



Neighborhood Housing and Community Development Department

DATE: August 6, 2014
TO: Mayor and Council Members
FROM: Betsy Spencer, Director, Neighborhood Housing and Community Development Office 
RE: Update on Resolution No. 20130509-031: Preservation of Affordable Housing

This memorandum serves to provide the response to Resolution No. 20130509-031 that directs staff to address preservation of existing affordable housing as a component of the City's near-term planning efforts in affordable housing, including:

1. Establishing a baseline of aging multi-family housing stock,
2. Setting goals to support preservation, identifying opportunities to further preservation initiatives, and
3. Developing financial strategies for sustainable approaches to achieving preservation of affordable housing.

The data responsive to the charge in the resolution can be found in the attached report: Taking Action: Preservation of Affordable Housing in the City of Austin and on the Neighborhood Housing and Community Development Office Web site: <http://austintexas.gov/page/reports-publications>.

In summary the following are highlights taken from the recent analysis, which is attached.

No. 1 Establishing a baseline of aging multi-family housing stock

- The chart on Page 11 of the report highlights that out of more than 62,000 units affordable to households at or below 60% MFI, there are fewer than 5,300 three-bedroom units affordable to these households.
- The majority of the City of Austin's affordable housing is privately-owned, unsubsidized, "market-rate" housing.
- Utilizing 2013 Rent Limits published by NHCD, Capitol Market Research (CMR) determined that within the larger apartment properties of 50 units or more, there are slightly more than 25,000 efficiency, one-, two-, and three-bedroom rental units that are affordable to households earning at or below 50% Median Family Income (MFI).

No.2 Goal to support preservation

- The Report recommends that the City of Austin establish a goal of preserving 20,000 units over the next 20 years.
- Austin Investor interests identified 293 Class C properties with 50 units or more (totaling 55,796 units). Utilizing Travis Central Appraisal District (TCAD) data, HousingWorks Austin identified 660 Class C properties with five to 49 units (totaling 10,478 units).

- The conclusion is that the total universe of Class C multifamily complexes in the City of Austin is 953 complexes (with a total of 66,274 units).
- By establishing a preservation goal of 20,000 units, the city will preserve approximately one-third of the current Class C rental housing stock over the next 20 years.

No. 3 Opportunities / Financial Strategies for sustainable approaches

The Report notes initiatives that can further the preservation of affordable housing to include policy and programmatic considerations. Data and recommendations will be used to inform NHCD's actions to expound its preservation initiatives and develop a program to build on the department's efforts to prioritize affordable housing.

The primary basis of NHCD's preservation program will be the initiation of the Preservation Strike Fund through a partnership with a Community Development Financial Institution (CDFI). NHCD will implement the Strike Fund in Fiscal Year 2015, using local funds to seed the Strike Fund and seek partnerships that will leverage private dollars to grow the fund. This will allow for efficient and swift access to capital for preservation of affordable housing. A CDFI is a financial institution that focuses on personal lending and business development efforts in local communities.

In addition, NHCD will adopt a community goal for preservation, with a focus to preserve Project-Based Section 8 Properties and properties identified in Core Transit Corridors and Transit Oriented Developments (TODs) to better position the City of Austin with federal transportation funding. The Strike Fund will be designed to prioritize development opportunities in these areas. NHCD has designated a Senior Planner that is a member of the Housing/Transit/Jobs Action Team where preservation of units along Core Transit Corridors and Transit Oriented Developments (TODs) will remain a programmatic and policy focus for the department as well as the Action Team. As has been the model to achieve the community goals around Permanent Supportive Housing, a preservation goal will require multiple community partnerships. NHCD recognizes the Housing Authority of the City of Austin as a crucial partner, as preserving housing for extremely low income housing continues to be a focus for the community at large.

Another policy consideration highlighted in the report is the potential adoption of Homestead Preservation Districts. NHCD is working with the Finance Department to provide a financing and funding strategy for potential HPD districts. Preliminary Homestead Preservation Project Plans and Reinvestment Zone Financing Plans for each proposed HPD will be prepared for Council consideration and potential action.

NHCD will maintain a focus on preservation of affordable housing moving forward. I am available to provide additional information.

cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager

Attachment