Appendix I: Housing Market Analysis, Community Needs Assessment, Market Trends and Public Comments

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Appendix IA: Housing Market Analysis

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Housing Market Analysis

This section supplements the Market Analysis (MA) and Needs Assessment (NA) sections of the FY2015-2019 electronic Consolidated Plan (eCon Plan) for the City of Austin. BBC Research & Consulting provided this Housing Market Analysis section.

This supplement begins with an overview of the housing market today, compared to when the last Housing Market Study (HMS) was completed (2008) and the beginning of the decade. It contains an analysis of both rental and homeownership affordability, including an update to the housing gaps model from the earlier study.

Trends in Housing Supply

There were 276,600 housing units in the City of Austin in 2000, according to the U.S. Census. By 2007, this had risen to around 333,500—an increase of 57,000 units. The Census estimates the housing inventory at around 360,500 in 2012, or about 84,000 more units than in 2000.

As shown in Figure 1, the growth rate of residential units was highest during the 1970s, when the city's housing stock increased 70 percent. The past decade has been the strongest in numerical growth.

Figure 1.
Housing Unit Growth, City of Austin, 1970-2013

Source:
City of Austin and 2012 ACS.

	Number of Units	Numerical Growth per Decade	Percent Growth per Decade
1970	85,456		
1980	146,503	61,047	71%
1990	216,939	70,436	48%
2000	276,611	59,672	28%
2007	333,487		
2010	354,211	77,600	28%
2012	360,518		

Density and land use. Housing unit density—the number of residential units per acre—has fluctuated between 1.5 and 2.0 units per acre since the 1970s, peaking in 1980 following rapid housing growth.

As of 2010, a little more than one-fourth of land acreage in the city was in residential use, according to the City Planning Department's land use statistics report. Overall, 22 percent of acreage in the city is used for single family homes (about 5% of this large lot homes) and just 3 percent is in multifamily (apartment, condos) use. Another 2 percent is used for mobile homes.

The balance of land is undeveloped (29%), or used for open space (18%), streets/roads/utilities (13%) and commercial and other uses (12%).

Permitted units. Historically, residential growth in Austin has been dominated by single family detached and multifamily units, as shown below.

Figure 2.
Building Permits Issued by Type, City of Austin, 1993 to 2012

	2007	2008	2009	2010	2011	2012	2013
Single family detached	3,155	1,928	1,951	1,664	1,713	2,539	2,573
Duplexes, triplexes, fourplexes	587	246	21	250	46	23	370
Multifamily (5+ units)	4,029	2,205	1,561	860	2,419	7,648	8,891
Single family detached	41%	44%	55%	60%	41%	25%	22%
Duplexes, triplexes, fourplexes	8%	6%	1%	9%	1%	0%	3%
Multifamily (5+ units)	52%	50%	44%	31%	58%	75%	75%

Source: City of Austin.

As demonstrated by Figure 2, the proportion of single family attached permits is at a historical low, and, conversely, multifamily permits are at a historical high.

The rise in multifamily development is closely related to declining rental vacancies, which are discussed below. During 2011, about 800 new multifamily units were completed in the Austin MSA, compared to 2,600 in 2012 and nearly 5,900 in 2013. According to Austin Investor Interests, this addition of multifamily units had minimal impact on the market until recently. Rental vacancy rates have remained low as the supply of rental units caught up with demand. Yet this might be changing: the first quarter 2014 multifamily trend report reported the first quarterly rise in multifamily vacancies since 2010.[1]

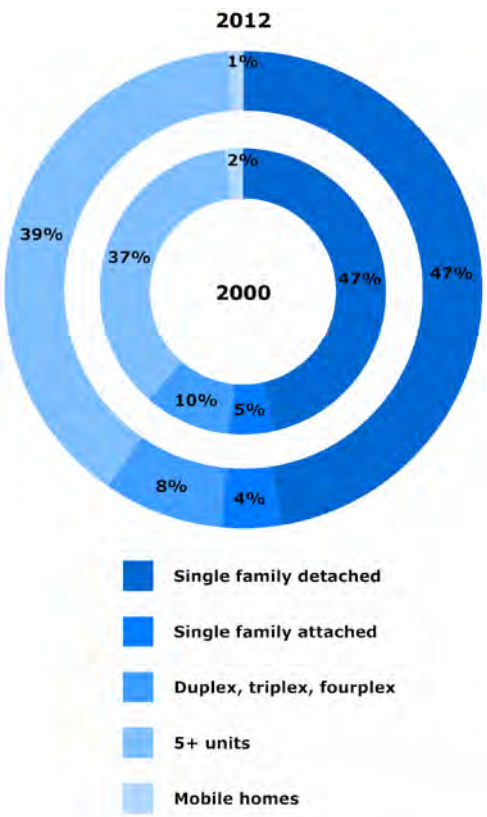
Despite the slight uptick in vacancy rates, more apartments are likely to hit the market soon, based on the large number of multifamily units permitted (Figure 2) and under construction. As of first quarter 2014, as many as 16,000 multifamily units were identified as under construction in the City Demographer's Multifamily Report.[2]

[1] The Austin Multi-Family Trend Report, Austin Investor Interests, 1Q2014.

[2] http://www.austintexas.gov/page/demographic-data.

Unit type. As demonstrated by Figure 3, the city's housing unit distribution has changed little during the past 12 years. Very modest shifts have occurred between duplexes/triplexes/fourplexes and larger multifamily developments. But, overall, the composition of residential housing in the city is about the same as it was in 2000.

Figure 3. Type of Housing Units, City of Austin, 2000 and 2010

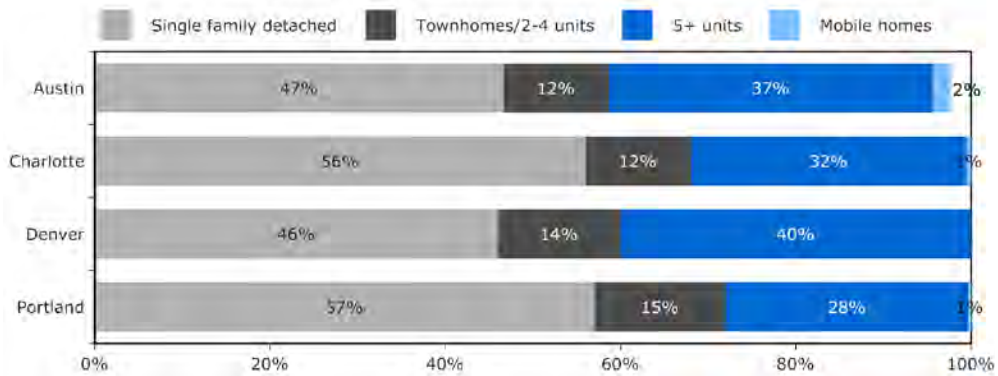


Source:

U.S. Census, 2000, and 2012 ACS.

Austin's housing unit composition is similar to peer cities, as shown in Figure 4. Austin's housing distribution most closely matches that of Denver. Denver and Portland have higher proportions of single family alternative products (townhomes, duplexes, etc.), but Austin is not far behind. Charlotte and Portland have the largest proportions of single family detached housing.

Figure 4.
Type of Housing Units, Charlotte, Denver, Portland, 2010

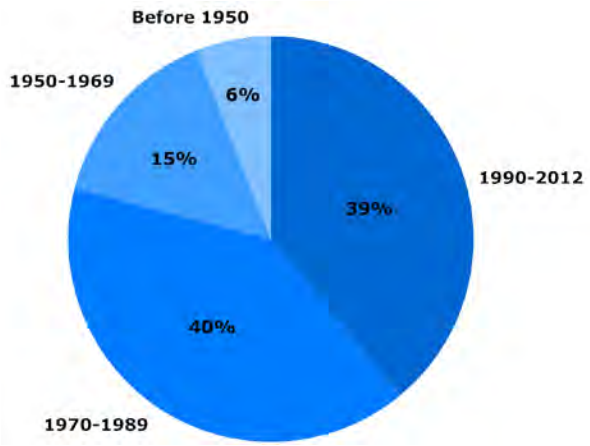


Source: 2012 ACS.

Housing age and condition. Austin is known for its many historical neighborhoods. Yet most of the city's housing stock was developed relatively recently, as shown in Figure 5. About 40 percent of units were built in 1990 and later. Another 40 percent were built in the 1970s and 1980s. Six percent of the city's housing stock was built before 1950.

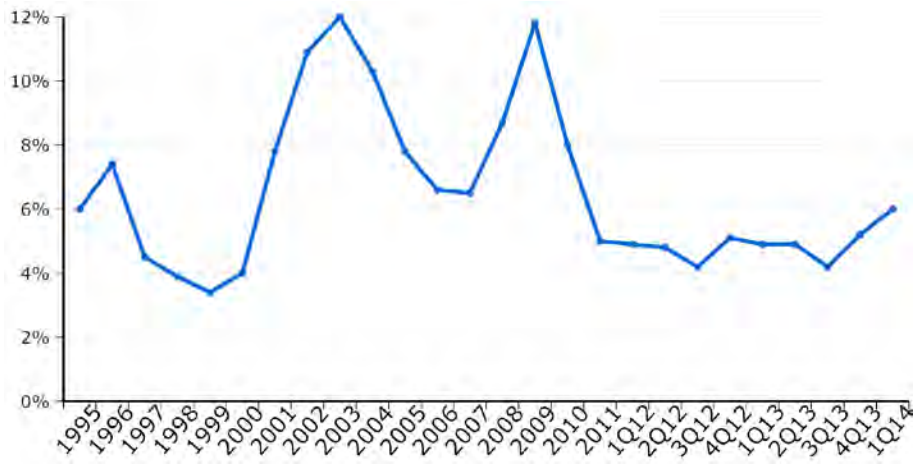
Figure 5.
Year Housing Units were Built, City of Austin

Source:
2012 ACS.



Rental vacancy rates. Figure 6 shows trends in rental vacancies for the Austin MSA tracked by Austin Investor Interests. After peaking in 2009, vacancies dropped and have hovered around 5 percent since 2011.

Figure 6.
Multifamily Vacancy Rates, Austin MSA, 1995-1Q14



Source: Austin Investor Interests and BBC Research & Consulting.

Vacancy rates differ, however, by property "class." According to Austin Investor Interests, vacancies are lowest for non-luxury units (Class B and C properties). Rents differ little between the two, both averaging $1.15/square foot—e.g., $920 per month for an 800 square foot unit.

There is usually a difference in the rental costs of B and C properties based on unit age and condition—but not in the current market. According to Austin Investor Interests, this narrowing of price differential is due to unit upgrades in both property types, as well as a limited supply of each, relative to the supply of Class A units. Renters in B and C properties may be paying as much as $300 more per month for upgraded B and C units.[3]

Class A— luxury rentals—average $1.36/square foot ($1,088/month for 800 square feet) have a much higher vacancy rate of 12 percent. B and C class properties are the primary reason that rental vacancy rates have remained low overall.

[33] The Austin Multi-Family Trend Report, Austin Investor Interests, 1Q2014.

Class A rents may drop over time as more Class A units are added to the market. Yet a drop in such rents is unlikely to be low enough to make a difference in the shortage of affordable rental units (discussed below). Instead, Austin Investor Interests argues that the dominance of Class A apartments in high-demand neighborhoods—e.g., downtown Austin—could raise demand, and rents, of Class B units in surrounding areas. Affordability and need for these types of rental units is addressed in the following section.

Housing Affordability

The 2008 HMS identified two primary areas of need in Austin's housing market:

- A shortage of rental units for renters earning $20,000 and less, and
- A shortage of units to buy, as well as affordable product types, for to-be-owners earning less than $75,000 per year.

Rental needs. The 2008 study concluded that the city had a large need for affordable rentals. At that time, the rental market was undersupplying affordable rentals for renters earning less than $20,000 per year. These 44,700 renters, needing rents of less than $425 per month, had just 7,150 affordable units in the market, leaving a shortage of 37,600 units.

The study also found the need for the city to develop 12,500 rental units priced less than $425 per month to accommodate future low income renters.

Homeownership needs. The 2008 HMS also found a need for homeownership product affordable for renters earning between $35,000 and $75,000 per year. The study recommended broadening the inventory of alternatives to single family detached homes which could be priced between $113,000 and $240,000, depending on subsidies and product type.

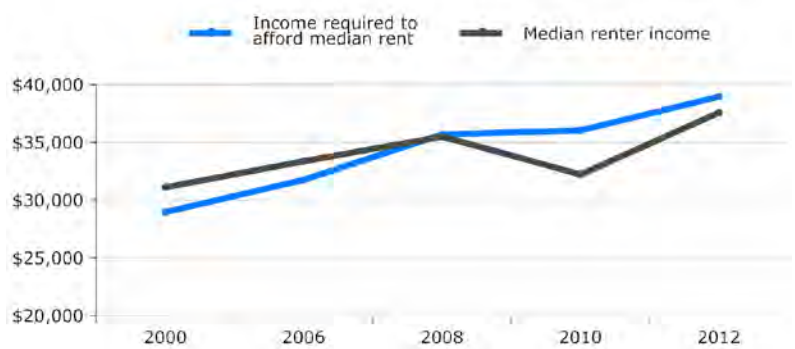
Since the 2008 study, Austin's market has become less affordable for low income renters and more affordable for owners. The increase in ownership affordability is solely due to the large decline in mortgage interest rates after 2008.

Rental affordability. Fifty-five percent of Austin's households are renters. This proportion has shifted little since 2008 (54%) and 2000 (55%).

Between 2000 and 2010, median rents in Austin increased from $724 to $924. This means Austin renters were paying an additional $200 per month for rents in 2010 than in 2000.

As shown in the figure below, renter incomes did not keep up with the increases in rents.

Figure 7.
Change in Median Income v. Median Rent, 2000 to 2012



Source: 2000 Census and 2012 ACS.

Rental subsidies. Increases in rents are particularly challenging for low income households who have limited options in the rental market. As discussed in the rental gaps analysis below, maintaining an inventory of publicly subsidized rentals has been key for preserving rental opportunities for the city's lowest income households. Without these units, the rental gap would be much larger—and many more low income residents would be cost burdened or leave the city for more affordable housing.

An estimated 18,500 affordable rental units have been developed during the past 15 years with local, state and federal funds, according to the city's 2013 affordable housing inventory database. These include housing authority units, developments built with rental tax credits, developments funded by General Obligation (GO) bonds, SMART Housing developments and others. Of these units, almost 2,500—or 13 percent of all units—have affordability contracts that expire in the next 10 years. As such, these units are at risk of being lost from the affordable rental inventory.

Figure 8 shows the distribution of these publicly subsidized rentals by zip code. The highest proportion of units are located in zip code 78741 (18%), followed by 78753 (10%). These zip codes also have the highest proportions of affordable rentals with affordability contracts that are set to expire in the next 10 years.

Figure 8. Distribution of Subsidized Rentals and Rentals with Expiring Contracts, Zip Code, 2012

Source:
City of Austin.

ZIP code	Distribution of Subsidized Rentals by ZIP Code	Distribution of Units with Expiring Contracts
78613	0%	
78617	0%	
78660	0%	
78701	1%	
78702	9%	3%
78704	9%	8%
78705	1%	2%
78721	5%	
78722	1%	
78723	7%	14%
78724	5%	
78727	3%	
78728	2%	
78729	0%	
78735	1%	
78741	18%	17%
78744	9%	12%
78745	5%	9%
78748	2%	3%
78749	0%	
78751	0%	
78752	2%	1%
78753	10%	19%
78754	1%	
78756	1%	1%
78757	1%	
78758	6%	12%
78759	1%	
78702	0%	
	100%	100%

Housing Market Analysis

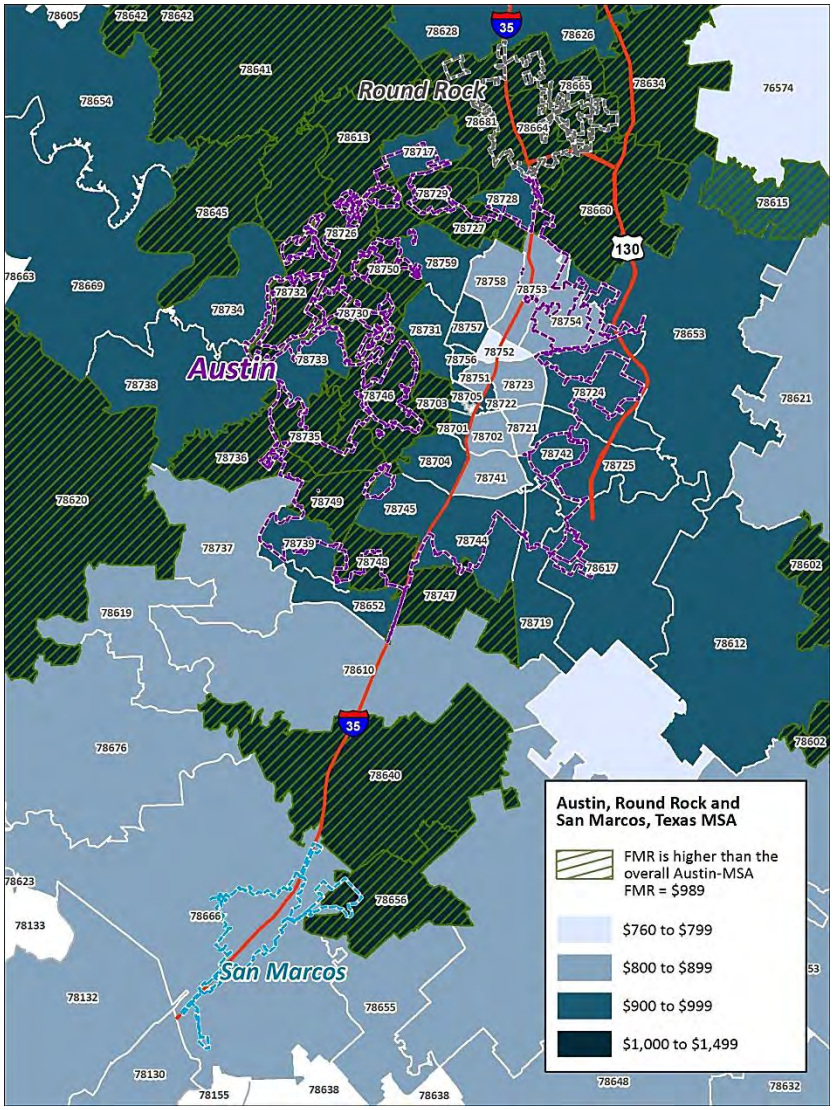
The Housing Choice Voucher program, also known as Section 8, provides subsidies to low income renters based on their monthly incomes. The federal program is managed locally by the Housing Authority of the City of Austin, or HACA.

