

# Housing and Planning Committee (HPC) Meeting Transcript – 11/09/2021

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[3:09:40 PM]

Chair: Welcome. So I'm Greg Casar, chair of the

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housing and planning committee. I'm joined by councilmembers Ellis and kitchen. It is November 9th, 3:10 P.M. I am here at the dais at city hall but we're also joined virtually by our staff and I will call us to order. The first item before is to approve the minutes from the October meeting. Can I get a motion to do so. Moved by councilmember Ellis, seconded by councilmember kitchen. All in favor, raise your hands. And that passes unanimously with the support of me, councilmembers Ellis and councilmember kitchen. The second item is to approve the housing and planning committee calendar. If there are any questions about the calendar as posted? Seeing none, is there any objection to passing the calendar? And without objection then, we'll pass item number 2 by acclamation here of the three

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members present passing the calendar for the committee for 2022. And so that leaves us with the main item and the reason for us getting together here today which is a briefing from our staff of the use of the ant displacement funds as a part of project connect. We've talked a lot about this. I think it was a really key reason we were able to pass this bond or this tax rate election to be able to have a transit system that also makes sure that people can afford to live by that transit system. I really appreciate all of the members of this committee and of the dais that put this together and thank the voters for doing something that has happened nowhere

else in the country. \$300 million dedicated to keep people in their neighborhoods and homes while we build out this new transit system. I'll hand it on over to the staff.

>> Thank you, Mr. Chair. We have several members of the housing and planning committee or housing and planning department here today to present

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to you. The director of the housing and planning department. The presentation will be led by the project coordinator, Travis, in our tpt and James may who is our interim housing development officer. We also have Alexander, our assistant director available to answer any questions. With that, I will turn is over to Travis.

>> Thank you, Rosie. Can everybody hear me?

>> Yes.

>> Good afternoon councilmembers. Thank you for having me. As Rosie mentioned, I'm a project coordinator in the Austin -- providing you an update today on our progress towards programming and spending the initial allocation of the \$23 million for project connect anti-displacement purposes. Next slide, please. So as you recall, in the last November, November 2022, city

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voters passed proposition a which authorized the city for an increase to fund project -- improvement. Which also included providing \$300 million of funds to acquire real property, support financing tools and implement apt displacement strategies associated with project connect. Squept to city voters passing that proposition, this city council approved a resolution this February which provided some additional direction to the city manager and staff on how they use the initial 23 million allocation of the project connect funds. Specifically, that they be provided to 501 C 3 nonprofits to preserve and develop affordable housing on small sites, as well as affordable housing for existing affordability on larger sites. Next slide, please.

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With that, we -- staff has been working to put together essentially a new program and open up a new line of business for the Austin housing finance corporation. The first thing that I'll talk about today is this new program that we're calling the project connect anti-displacement community acquisition program or add cap. This program envisions providing zero interest loans on a rolling basis to 501 C 3 nonprofits with experience renovating, developing and preserving affordable housing in the city of Austin. Specifically for the acquisition of vacant and improved property of a size of one acre and less. Again, to be developed into affordable housing or to preserve affordable housing for low income households. Also, these funds will be dedicated specifically for geographies, no more than one mile distance from project

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connect bus and rail lines specifically in gentrifying areas in the city of Austin. Next slide, please. So where are we on implementation? We're currently on -- guidelines internally. We're working on finalizing the guidelines in December with the goal of launching this program before the end of December, certainly by January 1st. Again, accepting applications January 1st. Another note to this I need to add was given that this is a new program, we anticipate as people use this program, there will be lessons learned, we anticipate doing comprehensive reviews probably multiple times over the first year that we implement this program to review lessons learned from user feedback and reincorporate those into program

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guidelines, updates and so probably six months out and certainly a year out we'll probably do a comprehensive review and revision of this program's guidelines. Next slide, please. In regards to preservation on larger sites, again, I mentioned that -- be opening a new line of business. That being multifamily preservation of larger multifamily developments. We began an initial conversations with owners of multiple family along project connect lines. These would typically be expiring tax credit projects and market rate affordable projects. We're in conversations with a couple owners right now with the goal of purchasing one large development between 100 and 300 units in size before the end of next calendar year. They would likely partner with a development partner with

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experience renovating, affordability in these types much developments on this transaction to own and operate that development long-term. Next slide, please. With that, I'm available for questions as needed. If there are any questions off line or any questions after this, you can of course reach out to our -- our continued -- Jay may and myself.

