Austin

MEMORANDUM

To: Mayor and City Council

Through: Dr. Eric Anthony Johnson, Assistant City Manager EAJ

From: Deletta Dean, Austin Housing Director DD

Date: October 23, 2026

Subject: **Senior Cooperative Housing - Staff Response (Resolution No. 20241121-076)**

The purpose of this memorandum is to respond to Resolution No. 20241121-076 directing the City Manager to explore the Planning Commission's recommendations to prioritize City-owned land, especially within Equitable Transit Oriented Developments (ETODs), for the development of income-restricted shared-equity senior housing and housing for people with disabilities, including Cooperative Housing and Community Land Trusts (CLTs).

Background

The City of Austin prioritizes the use of City-owned land within ETODs for the development of income-restricted housing. To date, the City and the Austin Housing Finance Corporation (AHFC) have completed two affordable housing projects for seniors that fall within the ETOD overlay. Additionally, five more completed affordable housing projects located within either the ETOD overlay or other Transit Oriented Developments include accessible units.

TOD/ETOD	Property Name	City Council District	Total Affordable Units	Number of Accessible Units
Senior Housing				
ETOD Subdistrict 2	The Lady Bird	3	246	34
ETOD Subdistrict 2	La Vista de Guadalupe	1	22	2
Affordable Housing with Accessible Units				
ETOD Subdistrict 2	Aria Grand	9	60	9
ETOD Subdistrict 2	Capital Studios	9	135	17
TOD NW Park & Ride	Lakeline Station	6	128	16
ETOD Subdistrict 1	Lucero Apartments	3	173	22
TOD MLK Blvd	The Rail at MLK	1	58	19

The City of Austin's SMART Housing Program requires developments with four or more units to provide adaptable units in at least 10% of all units. Accessible units include required accessibility features at construction, while adaptable units are designed so those features can be added later. The active affordable housing portfolio includes 2,961 units (about 19%) dedicated to seniors and/or accessible units, exceeding the SMART Housing requirement.

The appropriate housing typology for each site varies based on market conditions, site characteristics, community needs, and resource availability. Each acquisition or redevelopment opportunity is evaluated for its highest and best use, which may include consideration of shared-equity or cooperative housing models for seniors. These models remain a viable option when supported by market feasibility and organizational capacity.

Market Conditions
Overall, there are currently 49 senior-designated housing properties in Austin, with the City or AHFC subsidizing or incentivizing 15 of them. Additionally, 54 other supported properties include designated units for residents with accessibility needs. CoStar, which tracks market residential data, reports that the apartment vacancy rate citywide is approximately 13.6%, while senior-oriented properties are experiencing a slightly higher vacancy rate of 14.2%. These market indicators are factored into evaluations of proposed investments, alongside qualitative input from stakeholders and community groups.

Recent changes to the Austin Land Development Code also influence cooperative housing feasibility. The HOME Phase 1 amendments, adopted in 2023, expanded the number of unrelated adults permitted to live together and increased potential density on single-family sites. These updates have improved the regulatory environment for cooperative housing and may facilitate future opportunities.

Financing remains a significant consideration. As noted in a prior staff response on CLTs and Land Banking (Resolution No. 20240404-067), many financial institutions are still unfamiliar with shared-equity housing models, requiring additional education and capacity building. Mortgage interest rates, currently near 7%, remain higher than pre-pandemic levels and continue to challenge the economic feasibility of ownership models for cost-burdened seniors. Approximately 11% of Austin residents are age 65 or older and, as noted in the FY25–29 Consolidated Plan, a substantial share of these households experience severe cost burden; exceeding 50% of their income. These factors limit affordability for both rental options and buy-in models such as cooperatives, though they do not preclude feasibility under the right conditions.

Site Characteristics
Proximity to high-frequency transit is a key consideration for senior-oriented housing and residents with mobility limitations. Site-specific conditions—such as topography, tree cover, and grading—significantly influence development costs and the achievable unit mix. In some cases, these constraints may limit the suitability of a senior housing typology.

Community Needs
Property manager feedback from AHFC-owned senior-serving properties indicate that current vacancy challenges stem from factors such as unit typology (e.g., limited demand for two-bedroom units among seniors), referral pathways, and site location. Additional feedback gathered through the 2025 Annual Community Needs Assessment and from City commissions, including the Commission on Aging and the

Mayor's Committee for People with Disabilities, revealed recurring themes including:

- The need for support to help seniors remain in the homes they own, particularly regarding property taxes and upkeep;
- Rental affordability challenges; and
- Accessibility issues related to sidewalks, transit proximity, and unit design.

These insights help inform evaluations of cooperative housing proposals and other senior housing strategies.

Available Resources and Organizational Capacity
Several City-supported tools may contribute to the feasibility of senior cooperatives, including Community Land Trusts (CLTs) and home-repair loan programs, which generally offer up to $20,000 in repairs. In addition to its own Austin Community Land Trust, the City designated two CLT organizations in 2025 – Austin Revitalization Authority and Guadalupe Neighborhood Development Corporation – granting the corporations a property tax exemption on certain properties. Staff continue to provide education on cooperative models and shared-equity housing through the Austin Economic Development's "Cooperative Business Certificate Program" and Austin Housing's "CLT Accelerator."

Research from the Lincoln Institute identifies strong shareholder commitment and organizational capacity as critical success factors for CLT-Limited Equity Cooperative (LEC) hybrid models. Many successful LECs rely on sweat equity or resident-driven governance structures, which require significant ongoing capacity development.

Operational and maintenance costs also present potential risks. Unexpected capital needs, combined with unit vacancies, can place disproportionate financial pressure on remaining cooperative members, threatening long-term project stability.

Conclusion
Senior cooperatives will continue to be evaluated as one of several viable models during site acquisition and redevelopment assessments. The City will continue to consider market demand, financial feasibility, community input, organizational capacity, and site characteristics in determining the suitability of cooperative housing for seniors at specific locations. At this time, based on the factors previously shared, staff does not recommend pursuing cooperative housing for seniors. This response serves as the close-out to Resolution No. 20241121-076.

Should you have any questions or concerns, please contact Deletta Dean, Director of Austin Housing at Deletta.Dean@austintexas.gov or 512-978-0868.

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