Housing choice voucher holders rent market rate units that meet quality standards. Voucher holders are reimbursed based on a "fair market rent" (FMR) standard that is set at the federal level for each market area.

The FMR is set for the MSA, which can affect where voucher holders can find affordable units.[4] A recent demonstration program by HUD that allowed the use of zip code level FMRs broadens the market area in which voucher holders can find units by providing higher subsidies in higher priced zip codes.[5]

Figure 9 shows how the zip code level, "hypothetical" FMRs would broaden the options of voucher holders in Austin. The crosshatch shows the expanded options available to voucher holders under a zip code FMR reimbursement model.

Figure 9. Hypothetical Small Area FMRs for the Austin, Round Rock and San Marcos, Texas Metropolitan Statistical Area (MSA), 2012



Note:

The 2012 2-bedroom FMR for the Austin-Round Rock-San Marcos area is $989. The crosshatch indicates a ZIP code where the area wide FMR is higher than the ZIP code FMR.

Source:

www.huduser.org; Fair Market Rent database.

[4] Voucher holders can rent units that are priced higher than the FMR, but they must make up the difference in rent, which is usually difficult for low income households.

[5] The downside is that fewer voucher holders may be served by the program (without an increase in overall funding for vouchers) because the cost per voucher is higher.

Homeownership affordability. Since 2000, the homeownership rate in Austin has been unchanged at 45 percent. Homeownership in Austin has been about this level for more than a decade, after rising from 41 percent in 1990.

Home values. According to the Census, the median value of a home in Austin was $222,100 in 2012—up 78 percent from the 2000 value of $124,700. As shown in the figure below, home value increases in Austin have exceeded those in Travis County and Texas overall.[6] Austin's median value surpassed that of Travis County after 2000.

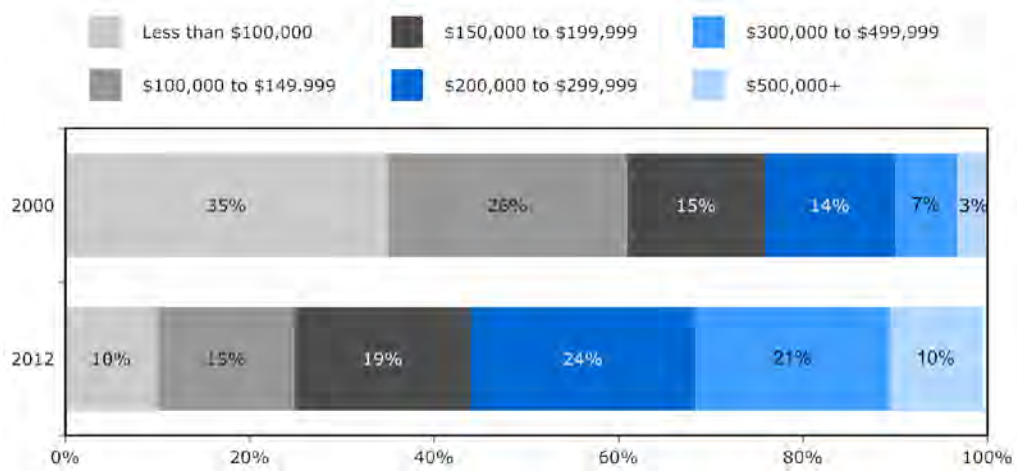
Figure 9.
Home Values and Increases, Austin, Travis County and State of Texas, 2000 to 2012

	Austin	Travis County	State of Texas
2000 Median	$124,700	$134,700	$82,500
2012 Median	$222,100	$217,600	$129,200
% change	78%	62%	57%

Source: U.S. Census, 2000, and 2012 ACS

Figure 10 shows how values have shifted among value categories. In 2000, more than one-third of homes in Austin had values of less than $100,000; by 2012, just 10 percent of units were valued at less than $100,000. The figure shows a significant movement away from moderately priced homes toward higher priced units.

Figure 10.
Shifts in Home Values, Austin, 2000 and 2012



Source: U.S. Census, 2000, and 2012 ACS.

Homes to buy. Data on homes listed for sale or sold are used to determine how easily renters can buy in a market and how prices have changed. The 2008 HMS compared home prices in 2005 and 1997; this section updates that analysis with a comparison of prices from 1997, 2000, 2005, 2010 and 2013, the last full year of sales at the time this report was prepared.

[6] Home values are self-reported on the Census long form survey. They do not necessarily reflect units that are available for purchase. Values are a general indicator of the distribution of home prices.

Figure 11 compares the median prices of attached and detached homes over the past 16 years. Percentage-wise, price increases were strongest for attached units. Numerically, price increases were largest for detached units. For all units, prices rose the most between1997 and 2000. The average increase in prices during this period was about twice that of growth between 2010 and 2013.

Figure 11.
Median Sale Price, Austin, 1997-2013

	Attached	Equivalent Annual Increase	Detached	Equivalent Annual Increase	All Homes	Equivalent Annual Increase
1997	$78,000		$125,000		$118,990	
2000	$115,000	16%	$169,000	12%	$159,900	11%
2005	$142,000	5%	$193,000	3%	$181,500	3%
2010	$164,000	3%	$245,000	5%	$229,000	5%
2013	$205,000	8%	$285,100	5%	$269,000	6%
1997-2013 change	$127,000	163%	$160,100	128%	$150,010	126%

Source: Austin Board of Realtors and BBC Research & Consulting.

Cost Burden

Cost burden is a useful way to compare how affordability has shifted over time. Households are considered to be "cost burdened" when they pay more than 30 percent of their gross household income in housing costs—this includes rent, mortgage payment, basic utilities, property taxes and homeowners insurance. This is an industry standard, and ideal, for affordability.

The proportion of households who are cost burdened generally worsens when housing prices increase. Cost burden can also occur when household incomes decline but home prices do not.

Between 2000 and 2012, cost burden increased for both renters and owners in Austin, as shown in Figure 12 on the following page.

Figure 12.
Cost Burden, Austin, Travis County and State of Texas, 2000 and 2012

	Austin	Travis County	State of Texas
Owners			
2000 owners cost burdened	21%	21%	19%
2012 owners cost burdened	28%	28%	27%
Percentage point increase	7%	7%	23%
Renters			
2000 renters cost burdened	44%	43%	37%
2012 renters cost burdened	50%	51%	48%
Percentage point increase	6%	8%	11%

Source: U.S. Census, 2000, and 2012 ACS

Interestingly, cost burden is about the same in Austin as in Travis County and the State of Texas—even through housing prices in Austin are higher. Cost burden has also increased less in Austin. This suggests that Austin renters and owners have been better able to manage housing price increases through increases in income relative to renters and owners in the county and state overall. It may also demonstrate the effect of Austin's investment in affordable rental units.

Housing Gaps

This section updates the 2008 housing gaps analysis, which compared rental and ownership supply to demand to identify housing needs.

This updated analysis incorporates the following data:

- Population estimates from the City Demographer,
- Housing unit estimates and rent distribution from the U.S. Census,
- Subsidized rental units from the city's affordable housing database and the Housing Authority of the City of Austin (HACA),
- Austin Investor Interests' Multi-family Trend Report from first quarter 2014, and
- For sale listings from the Austin Board of Realtors (ABOR).

For the purposes of this analysis, affordability is determined by the criteria that a household should pay no more than 30 percent of gross monthly income toward housing costs. This includes utilities, homeowners insurance and property taxes.

Figure 13 shows how much households can afford to both buy and rent by income level. The figure incorporates two different assumptions for downpayments—a downpayment equivalent to 5 percent of the home price, which was used in the 2008 gaps model, as well as 10 percent, which has become more customary with changes in housing finance. A 10 percent downpayment appears to make the market slightly more affordable since buyers are able to afford a higher home price. This is only possible if buyers have saved for a downpayment or are provided with downpayment assistance.

Figure 13.
Affordable Home Price and Rents and Utilities by Income Range

Income Category	Affordable Home Price - 10% Downpayment	Affordable Home Price - 5% Downpayment	Affordable Monthly Rent & Utilities
Less than $10,000	$39,661	$38,196	$250
$10,000 to $14,999	$58,559	$56,398	$375
$15,000 to $19,999	$77,463	$74,601	$500
$20,000 to $24,999	$96,367	$92,809	$625
$25,000 to $29,999	$115,266	$111,012	$750
$30,000 to $34,999	$133,857	$128,914	$875
$35,000 to $39,999	$152,756	$147,122	$1,000
$40,000 to $44,999	$171,660	$165,325	$1,125
$45,000 to $49,999	$189,934	$182,923	$1,250
$50,000 to $59,999	$227,737	$219,337	$1,500
$60,000 to $74,999	$284,449	$273,951	$1,875
$75,000 to $99,999	$378,329	$364,370	$2,500
$100,000 to $124,999	$472,843	$455,398	$3,125
$125,000 to $149,999	$567,358	$546,422	$3,750
$150,000 to $199,999	$756,382	$728,475	$5,000

Note: Assumes an interest rate of 4.5% and a 30-year payment term.

Source: BBC Research & Consulting.

Rental gaps. Two updates from the 2008 HMS are provided for the rental gaps: 1) A 2012 gaps using 2012 Census data, and 2) A 2014 update using rents collected during first quarter 2014.

The first is based on 2012 household and rental market data available from the 2012 ACS. Because the ACS uses self-reported rental data, it can be a better measure of what a household actually pays in rent. This is important because households with Housing Choice Vouchers pay less in monthly rent than the market rents of the units they occupy. The ACS also contains a broader inventory of rental units (units in smaller complexes and subsidized developments) than are available in market surveys.

The primary weakness of the rental data in the ACS is that it is from 2012—and the rental market has changed quite dramatically since then. For example, according to Austin Investor Interests, rental rates per square foot for Class B and C units rose from about $1.00/square foot (Class C) and $1.10/square foot (Class B) in mid-2012 to $1.15/square foot for both types of properties in first quarter 2014. This is equivalent to a $120 rent increase on a Class C 800 square foot unit.

Therefore, two gaps analyses are provided: a comprehensive comparison of the 2008 gaps using 2012 data, and an update to the 2012 gaps to reflect early 2014 rental prices.

2012 rental gaps. In 2012, 27 percent of the city's renters earned less than $20,000 per year. This is the same proportion as in 2008. Although the number of renter households grew between 2008 and 2012, the growth was concentrated among higher income renters: The number of renters earning less than $20,000 increased by 1,575, while renters earning more than $75,000 grew by more than 15,000.

In 2008, just 4 percent of rental units were estimated to be affordable to renters earning less than $20,000. This proportion remained the same in 2012 but the actual number of units increased, from 7,150 to 8,410. This increase in affordable units does not entirely make up for the increase in renters earning less than $20,000. As such, the rental gap for renters earning less than $20,000 increased, but only very modestly.

It is important to note that renters earning less than $20,000 are primarily served by publicly subsidized units, not market rate units. The rents on publicly subsidized units are generally more stable. These units made up the bulk of units renters earning less than $20,000 could find in 2008—and that appears to be the case in 2012.

The impact of rising rents is evident in the $20,000 to $25,000 income range. The 2012 gaps found a shortage of units for renters earning $20,000 to $25,000—about 1,500 units—which was not found in 2008. This is not due to an increase in renters in this income range, but to a decrease in affordable, some privately provided, units.

Figure 14 shows the results of the 2012 rental gap. Figure 15 summarizes the changes in the gap since 2008.

Figure 14.
Rental Gaps Analysis, Income Level and AMI, 2012

Gaps by Income Range							
Income Range	Number and % of Renters		Maximum Affordable Rent+Utilities	Number of rental units, 2012 ACS	% of rental units	Rental Gap	Cumulative Gap
Less than $5,000	12,677	7%	$125	635	0%	(12,042)	(12,042)
$5,000 to $9,999	10,967	6%	$250	2,774	1%	(8,193)	(20,235)
$10,000 to $14,999	11,770	7%	$375	1,947	1%	(9,822)	(30,057)
$15,000 to $19,999	12,430	7%	$500	3,054	2%	(9,376)	(39,433)
$20,000 to $24,999	12,037	7%	$625	10,546	6%	(1,491)	(40,924)
$25,000 to $34,999	22,275	12%	$875	52,540	28%	30,264	(10,660)
$35,000 to $49,999	31,948	18%	$1,250	67,815	36%	35,867	25,207
$50,000 to $74,999	28,717	16%	$1,875	37,497	20%	8,780	33,988
$75,000 to $99,999	16,897	9%	$2,500	11,802	6%	(5,095)	28,893
$100,000 to $149,999	12,961	7%	$3,750	-	0%	(12,961)	15,932
$150,000 or more	6,527	4%		-	0%	(6,527)	9,406
Total	**179,205**	**100%**		**188,611**	**100%**	**9,406**	

Gaps by AMI (2014 income limits for 4-person hh)								
AMI maximums	income upper bound	Number and % of Renters		Maximum Affordable Rent+Utilities	Number of rental units, 2012 ACS	% of rental units	Rental Gap	Cumulative Gap
0-30% AMI	$22,600	54,104	30%	$565	13,895	7%	(40,208)	(40,208)
31-50% AMI	$37,700	33,803	19%	$943	69,808	37%	36,005	(4,203)
51-80% AMI	$60,300	38,029	21%	$1,508	71,057	38%	33,028	28,825
81-95% AMI	$71,630	13,015	7%	$1,791	16,995	9%	3,979	32,805
96-120% AMI	$85,956	11,275	6%	$2,149	10,226	5%	(1,049)	31,755
121-150% AMI	$113,100	12,887	7%	$2,828	6,630	4%	(6,258)	25,497
More than 150% of AMI	$113,101	16,092	9%		-	0%	(16,092)	9,406
Total		**179,205**	**100%**		**188,611**	**100%**	**49,614**	

Note: The model excludes renters who do not pay rent but instead receive boarding for exchange of goods or services..

Source: BBC Research & Consulting.

Figure 15.
Change in Rental Gaps, 2008 to 2012

	2008	2012	Difference	
Renters earning <$20,000	46,269	47,843	↑ 1,574	
Renters earning <$25,000	60,088	59,880	↓ (208)	
Units affordable to <$20,000	7,151	8,410	↑ 1,259	
Units affordable to <$25,000	22,597	18,956	↓ (3,641)	
Gap for <$20,000	39,118	39,433	↑ 315	*< 1% increase from 2008*
Gap for <$25,000	37,491	40,924	↑ 3,433	*9% increase from 2008*

Source: BBC Research & Consulting.

The modest increase in the gap is a bit counterintuitive given increases in poverty. Yet much of the change in poverty occurred prior to 2008, between 2000 and 2007. There is also some evidence that low income residents may be living with others to manage housing costs: The average size of renter households was 2.36 in 2012 compared to 2.21 in 2008. These data suggest that the 2012 "gap renter households" are more likely than in 2008 to be "doubling up" to make ends meet.

2014 gaps. To adjust the 2012 gaps to 2014 prices, the rents of units priced between $500 and $1,000 in 2012 were raised to reflect the changes in price per square foot documented by Austin Investor Interests. This update assumes that units priced less than $500 per month are publicly subsidized and that the 2012 inventory was maintained.

The 2014 increase in rental shortages shows up for renters earning $20,000 to $25,000. 2014 pricing increases this gap by about 6,800 units, putting the cumulative gap at nearly 47,700 v. 40,924 using the 2012 rent distribution.

Figure 16.
Increase in Rental Gaps based on 2014 Rental Prices

	2012 Gap	2014 Gap	↑
Renters earning $0-$25,000	40,924	47,698	6,774

Source: BBC Research & Consulting.

Impact on Housing Choice Voucher holders. Residents most affected by a tight rental market are Housing Choice Voucher holders, most of whom rent privately provided market rate units. As demonstrated by the 2014 gaps update, voucher holders earning between $20,000 and $25,000 have far fewer market units to choose from. The housing authority in Austin reports that voucher holders are indeed having trouble finding affordable market rate units and taking longer amounts of time to find affordable housing.

Homeownership gaps. The 2008 HMS examined how easy it was for renters of various income levels to purchase homes in Austin. This section updates the 2008 analysis with new data on homes for sale during 2013.

Market and financing changes. Housing prices increased between 2008 and 2013 but falling interest rates helped preserve ownership opportunities for residents looking to purchase a home. In 2008, a household earning $50,000 could afford a home priced at $160,000 (with a 5% downpayment and an interest rate of 6.5%). In 2014, the same household, earning $50,000, could afford a home priced at $183,000 (with the same 5% downpayment) because interest rates dropped two percentage points, to 4.5 percent.

Figure 17 displays available affordable homes based on 2008 and 2013 market conditions. The figure also shows what the 2013 market might look like if interest rates had **not** declined. In 2008, 21 percent of for-sale homes were affordable to households earning less than $50,000. In 2013, that proportion increased to 24 percent. However, if interest rates had remained at 6.5 percent, only 16 percent of homes for-sale in 2013 would be affordable to households earning less than $50,000. Similar affordability impacts are apparent across all income levels.

Figure 17.
Affordable and Available For-Sale Homes in Austin, 2008 and 2013

	Affordability in 2008 (5% down and 6.5% int rate)			Affordability in 2013 (5% down and 4.5% int rate)			*What if interest rates hadn't changed?*	*Possible Affordability in 2013 (5% down and 6.5% int rate)*		
	Affordable Home Price	Affordable Homes in the Market (No. and %)		Affordable Home Price	Affordable Homes in the Market (No. and %)			*Affordable Home Price*	*Affordable Homes in the Market (No. and %)*	
Households earning less than $35,000	$113,000	803	6%	$129,000	1,189	8%	→	*$113,000*	*752*	*5%*
Households earning less than $50,000	$160,000	2,651	21%	$183,000	3,515	24%		*$160,000*	*2,357*	*16%*
Households earning less than $75,000	$240,000	6,107	49%	$274,000	7,366	51%		*$240,000*	*6,163*	*43%*

Notes: Affordable home price incorporates utilities, insurance and property taxes and assumes a 30-year fixed rate mortgage.