>> Chair: Thank you very much.

>> Chair, can you see me? I have questions.

>> Chair: Yes. I will pass it along for questions. Go ahead, councilmember kitchen?

>> Kitchen: Okay. I have just a couple of questions. First off, thank you all very much. This is, as chair mentioned, this is a very exciting program. It is very heartening and exciting to see the progress that you all are making on getting this on the ground.

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So I have a few questions. The first one has to do with, I think I saw in the backup, I think you all mentioned the locations that you're talking about. I think I heard you say within a mile. But then I also see that you said in gentrifying areas. Have those areas been identified? And if not, what are you using to identify them? In other words, is it going back to the mapping that was in the uprooted report? And when you put out the information about this, are you going to go ahead and identify those locations?

>> Yes, ma'am. Thank you for the question. Yes, certainly when we launched this program, we will identify the specific geographies where these funds can be used. In regards to how -- what methodology we'll use to determine what is a gentrifying area, we haven't determined that

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fully yet. There's a couple options there. One, as you mentioned, is the uprooted study which the data is a little bit out of date. I will say that there's been some internal work done with the equity office and some of the other departments on producing updated gentrifying area maps, specifically as part of the anti-displacement fund equity report effort. So we will be working with our internal groups to determine what the best -- what the best methodology and tool is for those areas.

>> Will you be consulting with the professors who put together the uprooted report? They did quite a bit of analysis and that was a well-recognized report. So just wondering if you will be consulting with them in terms of where you identify and also just in terms of updating their analysis.

>> Yes. We do partner with and have been partnering with the producers of

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the initial uprooted study to update the maps and to really get that updating process in house so that we have the ability to maintain that moving forward. I did want to ask our assistant director Alexander if he wanted to add anything to Travis' response.

>> Councilmember kitchen, part of our strategy is taking into consideration --

>> Kitchen: I'm sorry. I can't quite hear you.

>> Can you hear me now?

>> Kitchen: A little better.

>> I moved a little bit closer. In assessing our neighborhood level strategies within the investment corridor, we're identifying the levels of displacement risks as a part of our work with the innovation office and will be providing that internally. We're currently in the -- the last meeting that we had, we're coming up with a new tool that identified the neighborhoods, the levels of risk and -- when this opportunity is made available, it makes sense for that investment tract. That will be taken into consideration.

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The uprooted report and as a part of our equity framework, there are documents that show kind of the level of risk. So we're making sure we have the most recent information available.

>> Kitchen: That's great. I really appreciate that. I think that the direction you're going in makes sense. You know, because the big picture, what you all are well aware of and are working towards, is although the -- sounds like a big number in the scheme of things, not a -- not a lot of dollars in targeting. The other thing, it's very difficult as you all know better than I, the impact gentrification so -- and apt displacement. Targeted efforts in areas that you all have analyzed

and feel like can make the most difference is really, really important. So I am glad to hear what you all are doing in that regard. Is there going to be an

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opportunity to, once y'all complete that analysis and determine the appropriate places for this particular program to look at funding, will you be making that available before you put out the rfp or is -- it is an rfp, right? Or just putting that out as part of the scope? In other words, is there an opportunity for community comment on -- I'm not suggesting there should be. I'm wanting to understand what the process is.

>> Go ahead, cupid?

