively prevent adverse impacts of Project Connect. We are creating an interdepartmental/interagency group to better coordinate investments and programming in areas near existing and planned transit, and we will ensure that this group closely coordinates with the independent body to be created for the purpose of implementing Project Connect. Project Connect can be a catalyst in ensuring that multiple efforts in the City and community – the tenant stabilization program, the CDC Capacity Building Grants, the 2018 Affordable Housing bonds, and the \$100 million included in the Project Connect plan to support Transit Oriented Development, among others – can each leverage each other by creating a connected set of Anti-Displacement Funds that can be invested in anti-displacement efforts. The hope is that this connected fund would be augmented in future years and can further leverage investments by the private sector along the transit corridors, as well as other non-financial efforts.

Future updates will provide greater detail on the progress of the coordinated strategy, clarify how Project Connect will provide equitable outcomes for communities that will be most impacted by this project, and provide greater detail on a fund that could provide financing for additional strategies and solutions.

There are two joint meetings of the City Council and Capital Metro Board in the coming weeks – July 27 and August 7 – during which we anticipate the Council and Board to consider decisions on governance and the investment/funding strategy for the Project Connect system. During those meetings there will also be updates from staff about community considerations included within the Project Connect program.

Please do not hesitate to reach out to me should you have further questions.

**CC:** Spencer Cronk, City Manager  
Rodney Gonzales, Assistant City Manager  
Capital Metro Board of Directors  
Rosie Truelove, Director, Neighborhood Housing and Community Development  
Brion Oaks, Equity Officer  
Kerry O'Connor, Innovation Officer  
Randy Clarke, President and CEO, Capital Metro  
Greg Canally, Deputy Finance Officer