Source: MLS data from ABOR and BBC Research & Consulting.

Current gaps. Even with the affordability improvements displayed in the previous figure, the ownership market in Austin remains out-of-reach for many renters who wish to purchase their first home. The 2008 gaps analysis found a mismatch between supply and demand for renters earning less than $50,000. The 2013 gaps analysis confirms that there is still a shortage of affordable for-sale options for those renters.

Figure 18 displays the 2013 ownership market gaps using two different downpayment options—a 5 percent downpayment, which was used in the 2008 gaps model, as well as 10 percent, which has become more customary. Similar to the rental gap figure, the ownership model compares renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices assume a 30-year mortgage with either a 5 or 10 percent downpayment and an interest rate of 4.5 percent. The estimates also incorporate property taxes, insurance and utilities. The "Renter Purchase Gap" column shows the difference between the proportion of renter households and the proportion of homes listed or sold in 2013 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units. The figure displays renters' income by dollar amount and as a percent of MFI.

The gaps analysis shows that renters earning less than $50,000 per year have very limited for-sale options, even if they have savings for a 10 percent downpayment. Among the homes they can afford, more than one-quarter are attached properties (condos, townhomes, etc). The market is particularly tight for renters earning less than $35,000 per year: forty-six percent of all renters in Austin earn less than $35,000 per year but only 9 percent of homes on the market are affordable to them, even with a 10 percent downpayment. As was the case in 2008, renters earning $75,000 are relatively well served by the for-sale market.[7]

[7] Current owners are not included in the gaps analysis because it is assumed they are able to leverage their current equity for the purchase of a new home and thus have wider array of options. However, it should be noted that low income owners may different concerns related to rising home values and the related property tax implications.

Figure 18.
Affordability of For-Sale Housing to Austin's Renters, 2013

			5% Downpayment						10% Downpayment					
	Number and Percent of Renters		Maximum Affordable Home Price	Affordable Homes for Sale in 2013		% of Affordable Homes that are Attached	Renter Purchase Gap	Cumulative Gap	Maximum Affordable Home Price	Affordable Homes for Sale in 2013		% of Affordable Homes that are Attached	Renter Purchase Gap	Cumulative Gap
Income Range														
Less than $10,000	23,644	13%	$38,196	9	0%	89%	-13%	-13%	$39,661	12	0%	92%	-13%	-13%
$10,000 to $14,999	11,770	7%	$56,398	57	0%	58%	-6%	-19%	$58,559	61	0%	56%	-6%	-19%
$15,000 to $19,999	12,430	7%	$74,601	111	1%	44%	-6%	-25%	$77,463	136	1%	43%	-6%	-25%
$20,000 to $24,999	12,037	7%	$92,809	217	2%	49%	-5%	-31%	$96,367	245	2%	47%	-5%	-30%
$25,000 to $34,999	22,275	12%	$128,914	795	6%	45%	-7%	-38%	$133,857	878	6%	41%	-6%	-37%
$35,000 to $49,999	31,948	18%	$182,923	2,326	16%	27%	-2%	-39%	$189,934	2,544	18%	26%	0%	-37%
$50,000 to $74,999	28,717	16%	$273,951	3,851	27%	17%	11%	-29%	$284,449	3,804	26%	17%	10%	-26%
$75,000 to $99,999	16,897	9%	$364,370	2,507	17%	18%	8%	-21%	$378,329	2,476	17%	17%	8%	-19%
$100,000 to $149,999	12,961	7%	$546,422	2,677	19%	13%	11%	-9%	$567,358	2,530	18%	12%	10%	-8%
$150,000 or more	6,527	4%	$546422+	1,859	13%	9%	9%		$567,358+	1,723	12%	9%	8%	
Total	**179,205**	**100%**		**14,409**	**100%**	**19%**				**14,409**	**100%**	**19%**		
Income by MFI (Income Max)														
0-30% MFI ($22,600)	54,104	30%	$84,076	285	2%	51%	-28%	-28%	$87,298	333	2%	50%	-28%	-28%
31-50% MFI ($37,700)	33,803	19%	$138,751	1,216	8%	41%	-10%	-39%	$144,064	1,348	9%	40%	-10%	-37%
51-80% MFI ($60,300)	38,029	21%	$220,432	3,854	27%	23%	6%	-33%	$228,874	3,972	28%	22%	6%	-31%
81-95% MFI ($71,630)	13,015	7%	$261,686	1,594	11%	15%	4%	-29%	$271,709	1,658	12%	15%	4%	-27%
96-120% MFI ($85,956)	11,275	6%	$313,848	1,592	11%	19%	5%	-25%	$325,869	1,624	11%	20%	5%	-22%
121-150% MFI ($113,100)	12,887	7%	$412,071	2,312	16%	14%	9%	-16%	$427,857	2,221	15%	13%	8%	-14%
More than 150% of MFI	16,092	9%	$412,071+	3,556	25%	11%	16%		$427,857+	3,253	23%	11%	14%	
Total	**179,205**	**100%**		**14,409**	**98%**	**19%**				**14,409**	**98%**	**19%**		

Notes: MFI thresholds are based on 2014 HUD income limits for four-person households in the Austin-Round Rock-San Marcos MSA. Max affordable home price incorporates utilities, insurance, and property taxes and assumes a 30-year fixed rate mortgage with a 4.5 percent interest rate.

Source: ABOR, 2012 ACS and BBC Research & Consulting

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Appendix IB: Community Needs Assessment

DRAFT

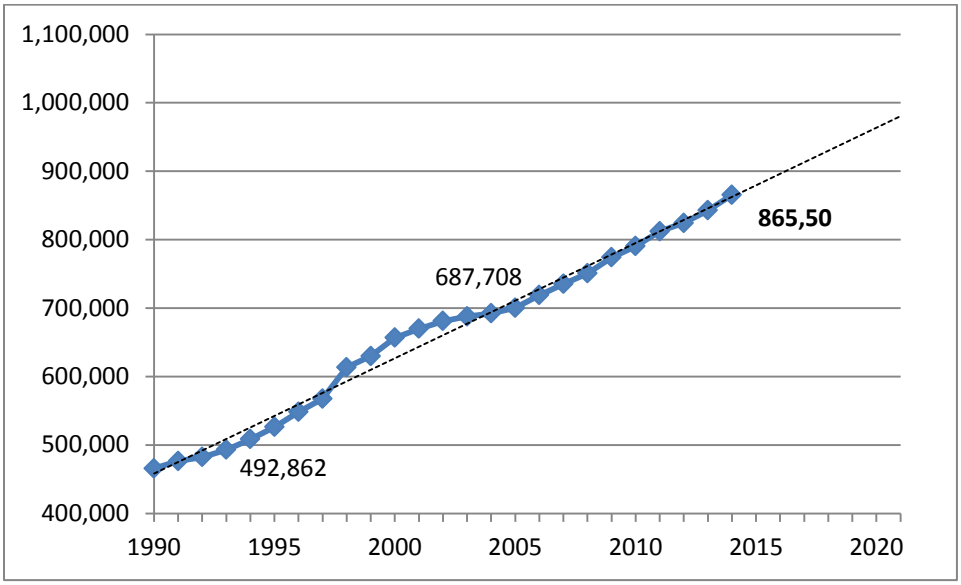
FY 2014-2019 Consolidated Plan and FY 2014-2015 Action Plan

COMMUNITY NEEDS ASSESSMENT

Austin's Citizen Participation Plan directs NHCD staff to gather community input and statistical data to prepare the draft Consolidated Plan and Action Plan. The Community Needs Assessment Phase of the Consolidated Plan and Action Plan development process includes four public hearings, two before organizations working with low- and moderate-income populations, one before the Community Development Commission, one before the Austin City Council in which the City receives citizen input on the community's needs and service gaps. This information coupled with current data is critical to establishing priority needs, funding allocations and geographic priorities among projects and programs within NHCD's Investment Plan.

I. Population

As illustrated in *Graph 1*, the City of Austin's population has continued to grow at a steady and rapid pace. In 1990, Austin's population was 465,622. As of 2014 it is estimated that 865,504 people now reside in Austin.[1] It is noteworthy that Austin has also maintained its strong population growth, even through the course of national economic recessions.[2] Population forecasts show Austin's population exceeding one million residents by 2025.[3]



Graph 1: Austin's Population Growth 1990-2014

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 1990-2014

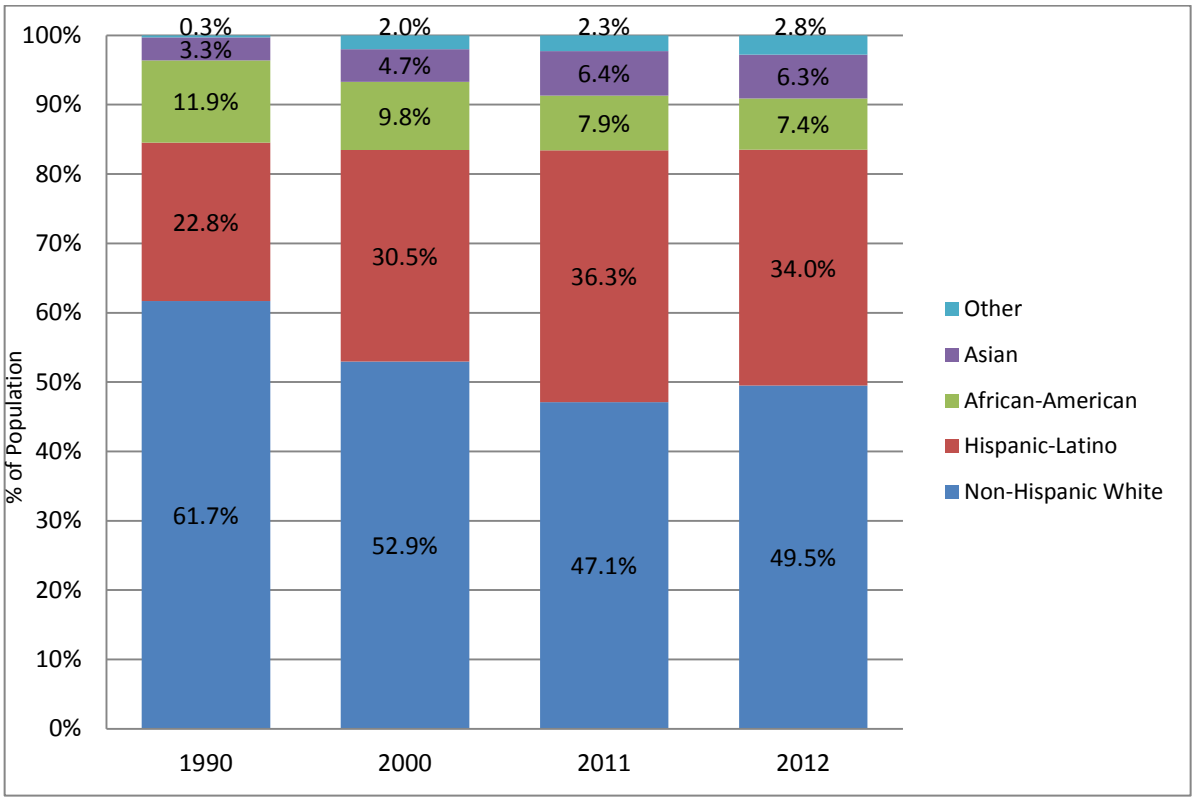
1 City of Austin Planning and Development Review Department. Demographics: Population & Land Area Summary, 2014 URL: http://austintexas.gov/demographics.

2 The National Bureau of Economic Research. U.S. Business Cycle Expansions and Contractions URL: http://www.nber.org/cycles.html

3 Robinson, Ryan, City of Austin Planning and Development Review Department. Austin Area Population Histories and Forecasts URL: http://austintexas.gov/demographics

II. Demographic Trends

As with population, the City of Austin is also changing demographically, as depicted in *Graph 2*. The Anglo (non-Hispanic white) share represents 49.5 percent of the population in 2012, a 19.8 percent decrease from 1990 levels. Meanwhile the Hispanic (Latino) share increased to 34.0 percent of the population in 2012. The Asian community has also grown considerably in the last ten years. In 1990, the Asian community represented about 3.3 percent of the population - in 2012 this share had grown to 6.3 percent of the population. African Americans comprised about 12 percent of Austin's population in 1990, but that percentage has dropped to just 7.4 percent and is expected to continue to decrease as the city continues to increase in population.[4] African Americans as well as other demographic groups have migrated to surrounding areas outside the city limits including suburbs and neighboring communities. The geographical dispersion of affordable housing has also moved into the suburbs as the Austin housing market has become more expensive. This also accounts for the migration of residents to the suburbs.

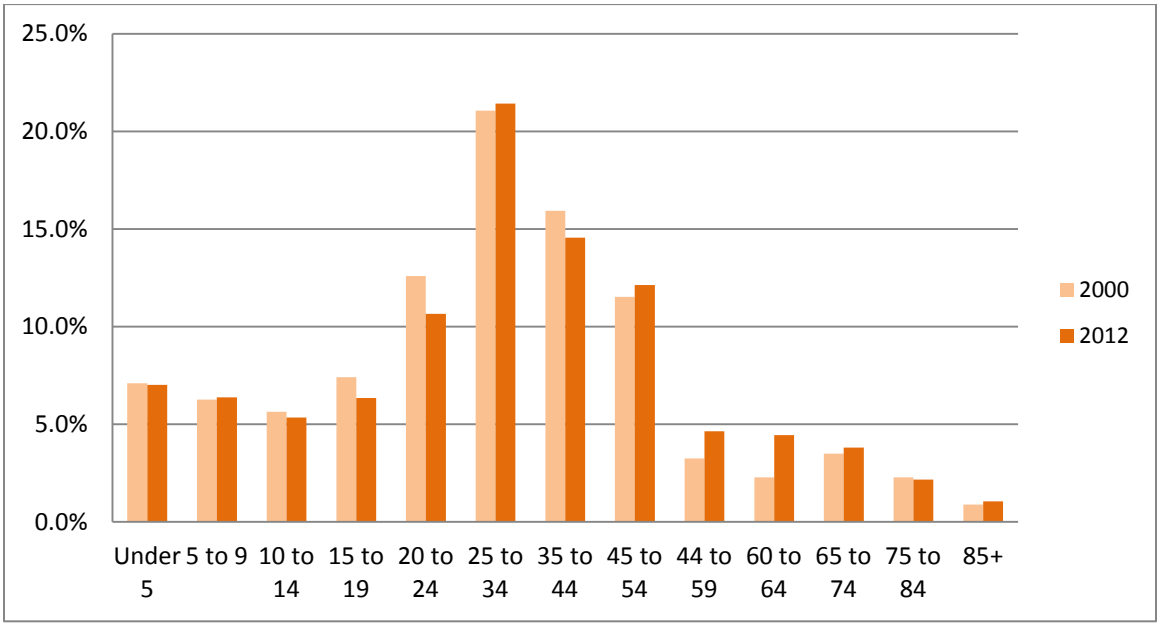


Graph 2: Demographic Profile of Austin over Time

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 1990, 2000, 2011 and 2012 Table DP05

[4] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/

Population by Age



Graph 3: Change in Percent of Population by Age Group 2000 v. 2012

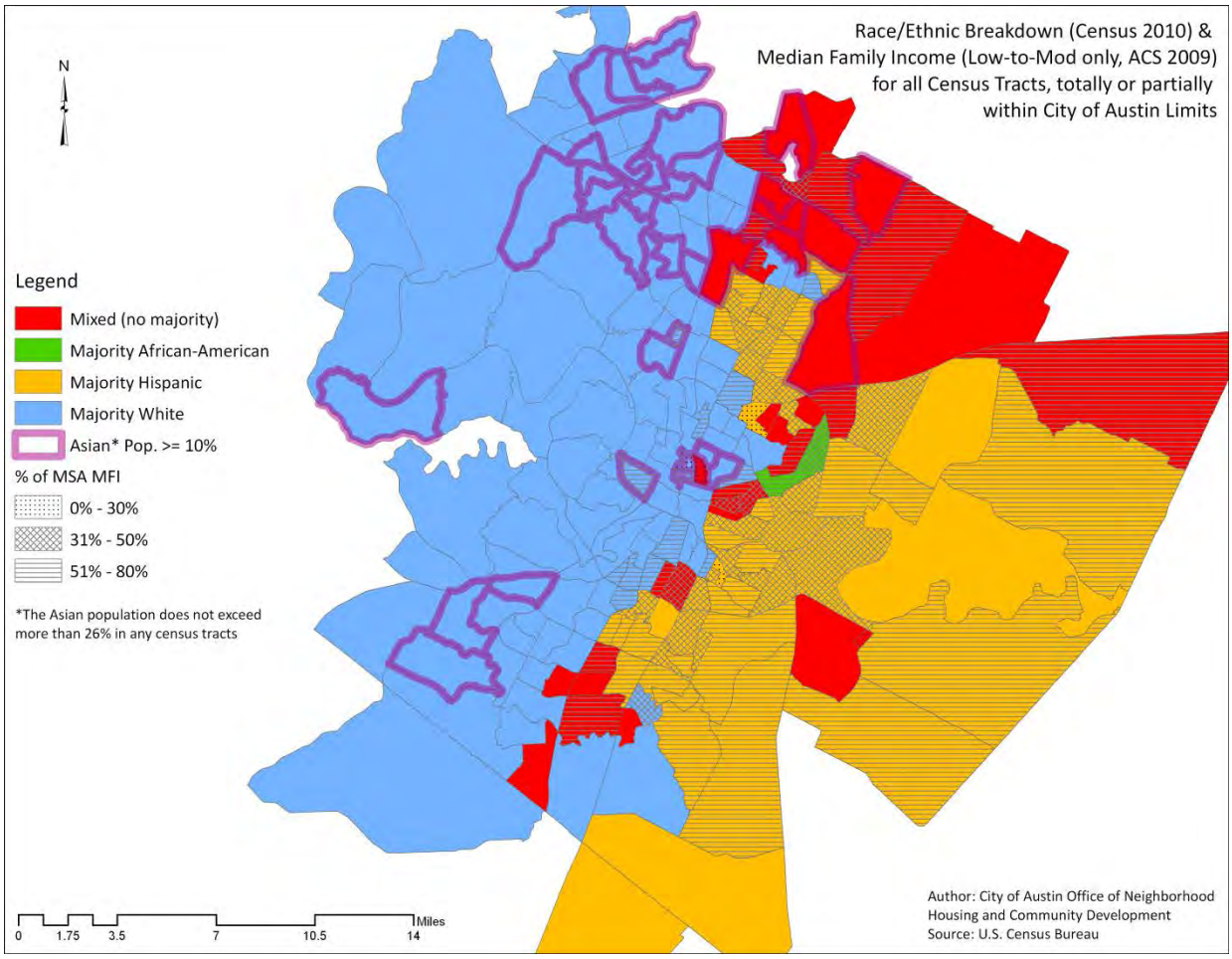
Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2000 and 2012 Table DP05

Data indicates that Austin is aging and while some age groups are seeing reductions in the percent of the city population they comprise, others are growing as seen in *Graph 3*. Between 2000 and 2012, the greatest percent increases among age group were for the 60-64, 44-59, and 45-54 age groups with 2.1 percent, 1.3 percent and 0.7 percent increases, respectively. The greatest percent decreases were among the 20-24, 35-44 and 15-19 age groups with -1.9 percent, -1.4 percent and -1.1 percent decreases, respectively.[5]

Racial and Ethnic Dispersion

The racial and ethnic dispersion throughout the City is illustrated in *Map 1*, which also identifies the concentrations of low- and moderate-income households based on Median Family Income (MFI) for all census tracts entirely or partially within the Austin city limits. The Neighborhood Housing and Community Development (NHCD) Office uses this map to manage the City's CDBG and HOME entitlement grant funding by mapping proposed projects and funding sources.