>> Rosie, I was going to give you the opportunity to answer that. I know right now what we're looking at, once we determine how we're going to make our decision, our goal is while we're drafting it to give vested stakeholders the opportunity -- councilmembers, staff and councilmembers to have a look at that so they know what's being presented and it makes sense. The whole idea is that the community is aware of and outlined what the opportunity is going to be.

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Also outlined what the criteria for the investment is going to be also.

>> Kitchen: Thank you. Well, chair, if you want to allow -- if others want to ask questions first and come back to me?

>> Chair: I'll bring it back to you in a minute. Councilmember Ellis?

>> Ellis: Thank you, chair. I'm really intrigued by this discussion you're having with owners of existing multifamily housing on the project connect line. Is there an effort being made for potential new developments along project connect lines. I know there are locations where things may already be at various phases in the planning. I didn't know if there was any knowledge that the city had that could help us try to get those in before new ones come online just to be more proactive. Or do you have any thoughts on that?

>> So you're referring to affordable housing development

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or market rate development specifically, councilmember?

>> Ellis: I was looking at slide 5.

>> Travis, that's the preservation of multifamily.

>> Yes, ma'am. So if I may get your -- I may get your question wrong. So correct me if I'm wrong. Your question was about new development, essentially. What efforts are we making towards creating new housing along these corridors. I can tell you prior really to us receiving these funds, we had made efforts, particularly on land acquisition side, the land along these project connect lines to be developed into new affordable housing at two of the pieces of property that the city council approved recently was the transfer of the 18.5 acres on the corner of Riverside drive

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and grove boulevard to --

[indiscernible] To finance corporation to be developed into income.

[ Inaudible ] Income restricted units at that location. As well as three acres purchased up at Ian Franklin Monday nor road across from the manor development. Two purple line routes. So that's something that we really targeted and it's been a priority for the last year and a half for land acquisition in particular to target properties unutilized vacant properties to develop new housing. But that is separate in addition. So this new multifamily, again, business would be -- it would be new and it would be existing. So essentially they would complement each other.

>> Ellis: I appreciate that focus. I know obviously housing stock

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that's already in the market and in a neighborhood is really helpful to make sure it's affordable for the folks who are living and working near there. But I no he that at some of our older developments are potentially close to 40 and 50 years since they were developed in the '70s. I know there are some places that the landlords are trying to figure out, do they redevelop, do they put money into maintaining what is already on the ground as those costs will also increase and so I think there's an interesting conversation happening here that I know you're all aware of. Which is how do we also make sure the new stock is also affordable because that is going to have a much longer life span than the affordable stock that's currently on the market. I'm glad you're thinking about all of these things as we look at the best use of these dollars.

>> Thank you councilmember. Just to summarize for anybody watching and plp perilman, correct me if I'm off track. Basically what you're presenting

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to us is with the first \$23 million where the council directed that we start establishing some new programs, you are at the cusp of those being fully established and will start taking applications soon, December or January, is that right?

>> Yes, sir, that's correct.

>> Chair: We've been long awaiting this day. I'm really happy to hear that. So while we currently have programs, as you described, to buy empty land and then build affordable housing on it that people can then move back into that have been pushed out or provide that option for people to return, we have a program already existing to buy empty land and then build low income housing on it. We already have a program to provide dollars to people by building rental or ownership housing that is new and making it lower cost than already would be. But then what you develop now are two new programs, one that helps nonprofits do really small

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sites, less than an acre in size so the community can get a small area in a single family neighborhood or preserve smaller sets of housing and then another new program where you actually go and preserve an existing apartment building alongside the project connect line. Now we'll have that whole set of a different program. So whether anti-displacement means helping a homeowner keep their house by repairing it, whether it means building, buying a piece of empty land before the private market gets it and building low-income housing there, whether it means working with the community to preserve affordability at a neighborhood scale, we now have a set of basically five different programs that, no matter which angle of anti-displacement you want to work on, we'll now basically have a program that will be able to help with that. That's kind of what it looks like to me.