[5] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2000, 2011 URL: http://www.census.gov/acs/www/



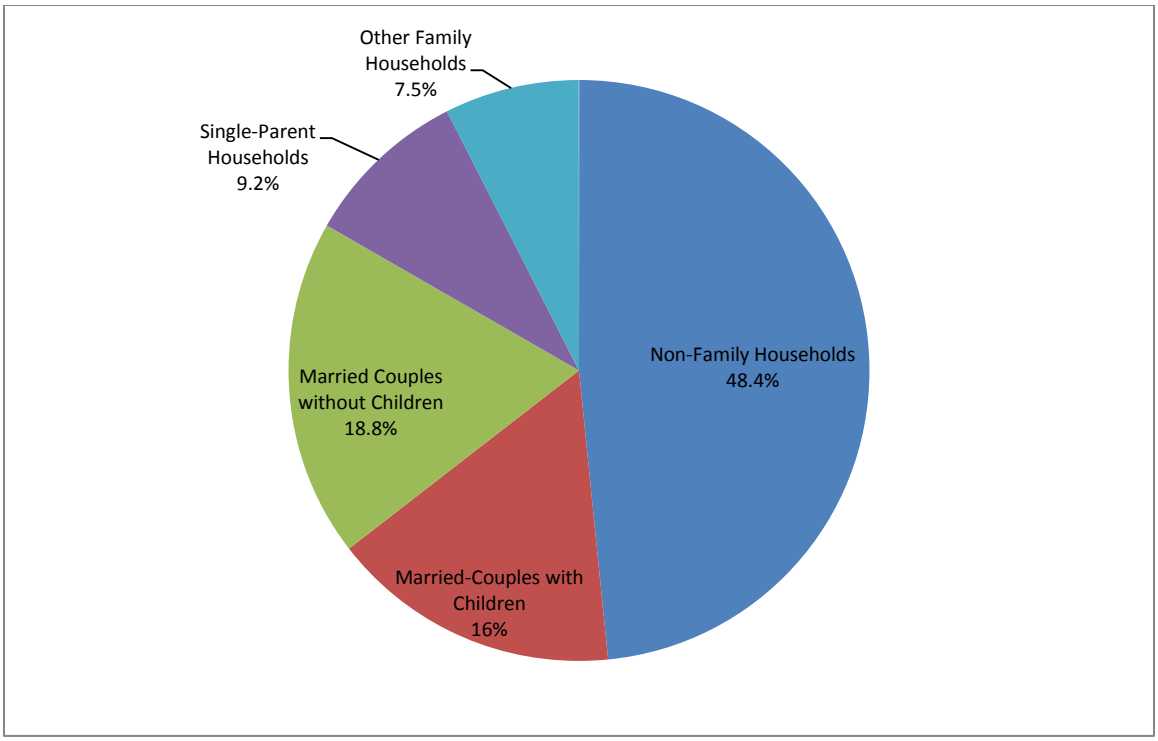
Map 1: Racial, Ethnic and Low-to-Moderate Income Concentration by Census Tract

Source: U.S. Census Bureau

Household Types

47.5 percent of Austin households are considered non-family households. These are persons living together that are un-related - for instance, they may be un-related roommates or other persons who reside together but are not related by blood or marriage. Austin's large student population contributes to the non-family household share. The remaining 52.5 percent of Austin's households are comprised of: married couples without children (19.5 percent); married couples with children (16 percent); single parents (9.4 percent); and 7.8 percent are categorized as other family households.[6] The breakdown of household types in Austin is illustrated in *Graph 4*.

[6] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/



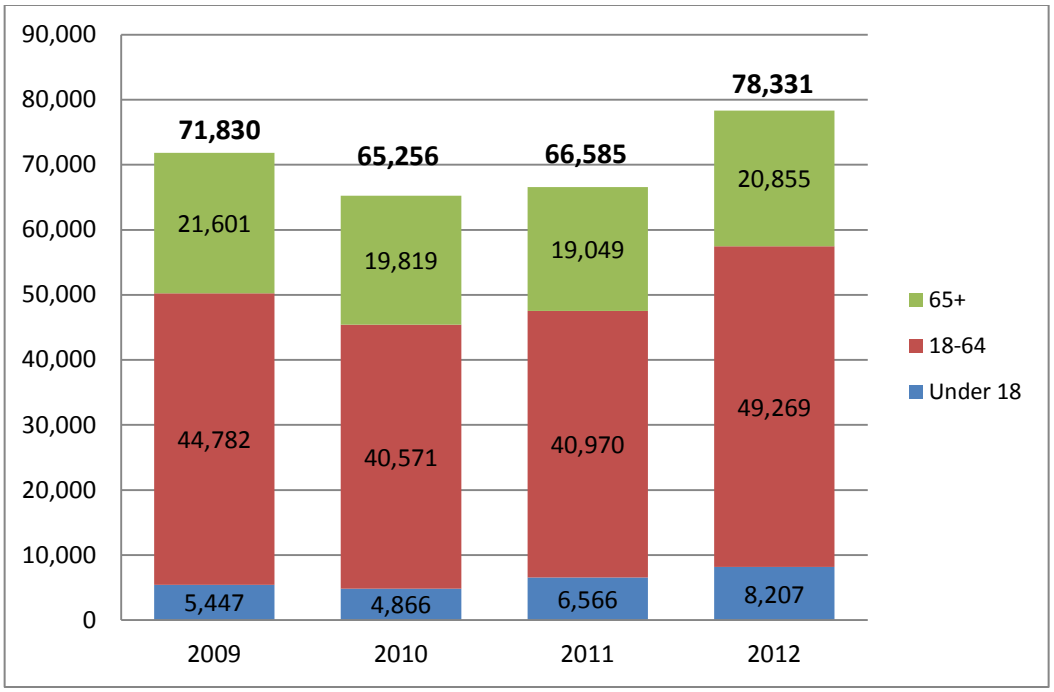
Graph 4: Household Types within the City of Austin, 2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2012 Table DP02

Persons with Disabilities

Data indicates there were 78,331 persons living with disabilities within the City of Austin in 2012. This is a 20 percent increase from 2009. As illustrated in *Graph 5* the breakdown by age reveals that the 18-64 age group has increased by 21.4 percent from 2009 to 2012. Meanwhile, the population of those under 18 years old with disabilities has increased by 68.6 percent over the same period.[7]

[7] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/



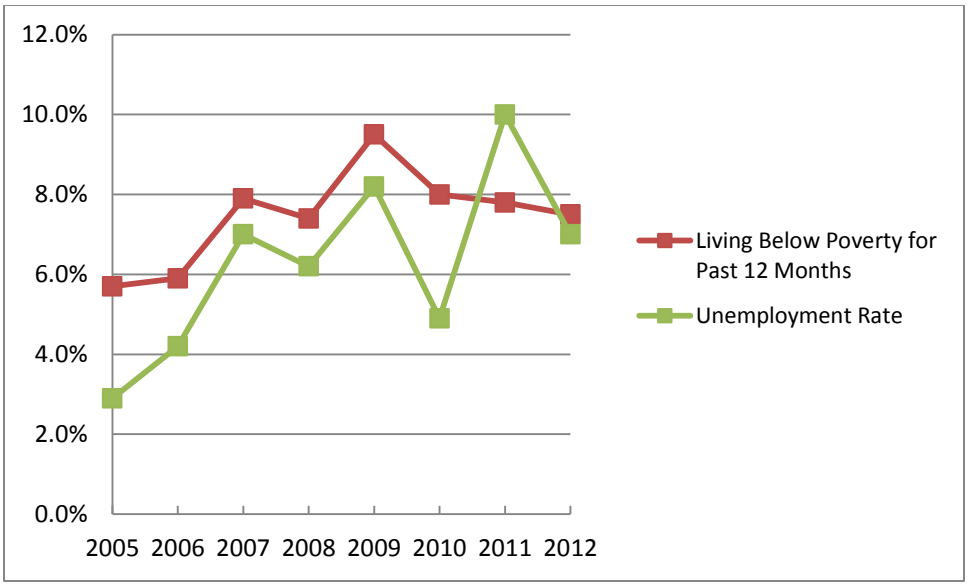
Graph 5: Austin Residents with a Disability by Age Group, 2009-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2009-2012 Table DP02

Veterans

In 2012, there were 39,996 veterans living within the City of Austin, a 6.0 percent increase from a year earlier. The percentage of veterans within Austin living below the poverty level was stable at 7.5 percent as of 2012, about 10 percent lower than for the city as a whole. Concurrently there was a decrease in unemployment among veterans in Austin as the rate was down 3 percentage points to 7.0 percent in 2012 from 2011 as seen in *Graph 6*.[8] This unemployment rate for veterans is still higher than the unemployment rate for the area.

[8] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/



Graph 6: Unemployment and Poverty Rate of Veterans in Austin, 2005-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2005-2012 Table S2101

III. Economic Profile

Income – Data Sources

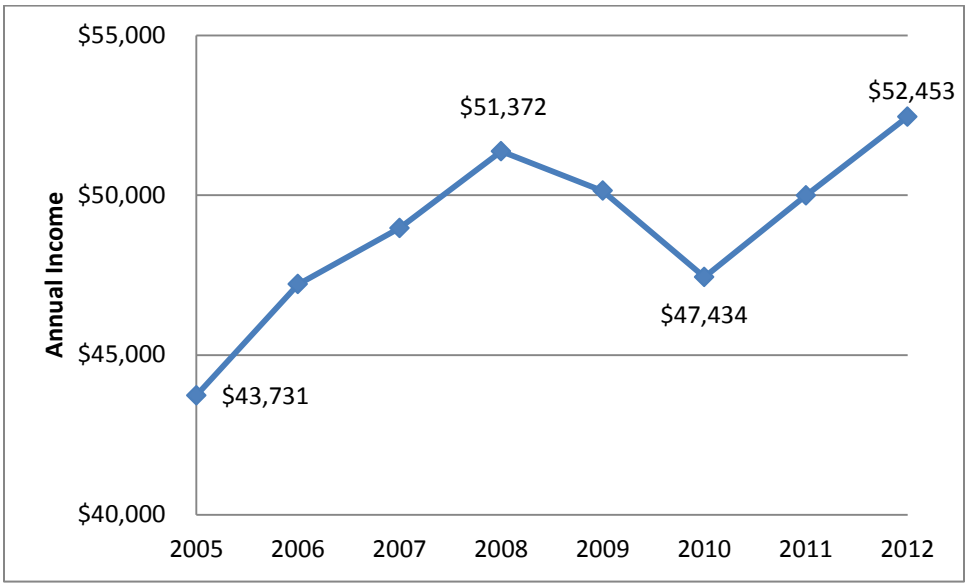
Sources for income data include the U.S. Census Bureau's American Community Survey (ACS) as well as by the U.S. Department of Housing and Urban Development's (HUD) Income Limits documentation system. The ACS defines median household income as including the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one person, median household income is usually a smaller value than median family income.

The FY2013 HUD Income Limits Documentation System[9] is the source of median family income (MFI) data which is an annual estimate utilized by HUD to set income limits for a variety of housing programs. HUD uses the ACS median income as a baseline and then factors in the national consumer price index and other variables to establish an area MFI. Thus, MFI is generally a much higher figure than the median household income or median income figure from the ACS.

[9] U.S. Department of Housing and Urban Development FY2013 Income Limits Documentation System, Median Family Income Calculation Methodology for Austin-Round Rock-San Marcos MSA . URL: http://www.huduser.org/portal/datasets/il/il2013/2013MedCalc.odn?inputname=Austin-Round+Rock-San+Marcos%2C+TX+MSA&area_id=METRO12420M12420&fips=%24fips%24&type=hmfa&year=2013&yy=13&stname=%24stname%24&stusps=%24stusps%24&statefp=99&incpath=C%3A\huduser\wwwMain\datasets\il\il2012\.

Median Household Income

The median household income in Austin increased from 2005 through 2008, fell through 2010, and then increased again starting in 2011. The reported 2012 median household income has increased 10.6 percent from the 2010 level. *Graph 7* reflects the change in median household income since 2005.



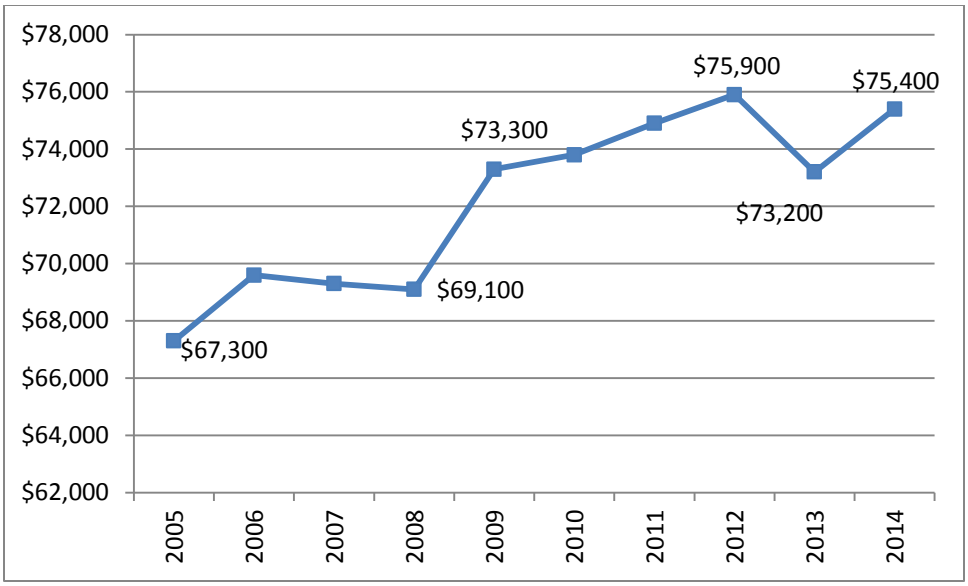
Graph 7: Median Household Income in Austin 2005-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2005-2012 Table B19013

Median Family Income

The median family income, as calculated by HUD, decreased from 2012 to 2014. However, from 2005 to present this figure has increased by 8.8 percent. Overall, *Graph 7 and Graph 8* help to illustrate that incomes have remained relatively static in Austin over the last nine years.[10]

[10] Bureau of Labor Statistics CPI Inflation Calculator URL: www.bls.gov/data/inflation_calculator.htm

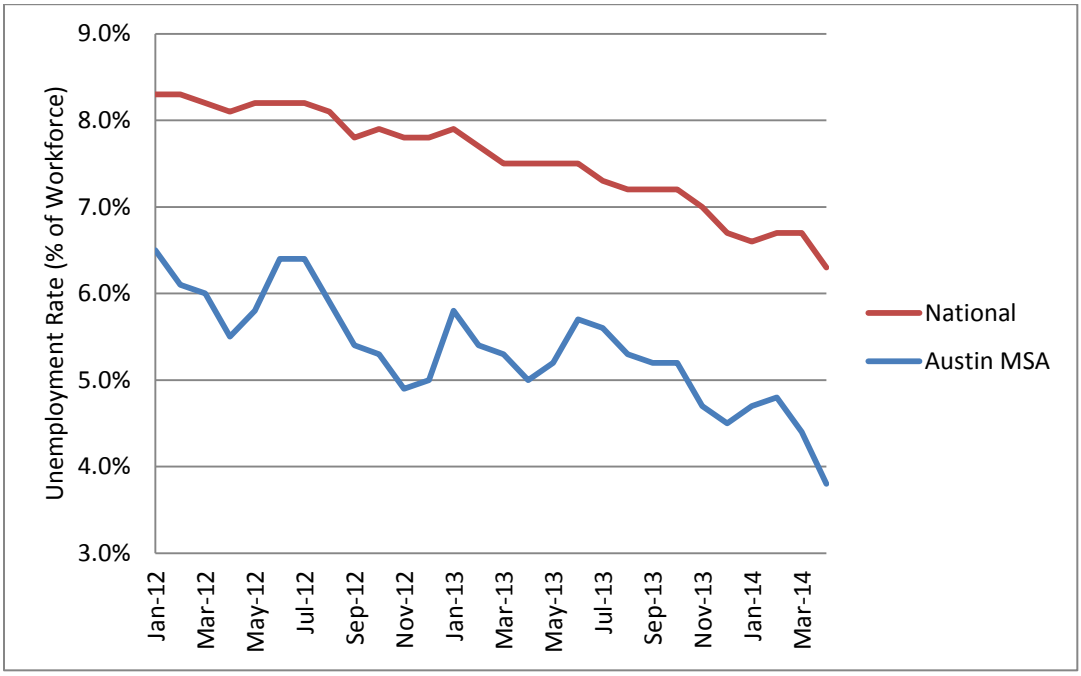


Graph 8: Median Household Income in Austin 2005-2014

Source: U.S. Department of Housing and Urban Development

Unemployment

The Austin-Round-Rock-San Marcos MSA has had a lower unemployment rate than the nation as a whole since 2012 as seen in *Graph 9*. As the national economy continues to improve, the City will continue to monitor economic indicators relating to unemployment.

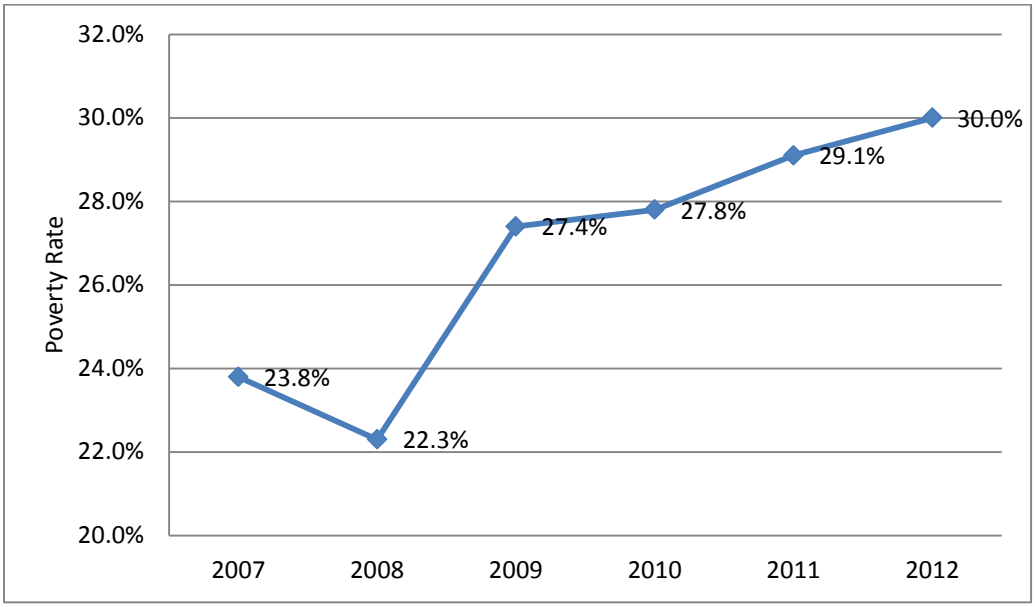


Graph 9: Austin-Round Rock-San Marcos MSA Unemployment Rate

Source: U.S. Bureau of Labor Statistics

Poverty

Poverty levels for persons under 18 years old in Austin increased from 2008 to 2012 as seen in *Graph 10*. In 2005, the poverty rate for individuals was 23.8 percent. There was a decrease of 1.5 percent in 2008 that followed with an increase of 5.1 percent in 2009. If this rate of increase were to continue, one in three persons under the age of 18 could be living below the poverty rate in Austin as early as 2014.

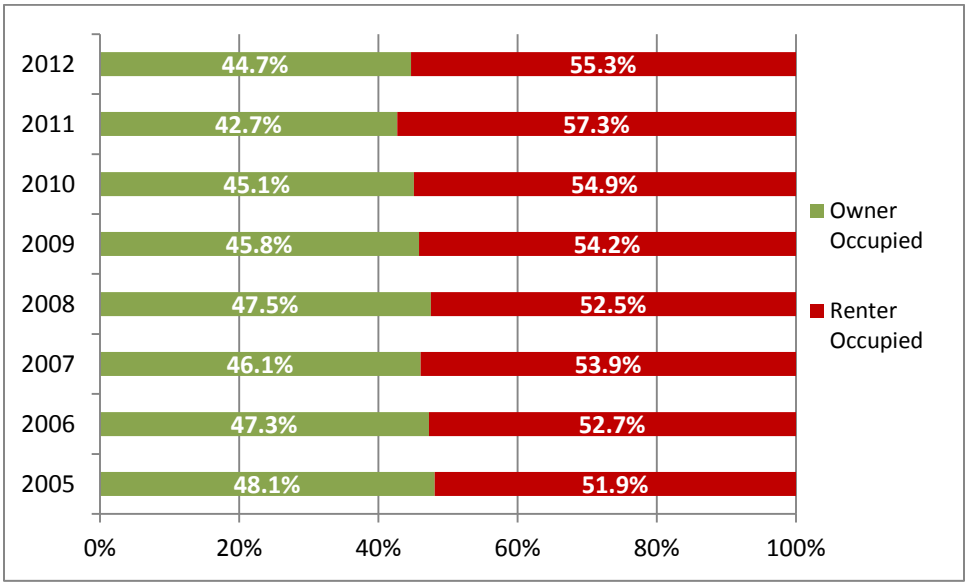


Graph 10: Poverty Rate for Individuals under 18 Years Old

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table S1701

IV. Housing

Tenure

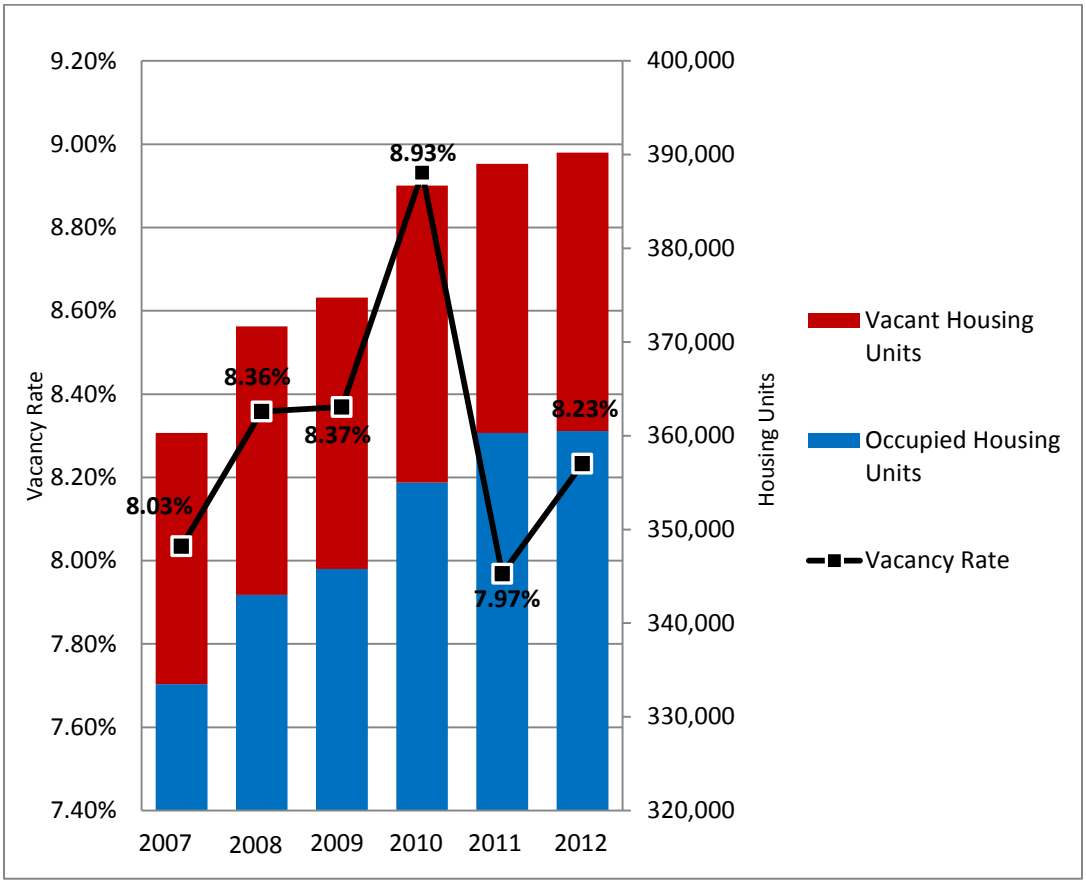


Graph 11: Housing Tenure in Austin 2005-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2005-2012 Table B25003

As a result of the housing bubble that began in 2006 and the following credit crunch that continues to present challenges, homeownership continues to decrease across the country. This trend is pronounced in Austin as well as seen in *Graph 11*. Since 2005, the proportion of households that are renter-occupied has grown from 51.9 percent to 55.3 percent.[11]

Vacancy



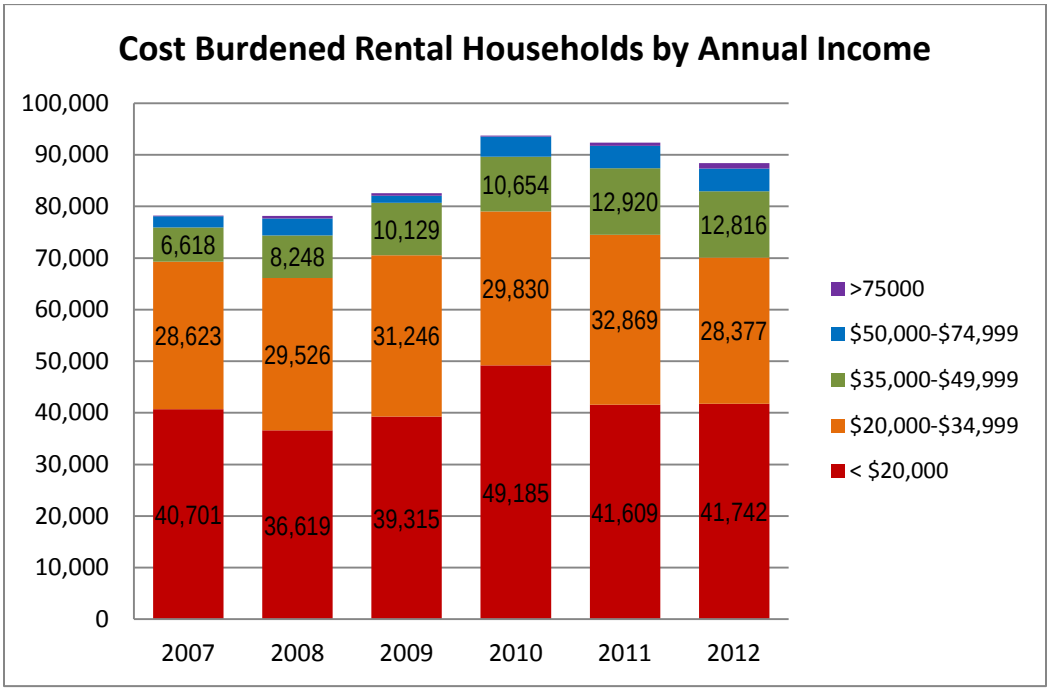
Graph 12: Vacant and Occupied Housing Units in the City of Austin, 2007-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table B25001 and B25003

Housing vacancy in the City of Austin rose just above 8 percent in 2012. As *Graph 12* illustrates, there was a 0.1 percent increase in the number of housing units from 2011 to 2012 as only 227 units were added. The vacancy rate rose just over a quarter of a percent to 8.23 percent.

[11] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/

Cost Burdened Households

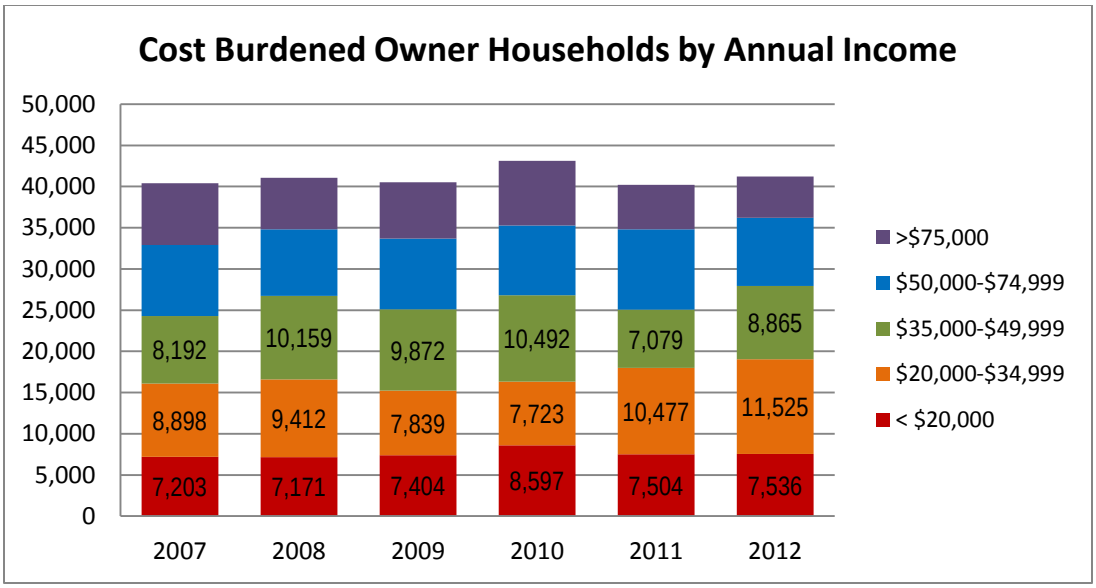


Graph 13: Cost Burdened Rental Households by Annual Income in Austin, 2007-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table S2503

The number of rental households in Austin that are cost burdened defined as expending more than 30 percent of their income on housing costs - was 88,428 in 2012, representing 48.3 percent of all occupied rental households. The number of cost burdened rental households decreased by about 4,000 from 2011 to 2012, however the number of cost burdened rental households making less than $20,000 actually increased slightly, as seen in *Graph 13*.[12]

[12] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 URL: http://www.census.gov/acs/www/



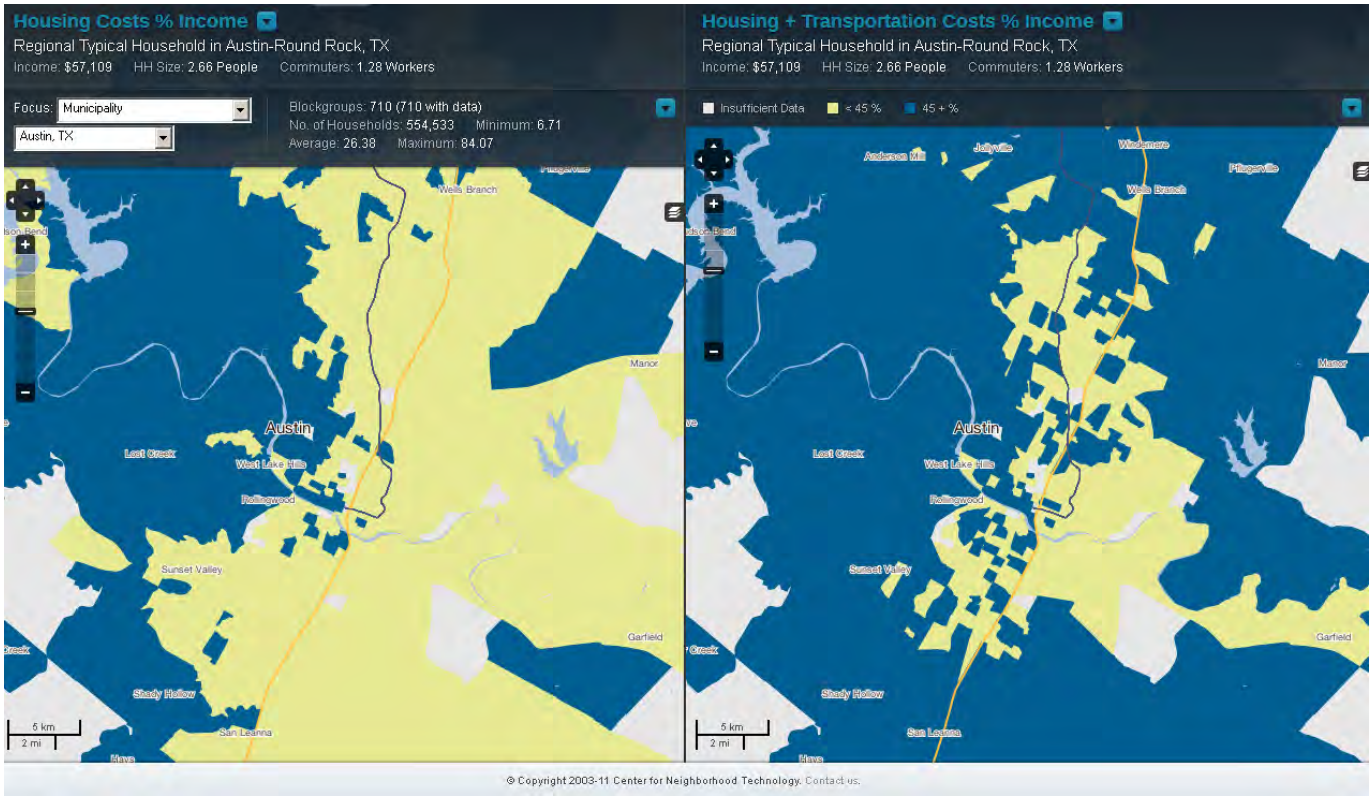
Graph 14: Cost Burdened Owner Households by Annual Income in Austin, 2007-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table 2503

The number of owner households in Austin that are cost burdened – defined as expending more than 30 percent of their household income on housing costs - was 41,224 in 2012, representing 27.9 percent of all occupied owner households.[13] These figures are illustrated in *Graph 14*.

[13] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2011 URL: http://www.census.gov/acs/www/

V. Transportation



Map 2: Housing Costs as a % of Income and Housing + Transportation Costs as a % of Income

Source: Center for Neighborhood Technology

The Imagine Austin Priority Program on Household Affordability (Priority Program #6) defines Household Affordability as being about the costs of housing, utilities, taxes and transportation. Transportation is an important consideration when evaluating housing's true cost to a household. Map 2 illustrates areas of the City of Austin in which combined housing and transportation costs exceed 45% (blue), as well as areas in which those combined costs are less than 45% (yellow) of annual household income. The City of Austin will begin to evaluate transportation costs as a component of household affordability.