>> Yes, sir. That's correct.

[3:30:00 PM]

>> Chair: And the reason that that's exciting to me is not just for this \$23 million. I hope that we're able to deploy that really quickly. Is that we also have the task of the other \$277 million after those \$23 million. And so what I would really hope we could see from the department and from the staff is a general sense of how much of that \$277 million we think we could push through these five different strategies. And I know that we'll have to work with individual neighborhood and look at the specific issues affecting each neighborhood to know, you no know, how much we want to do neighborhood scale neighborhoods, versus how many in some areas there might be lots of existing -- so the preservation makes the most sense. I know they've asked us to look at those specific issues. I'm glad you have all five of the programs live so that we can address the issues based on

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whatever is going on near that rail stop or near that bus stop. But in my view, what you've done is set your -- set the city up so that we can execute on the other \$277 million as successful as we can and keep people from losing their homes or bring people back to their neighborhood. So I just really appreciate that. Before we didn't really have a program for it. We want to save this apartment building before the rail line goes in and how you do it. Now you have that program set up. Before we didn't have a way to directly partner with the neighborhood to save a few house, duplex that is are affordable. Now we have that. I'm glad that you have it so that we can spend all \$300 million in as effective a way as possible. Councilmember kitchen, you had a question left. Thanks for deferring to us for a minute here. I'll kick it back to you.

>> Kitchen: Yes. I wanted to go back to the -- I

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think we kind of talked about it. But you had identified a large existing multifamily -- an effort to target a large existing multifamily end of next year, something like that. Is the thinking to just start with that or are you thinking to only do one? Can you help me understand what the

thinking is or around targeting one? In other words, I'm just wanting to understand the scope of the program as y'all are thinking it should be given what's out there in the community?

>> Yes, ma'am. So you mentioned this earlier councilmember kitchen. While \$23 million is a lot of money, when it comes to buying existing large developments, it doesn't go that far. Which is why we'll be likely partnering with a separate developer which we'll probably bring equity to at that deal in

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addition to the funds we bring to that deal to preserve it's affordability. We anticipate that somewhere between probably 8 to \$15 million of that \$23 million will be required to purchase an existing development of land, 300 units. And then we've at the present time tifi allocated -- tentatively allocated \$8 million to be separate community acquisition program. That's really why we settled on one in addition to that. The nature of these transactions is more complex than just purchasing land and developing it with housing. The deal is structure and the ownership structure is more complex. Like I said, it's a new line of business for us. We're kind of just getting our feet underneath us. I think, given the limitations of the funding, we expect a tremendous amount of work, frankly and also given the real estate market that we're in, it will be a tremendous hard work for us to execute and get that one deal I think before the end

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of the coming year. I think we will have no problem doing that. I mean, it will set us up for success in the future years

>> Kitchen: That answers my questions. I was really thinking of it in the context of the larger dollars that are available. Not the \$23 million. It's going to be hard to do anything with \$23 million. That's one big piece. So given that, help me understand the reasoning about a large, over 100. Is the thinking just that -- I mean, given what's out there, is that the level we need to preserve as opposed to some of our smaller, you know, 40, 50, 60 unit affordable buildings?

>> When it comes to these types of development questions, it's really an economy of scales sort of thing. Essentially, the smaller the development, the more amount of money you're paying per unit.

[3:35:08 PM]

The larger developments allows us to get economies of scales and drive our subsidy per unit down to what we're typically seeing for affordable housing programs. Essentially allows us to extend our dollars. To be honest with you, councilmember, the work required between purchasing a 50 unit and 300-unit is basically the same. So, again, given efficiency, trying to meet efficiencies and economies of scale, that's why we're targeting a larger size development. Add to that, we want to make a big impact. We want to preserve as many affordable housing units as possible. We think this is the strategy to do it.



>> Kitchen: You sort of spoke to this, chair. I think we need a conversation, maybe there's a different route if this is not the route. But we do have affordable units that are -- 40, 50 level in neighborhoods that are beginning

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to be bought up and -- or actually have been bought up for a long time.