Appendix IC: Market Trends and Issues for Affordable Housing Austin

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MARKET TRENDS AND ISSUES FOR AFFORDABLE HOUSING IN AUSTIN

JUNE 2013

The City of Austin's Neighborhood Housing and Community Development Department (NHCD) has retained Economic & Planning Systems (EPS) to provide observations regarding market dynamics and their implications for affordable housing needs and policies in Austin. This memorandum represents an overview of major trends in housing pricing, income and job growth, and housing supply characteristics, as well as an assessment of the need for and prospective benefits of a robust and multi-faceted housing strategy for the City.

The Economics of Land Use

CELEBRATING 30 YEARS

Market Dynamics

1. **Housing prices in the Austin region have grown more quickly than income levels or general inflation, placing many housing options out of reach for lower-income households.**

The figure below indicates that, since 2001, nominal median household incomes in the Austin area have increased by only about 25 percent in while general inflation (represented by the Consumer Price Index) has increased by roughly 35 percent. During the same period, median home prices have increased by 40 percent, and median rents have increased by 50 percent. The housing bubble and subsequent recession are evident in this figure (seen in the volatile median home price trendline), but the longer-term, multi-cycle trend clearly indicates that income growth has not kept pace with housing prices, particularly for rental housing. Rent price growth was somewhat opposite of for-sale home pricing – when one rose, the other fell – but very recent trends indicate strong growth in both sectors concurrently.

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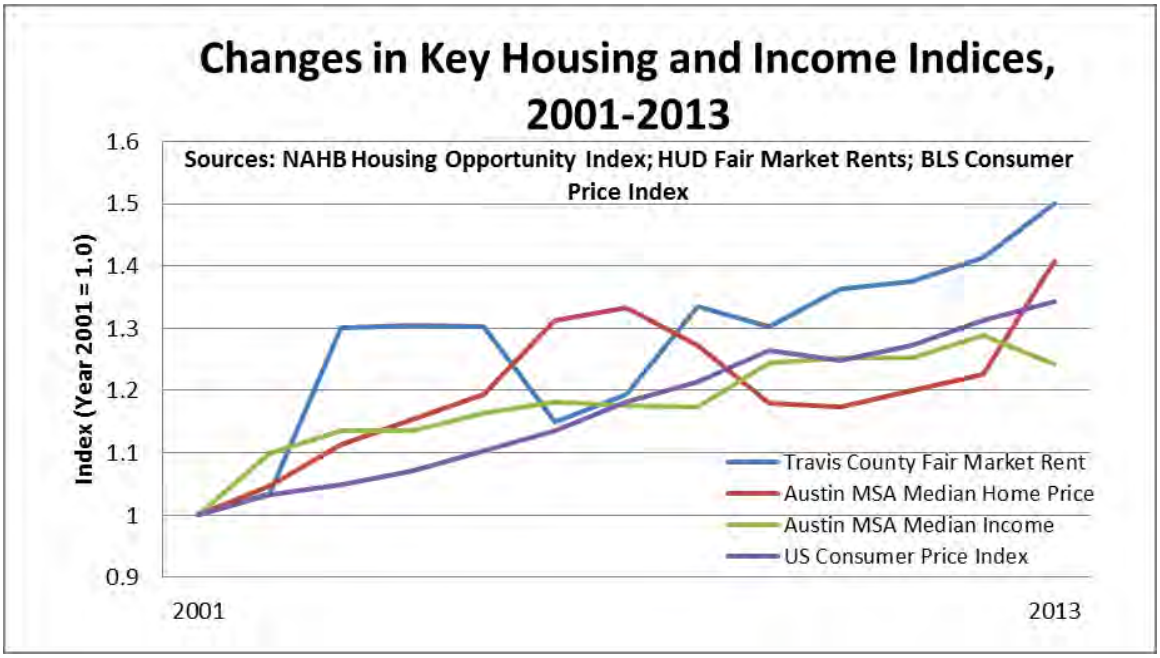
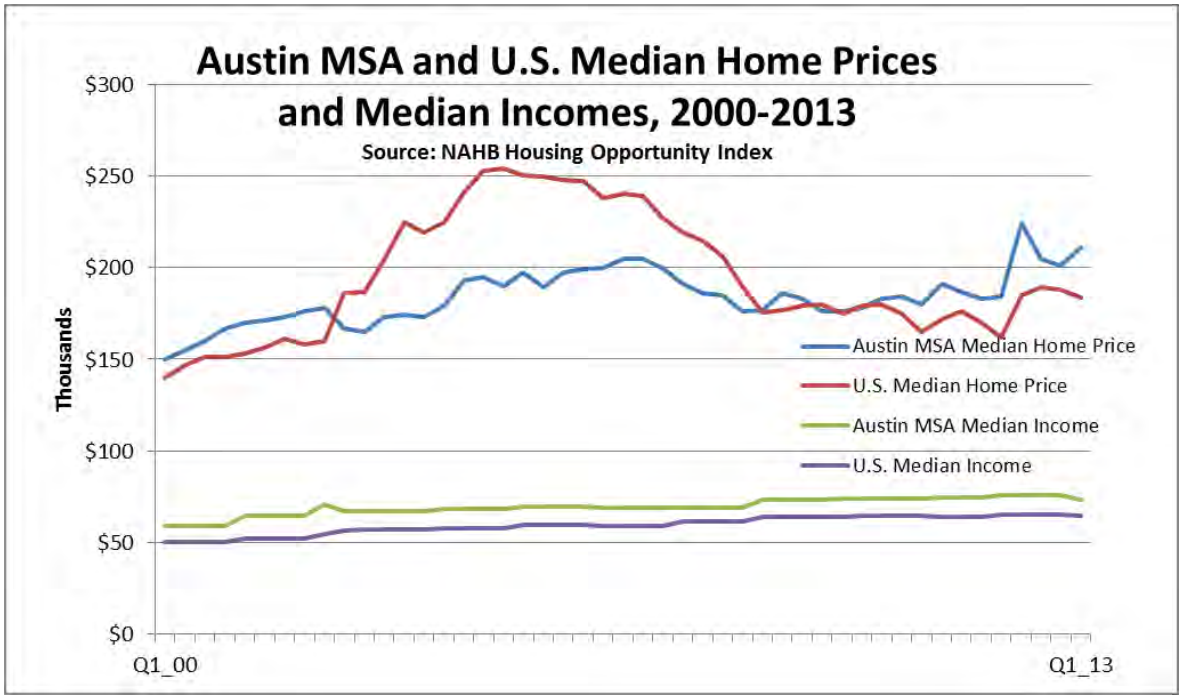


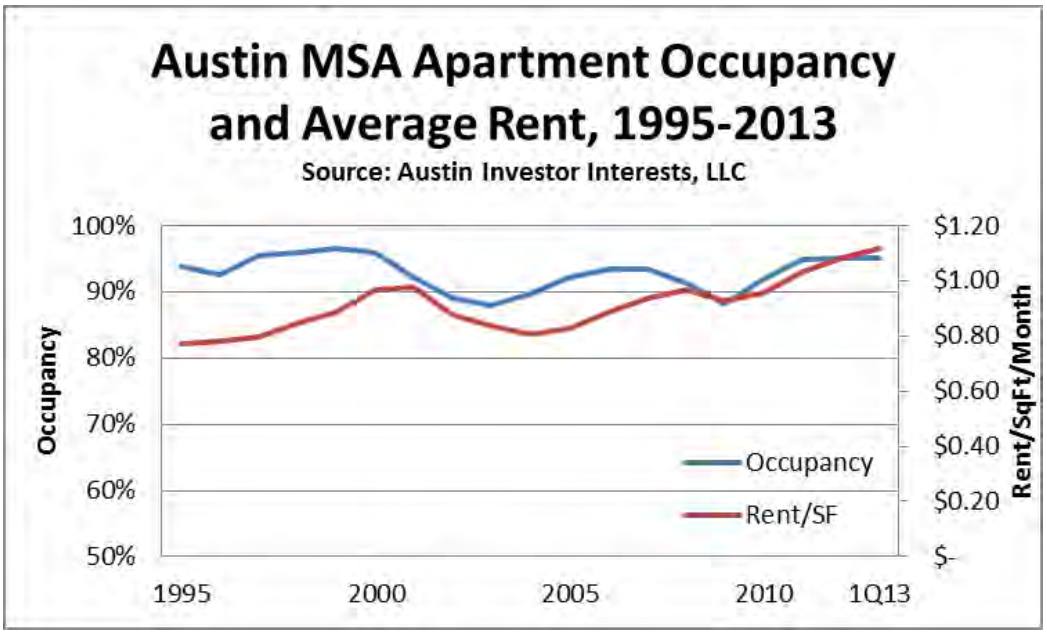
Austin area home prices have been less volatile than national trends. The following figure compares the median home prices (for-sale) in the Austin Metropolitan Statistical Area[1] (MSA) versus the United States from 2000-2013, and indicates much more steady growth in Austin area prices. Nationally, median home prices are more than 25 percent below the peaks reached in 2005-2006, while the Austin area's home prices are higher now than in its 2007 local peak. The figure also indicates that national income levels have risen slowly, as they have in Austin.



[1] The Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis, and Williamson Counties.

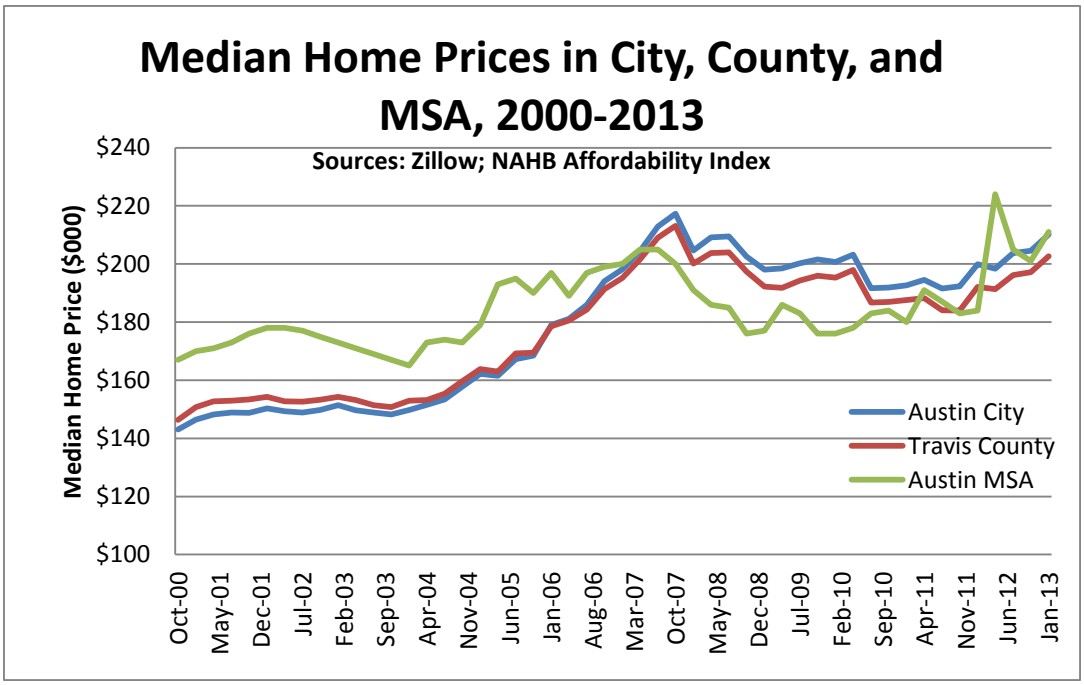
Part of the reason for the divergence of housing prices and incomes is that financing terms – particularly very low mortgage interest rates – have made higher housing prices affordable at the same level of income. A household earning $50,000 can qualify for a $300,000 home under current financing terms (4.0 percent interest on a 30-year mortgage with 20 percent down payment), whereas the same household could afford only a $200,000 home with interest rates closer to historical norms of 7.5 percent.

While the change in home financing terms can explain some of the housing price escalation, it does not explain it all. Renters do not benefit from such low interest rates, yet are also paying more for their housing. According to Austin Investor Interests, LLC, the Austin region's apartment rent rates reached an all-time high in the first quarter of 2013, and occupancy rates exceeded 95 percent – also near the highest point since 1995. Still, the MSA's average remains relatively affordable, with the average rent of $958 per month for all apartments being affordable to households earning about $40,000 per year, or less than 60 percent of Area Median Income. It is worth noting that rent price drops have followed periods of decreasing apartment occupancy rates – typically the result of a major increase in apartment supply rather than an actual decrease in the number of renting households. Those cyclical rent reductions have been temporary, however, as the overall trend continued to push rents upward.

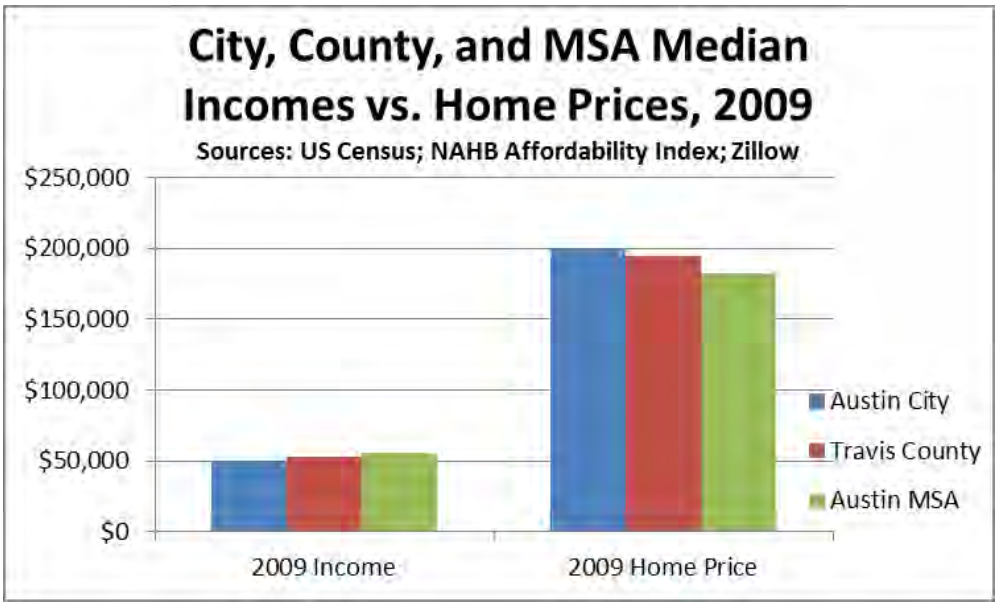


2. The City of Austin has greater issues with housing affordability than the region generally, with higher housing prices and lower income levels.

Within the City limits, the region's housing trends have been somewhat more pronounced. The figure below indicates that in 2000, for-sale home prices in Austin were lower than average for the County and greater region. However, starting around 2007, prices within the City surpassed those of the larger areas, and remain higher today.

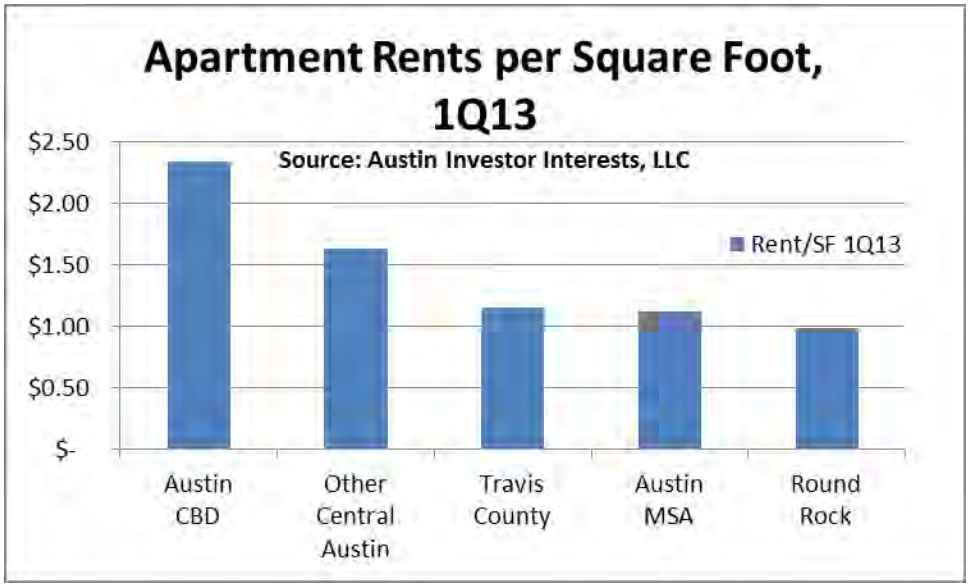


Even as home prices became higher within the City than in the greater region, the City's income levels remained lower. The figure below shows the most recent (2009) data available from the US Census American Community Survey regarding median household income, and indicates that the City's income levels were roughly 6 percent lower than the County's and 11 percent lower than the MSA overall. These relationships are the opposite of those shown on the figure above, in which the MSA's housing prices were the lowest and the City's were highest.