[Indiscernible]. Maybe that's a different program. I hear what you're saying about the large units. But that doesn't preserve for us the really more neighborhood level. Not that it has to be done for this particular program. Willing to talk about and explore what the options are for these smaller units. That's not small. 40 or 50. But it's definitely smaller than 100. Okay. Thank you. .

>> Add to that, councilmember, we do -- acquiring existing multifamily of that size as through our existing land, our property acquisition programs. We do look at those deals on a regular basis for acquisition. Frankly, given, like I said many of the things I mentioned, we haven't found the opportunity for us at that size thus far.

[3:37:13 PM]

And the neighborhoods that -- exactly what you're talking about.

>> Kitchen: Okay. I've got one for you. I have one for you. I'll call you afterwards.

>> Chair: Thank you, councilmember. Anything else on this? Councilmember Ellis?

>> Ellis: I just really appreciate your team's work on trying to find the best possible scenarios. I know that with the dollars allowed, there may be strategies that have to be sorted out as they're available and with the best interests of the public. So I know it's not going to be one size fits all. There may not be a magical unicorn to get this done. It is very important that we secure and maintain affordable housing along these routes because that's what people really need. I appreciate all the work you're putting into this.

>> Thank you.

>> Chair: Even though it is limited dollars, between 300 million and the 250 on the prior affordable house election, we're talking over half a million

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dollars of money which is more than our city has been able to do and almost any of the peer cities have been able to do. You have a big task before you, but that's the task in front of us. I hope that we get that 23 million out the door as quick as we can. Had learn from it and now that we have these programs, put as much of that \$300 million through these programs as we can. The more you're able to show the council and the community the people that are getting helped, because these aren't just housing units, these would be people, that helps us a lot too. If you can show us the income levels and the demographics of the people we'd be keeping in place by buying these large multifamily buildings, the organizations and the work you're doing with the small scale program, I think that can really, you know, one for transparency is important for us to see. And too, that could build the confidence as we go and put not

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just \$23 million through some of these programs but hundreds of millions of dollars to keep thousands of people in place. So thank you.

>> I would like to just follow-up on the statement. Because I think we will find ourselves with opportunities in the coming weeks to be talking about the prioritization that the council envisions for the 300 million. We welcome those conversations as we think through how we will implement, we're talking about the first 23 million now, but as we utilize the equity tool in the coming weeks and months, we'll look forward to having those conversations with the city council.

>> Chair: Consider this input from the three of us as the beginning of that.

>> Absolutely.

>> Chair: A lot of interest from us. My suggestion would be, show us the kind of work that -- how it would work on Ryan drive at the intersection of multiple of these lines and what it is we could do. Show us what it looks like for us to buy an apartment building along Riverside or along Lamar.

[3:40:19 PM]

Bring us again the example of the vacant land that you bought on the purple lines so that we can see all the different pieces of work all at once. That might help us better understand why 200 or \$250 million may be really what's required to go through the different programs to make a dent so it isn't spread out amongst a thousand different things but really goes to the programs that have the highest impact and keep most people in place. The presentation, I think, was a good start of showing what's new with the program. I think all of the programs that you all talked about that we already have remind us of those and start showing us, you know, the fact of the matter is, if we want to make an impact across five programs, they need tens of millions of dollars to be able to make a real difference.

>> Agreed.

>> Chair: Five apartment buildings, you know or seven or eight apartment buildings

[3:41:19 PM]

starting to scratch up to \$100 million. Okay. Thank you all very much.

>> Thank you.

>> Chair: We really appreciate it. Our last item is if we want to discuss future items. A lot of times we all can reach out to my office direct or we can talk on the message board. So unless you want to bring anything up here with the staff, we can take that off line. Okay. If nobody has anything to discuss on that point, without objection, I will adjourn us at 3:41 P.M. Thank you very much.