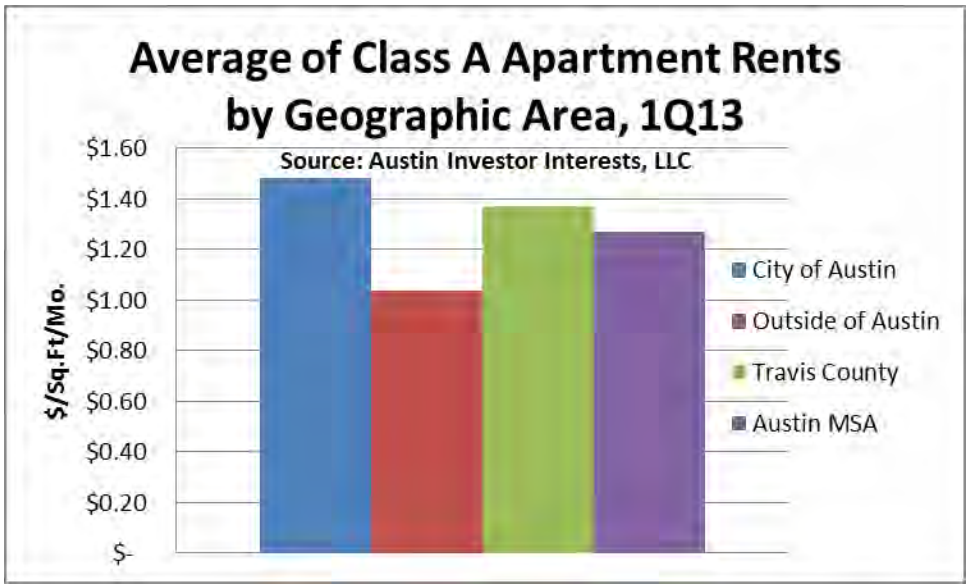


As with for-sale housing prices, apartment rents in Austin are also higher than in the greater region. As shown below, current market-rate apartment rents in downtown Austin are roughly $2.40 per square foot, and over $1.60 in the rest of the Central Austin market. These rents are roughly 50 to 100 percent higher per-square foot than are found in the County and MSA overall,

and a sharp contrast to the neighboring city of Round Rock, where average rents are under $1.00 per square foot. While there are neighborhoods of Austin where rents are less expensive than in the CBD and Central area, this chart illustrates the comparatively high cost of rental housing in the City to its surrounding market context.

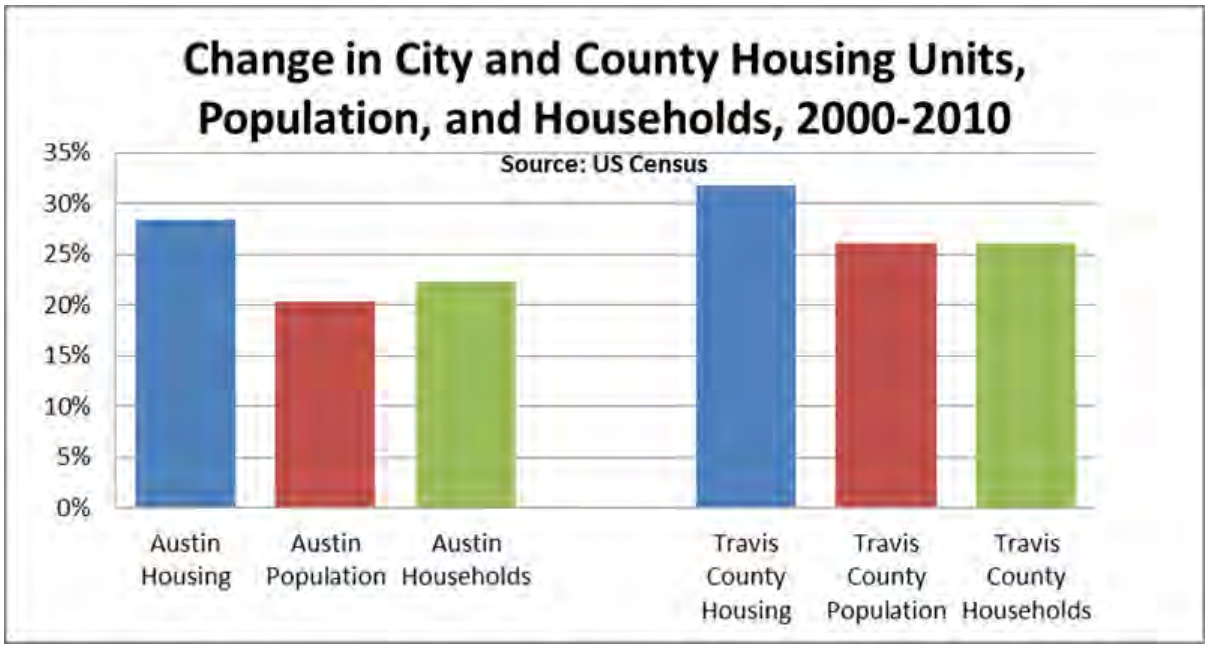


The chart below further illustrates the rent differences between geographic areas. As shown, the average rent for "Class A" apartments (typically, recent construction with attractive amenities) among submarkets within the City of Austin is nearly 50 percent higher than in submarkets outside the City, and the City's high rents drive the overall averages for the County and MSA.



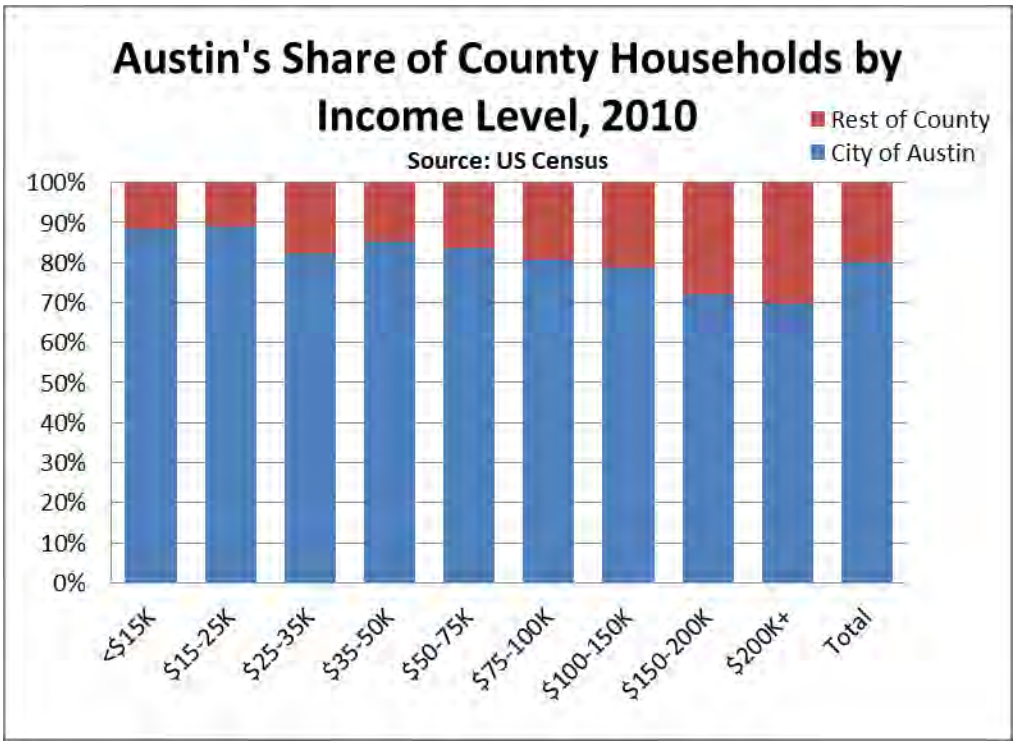
Importantly, the increase in local housing prices cannot be wholly attributed to a constrained housing supply. As shown on the figure below, the City and County both added housing units more quickly than they added population or households from 2000 to 2010. This rapid housing growth resulted in significantly more vacant units at the end of the decade than at the beginning, yet housing prices – particularly rent rates – grew faster than incomes. This fact suggests that

dynamics other than simple supply and demand (housing growth vs. household growth) were affecting housing prices, such as the City and region's considerable cachet among technology companies as well as the "creative class" of young workers willing to pay high housing prices for high quality of life. This fact further suggests that housing prices are unlikely to be reduced for the long-term through substantial additions to the housing supply. Indeed, profit-driven housing developers are likely to reduce production of new units if prices or occupancy rates diminish, making it very difficult to plan for and implement enough housing to make a lasting effect on housing prices.

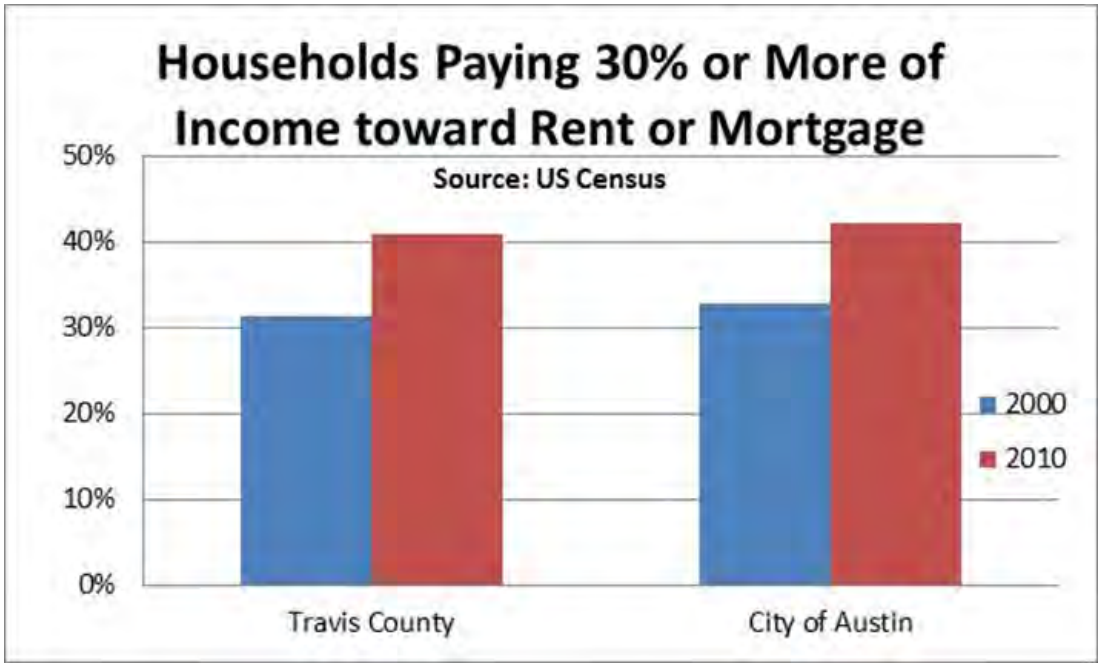


Along with higher than average housing prices, the City of Austin also has a high proportion and number of households at the lowest income levels. According to the Census, between 2000 and 2010 the City gained nearly 10,000 households earning less than $15,000 per year – a 24 percent increase, compared to the overall number of households growing by only 22 percent. Importantly, these income figures are not adjusted for inflation, meaning that the households at this extremely-low income level have significantly less spending potential in 2010 than they did in 2000.

Moreover, the City has a significantly higher proportion of the lowest-income households than does the County overall. As shown below, the City comprises roughly 80 percent of all households in the County, but nearly 90 percent of the lowest-income households and only 70 percent of the highest-income households. This income distribution, combined with the City having higher housing costs than the County or region, illustrates the challenge of creating and maintaining housing affordability in the City of Austin.

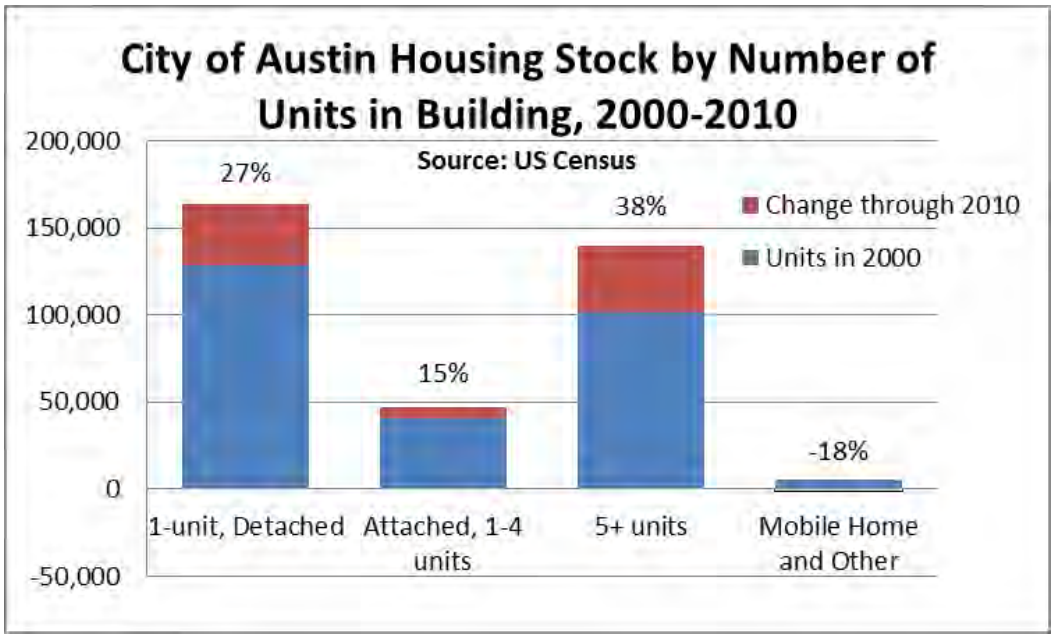


Overall, 26 percent of all households in the City of Austin earned less than $25,000 in 2010, which was not sufficient income to be able to afford the average "Class C" apartment in the City at that time (assuming 30 percent of household income used for rent, per HUD standards). With rent levels having escalating rapidly since 2010 while incomes remained flat, this disconnect is sure to be greater today. Indeed, the problem of housing cost burdens has increased dramatically in the City and region in recent years. The figure below shows that in 2000, just over 30 percent of households in the City and County were paying more than 30 percent of household income toward housing costs. By 2010, over 40 percent of households in each area faced cost burdens. Again, with housing prices rising quickly since 2010 while income levels remained flat, the City certainly has an even greater proportion of cost-burdened households today.

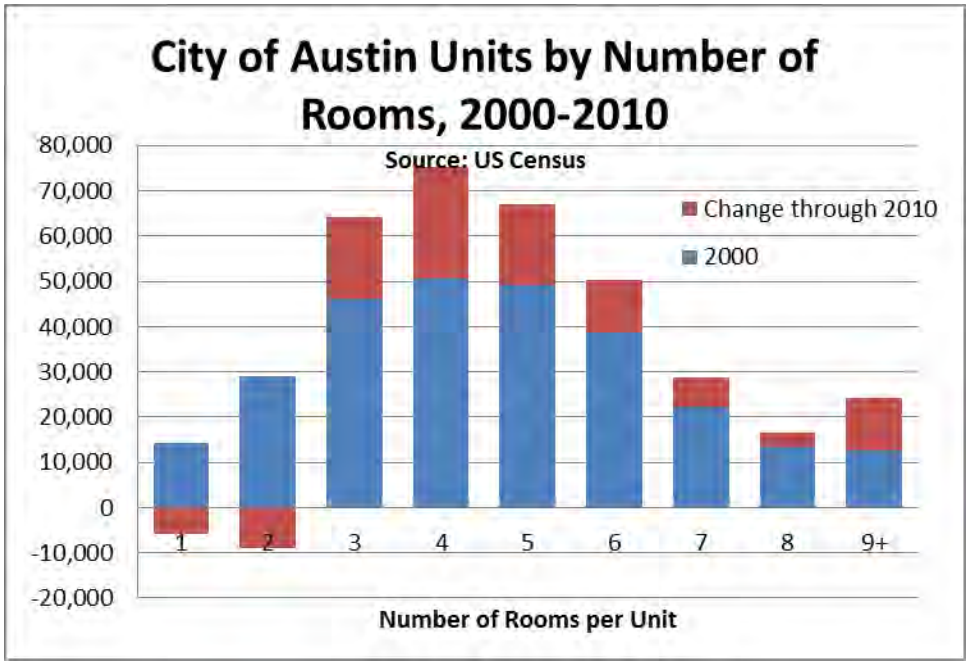


3. Austin's housing stock is changing, with larger units and more multifamily housing than in the past but a loss of many *de facto* affordable units.

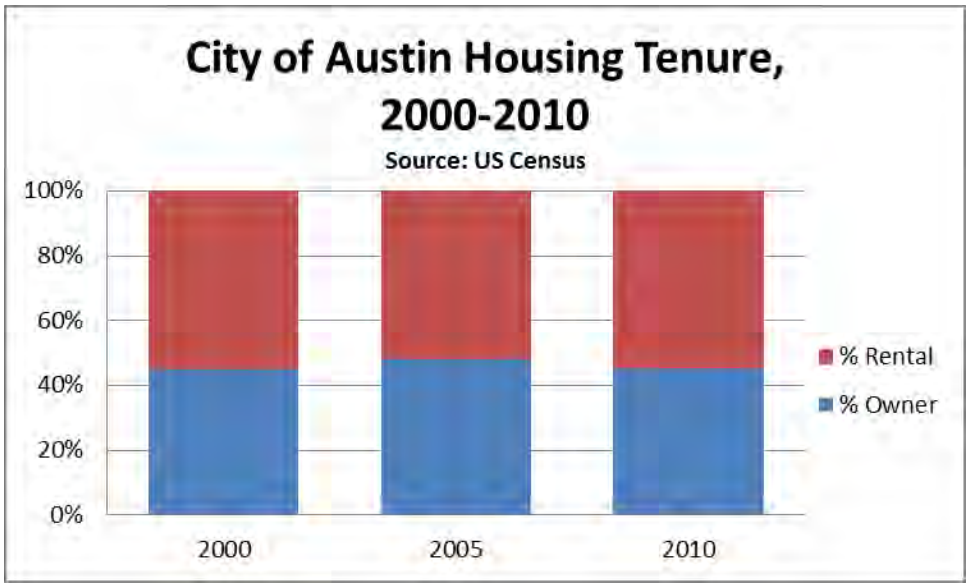
Between 2000 and 2010, the City of Austin's housing stock grew by 28 percent overall, adding nearly 80,000 units. However, the figure below shows that the composition of the housing stock shifted, with major additions in multifamily units but actual unit reductions in some categories – including mobile homes. Overall, multifamily developments with 5 or more units increased from 37 to 40 percent of the total housing supply from 2000 to 2010, indicating a growing interest in multifamily housing by consumers and developers. But the reduction in mobile homes and other non-traditional housing options likely represents a reduction in the number of lower-priced units in the City.



Another notable shift is the increasingly large size of housing units. The figure below indicates that the number of units with only one or two rooms (total rooms, excluding bathrooms) has diminished since 2000, while the number of units with nine or more rooms nearly doubled. Units with three to five total rooms (typically, one- and two-bedroom units) also grew faster than average for the period. Overall, the average number of rooms per unit increased from 4.6 to 4.9, even as the typical household size was slightly diminishing – from 2.40 in 2000 to 2.37 in 2010. This fact suggests the market has embraced larger units, which are likely to have and retain high prices, while losing a substantial number of likely *de facto* "affordable" one- and two-room units.

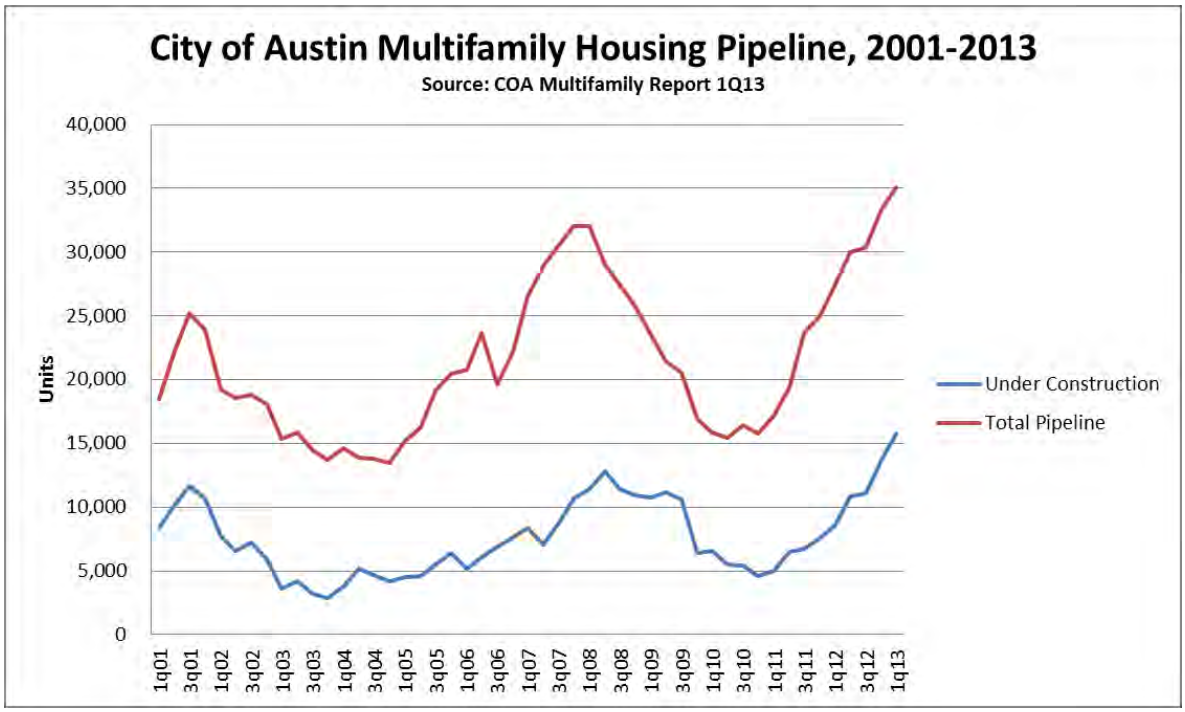


There has *not* been a dramatic shift in the rate of homeownership in Austin. In both 2000 and 2010, 55 percent of occupied units in Austin were rentals, and 45 percent owner-occupied. These proportions shifted slightly during the housing bubble, with owner-occupancy reaching as high as 48 percent in 2005. Though Census data suggests that owner-occupancy declined to 43 percent in 2011, the long-term trend does not suggest a major change in Austin's homeownership rate.



4. Current development activity in the City indicates a continued focus on multifamily housing, including many high-density and large-scale projects.

The City's development pipeline indicates that the housing market has rebounded well following the national recession. Following a severe dip in the number of multifamily units proposed and under construction that "bottomed out" in late 2010, there are currently more multifamily units in planning and construction than at any time since 2001, and over 15,000 multifamily units currently under construction in Austin. This data clearly demonstrates that the development industry is responding to strong near-term market opportunities, although it should also be noted that past cycles of high housing growth have been followed by periods of temporarily declining housing prices, occupancy rates, and new construction.



The types of multifamily projects in the pipeline are very diverse. Five projects completed construction in the first quarter of 2013, and ranged from 18 to 73 units per acre with an average of 25. Meanwhile, 12 projects initiated construction during the same quarter, and had an average density of 27 units per acre but ranged from 7 to 381. Four of the 12 projects that commenced construction had densities in excess of 100 units per acre. The 12 new projects had an average size of over 260 units, indicating that large projects are dominating the current multifamily development activity.

5. The Austin area has gained many jobs in lower-wage industries whose workers struggle to afford market-rate housing.

Between 2003 and 2011, the Austin MSA gained 108,000 jobs, growing by a total of 20 percent, while the national employment base was virtually unchanged as the figure below indicates. This difference reflects the City and region's great success at attracting and retaining employment through very challenging economic times. However, in both the Austin region and the nation, industries with average wages under $30,000 per year (retail, restaurants, hotels, and recreation) grew substantially faster than average while the group of industries paying average wages over $50,000 (finance, manufacturing, professional services, management, etc.) grew slower than average. The growth in these high-wage industries is a very positive indicator for the Austin area, as employment in those industries contracted as a group at the national level. As the City of Austin has the vast majority (over 70 percent) of jobs in the MSA, trends in the City generally reflect those in the broader region.

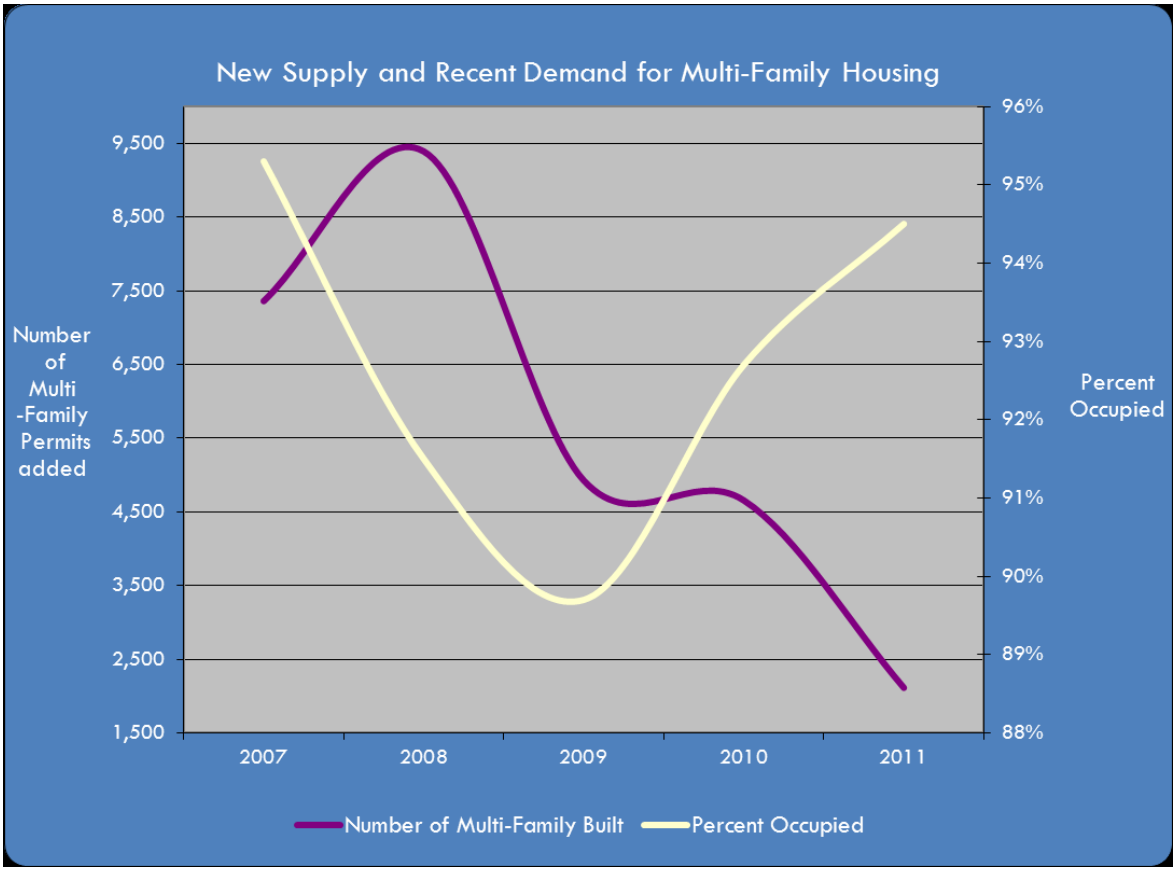
Policy Considerations

The market dynamics described above point to several policy considerations for the City of Austin.

1. **The City must continue to build housing at a fast pace to meet current and future demand, or face even more rapid escalation of housing prices.**

According to the City of Austin's demographer, the City of Austin population is expected to grow from 842,750 today to 1.3 million by 2045, adding an average of roughly 6,000 households per year during that period (at roughly 2.5 people per household). The Census indicates that the City added 7,838 units per year from 2000 to 2010, and CAMPO indicates that the City of Austin has issued 5,917 housing permits per year between 2007 and 2011. The City will need to continue to permit similar levels of housing growth to accommodate an increasing population in the future.

Building more housing overall is likely to help keep market-rate prices relatively affordable. As demonstrated by the figure below from CAMPO's Growth Monitoring Report from January 2013, there is an inverse relationship between housing production and the occupancy rates of the housing supply. As lower occupancy rates cause housing producers to offer units at lower price points, it would be expected that facilitating housing production will keep prices in check. However, these production/occupancy/rent relationships are cyclical, and the long-term trends show increasing housing costs and increasing cost burdens even through periods when housing production has been very high.



2. The demand for affordable housing in the City of Austin is great and growing.

Since 2000, housing prices have risen more rapidly than income levels, and more households than ever are paying high cost burdens for their housing, particularly within the City of Austin. While jobs have grown impressively in the Austin area, a high proportion of those jobs are at lower-income levels and the workers have difficulty affording market-rate housing prices. Austin also has a very high proportion of households earning extremely low income levels, and has seen its poverty rate increase in recent years to points significantly above the County, regional, State, and national levels. Some of these market-based trends appear to have gotten worse since the 2009 release of the City's Comprehensive Housing Market Study – a document that recommended constructing 1,000 or more affordable units per year to meet future demand and potentially start to address existing "gaps" between available supply and affordability needs. An updated comprehensive assessment of affordable housing needs is expected to be conducted starting in 2014, which can address affordability needs by demographic group, income level, and geographic area more specifically than has been attempted here.

3. A robust affordable housing program can be an important part of a City and region's environmental justice, economic development, and transportation planning initiatives.

Numerous studies have linked the improvement of local and regional transportation systems to increased property values. The City's consideration of urban rail service has acknowledged those links as a potential (though not certain) source of funding for some of the system. Similarly, the attraction of jobs to a City or region brings opportunity and prosperity for many, but also creates additional demand for housing in an innately finite supply of units and developable land. The paradox of urban investment and improvement is that it can result in the economic displacement of previous residents, if those residents cannot pay the rents, taxes, or other costs required to enjoy the improvements. Austin has grappled with this issue for many years, as it is recognized as a national model for economic development and quality of life but also faces concerns over "gentrification" of its lower-income communities. Affordable housing programs can help to keep economically at-risk families in their homes or neighborhoods, and can be a key component of an economically and demographically diverse, growing, and ever-improving community.

Moreover, affordable housing can be a key component of attracting and retaining businesses. Austin has obvious links to the technology companies that have driven the economy of Silicon Valley. The Silicon Valley Leadership Group is a consortium of companies – such as Apple, Cisco, eBay, IBM, etc. – that work together to advance various policy initiatives, including promoting affordable housing throughout the region. The group's website states:

> "On an annual basis, the Silicon Valley Leadership Group surveys its members in order to highlight the good and bad elements of doing business in Silicon Valley. Each year, housing is cited as a top impediment. Housing affordability along with cost of living issues serve as a choke point for recruiting and retaining top talent to Silicon Valley."

To maintain its successes in economic development, the City of Austin may benefit from continuing its dedication to providing housing for a wide spectrum of workers and income levels.

Relatedly, the City and region can benefit from the transportation benefits associated with having affordable housing near jobs. As previously noted, the City gained proportionately more jobs than employed workers during recent years, resulting in an increased jobs/housing imbalance – the City has over 70 percent of the region's jobs, but less than half of the region's employed residents. These trends have resulted in increased in-commuting that contributes to regional traffic congestion and related externalities (air quality, safety, etc.). Providing housing that is affordable to the City's diverse workforce can help to alleviate these transportation issues, while also reducing the overall housing/ transportation cost burden on lower income households. Data from the Center for Neighborhood Technology indicate that residents in several neighborhoods near downtown Austin spend as little as 16 percent of their income on transportation costs, while residents of Pflugerville and Cedar Park pay roughly 26 percent, and Buda residents pay 28 percent. Clearly, financial trade-offs are being made, with lower-priced housing in the region's suburbs being offset by higher transportation costs. Compared to those choices, affordable housing within Austin can represent a net gain for its lower-income residents, providing similarly-priced housing *and* lower transportation costs.

Each of these relationships speak to the value of having an affordable housing program in the City of Austin that responds to evolving needs and capitalizes on dynamic opportunities. The program will need to expand along with the overall population and employment base, and can meet the community's needs in a variety of ways ranging from new construction or preservation of units to workforce development and financial literacy programs that enhance families' ability to generate, retain, and utilize their own earnings. The ultimate benefits of such programs and investments can be enjoyed not only by the residents of the affordable units, but by their employers and fellow community members.

Appendix ID: Public Comments

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Summary of Comments from Community Needs Assessment Public Hearings before HIV Planning Commission (3/25/14), Community Development Commission (3/31/14), City Council (3/27/14) Meeting and Mayors Committee for Persons with Disabilities (4/14/14)

There was a robust conversation about competing housing needs at the two Community Needs Assessment Public Hearings at the Community Development Commission and City Council. Topics included:

Veterans

There was a strong emphasis on reaching out to veterans, both male and female. Leveraging the resources of other city departments, affordable housing developers, and nonprofit service providers was recommended.

Public Participation

Public participation was a key trend comments during the hearings, and meeting with neighborhood associations was suggested. There was also an emphasis on reaching out to Austin's Spanish-speaking community during the process.

Housing for People with Disabilities

Integration was a big focus of the conversation, and several members of ADAPT of Texas and Accessible Housing Austin, two local disability rights groups participated in the discussion. They emphasized how hard it is for low-income people with disabilities to find affordable housing. Many people also shared their stories of discrimination based on their source of income, i.e. Section 8 housing vouchers.

There were some opposed to funding permanent supportive housing, arguing that people with disabilities voiced that they often have little choice and therefore choose to live in supportive housing. They argued that services in the community were often superior to services tied to the housing, but they were pushed to using on-site services under the threat of losing their housing.

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One person spoke about his experience in which his attendant, who helps him with most daily activities, has to move due to lack of affordable housing and will be outside the transit network required to get to work.

Program Application Process

It was suggested that the Architectural Barrier Removal Program application process be streamlined to increase utilization. Additionally, it was argued that the program be tied to household income rather than neighborhood income.

Flood Victims

The need to help the victims of the Halloween flood, which destroyed dozens of Austinite's homes, with home repair programs was identified, and many advocated for remembering homeowners, who "are sometimes forgotten in this discussion."

Other

- Setting long-term goals based on the housing market survey was encouraged. Allocating the majority of rental funding to persons earning less than 30% MFI was encouraged by several participants.
- One person testified having to accept "terrible" housing due to lack of supply of other options with access to transit. Service workers argued for access to affordable housing close to where they work, especially downtown.
- One strategy for geographic dispersion of affordable housing was suggested, namely setting aside all publicly owned land for affordable housing.
- Housing needs to be more affordable and accessible to transit. It was pointed out that the cost burden is worse for renters than homeowners in the city, and how affordable housing at the edge of town places a higher burden on families who can not afford cars.
- The need for childcare assistance programs was identified.
- As federal funding has been reduced, it was argued, local funds must make up the deficit.

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ECHO

FIERCELY COMMITTED TO ENDING HOMELESSNESS

ECHO Core Funding Principles

To support goals related to prevention, ending short- and long-term homelessness
And providing highly effective coordination to end homelessness

1. ECHO recognizes the critical significance for the continuum of housing interventions including prevention, outreach, interim housing options (like shelter, recuperative care & transitional housing), and permanent housing strategies like Rapid-Rehousing, long-term subsidies and Permanent Supportive Housing
2. ECHO supports renewal funding of all local programs meeting both local and HUD performance goals and local strategies to end homelessness
3. ECHO defends maintaining and increasing our COC housing inventory despite the threat of a reduction in federal funding
4. ECHO values collaboration, data driven and consensus-arrived decisions, evidence based practices and effective leadership

Community Funding Priorities (CFP)

The following priorities are not in rank order. Each needs funding. ECHO realizes that for certain funding sources and opportunities, ranking of these priorities will be necessary.

Capital investment, operations subsidies and service dollars to implement Permanent Supportive Housing (PSH) consistent with evidence-based practices and local standards, i.e. housing first and project based, giving strong emphasis on housing for persons who qualify as one of the following:

- chronically homeless families *(ECHO Plan, ECHO PSH Report, HMIS APR, HMIS AHAR, City Resolution, HUD goals, PIT, HMIS Bed List*
- individuals or families who have experienced family violence *(ECHO Plan, ECHO PSH Report, City Resolution, PIT, Bed List, Safe Place Wait List, Safe Sleep reports)*
- frequent users of public systems (EMS, jails, emergency shelters & hospitals) with a history of chronic homelessness, mental illness and/or vulnerability* *(ECHO Plan, ECHO PSH Report, DACC, 100 Homes (VI, Jail, EMS, ICC), CJP) *ECHO is currently holding community discussions about our PSH strategy including data collection, definitions, significance and measure of vulnerability and key components which may impact this wording in coming months)*

Rental assistance, case management and other resources to implement Rapid Rehousing strategies consistent with evidence-based practices and local standards giving strong emphasis on housing for

- families and single women *(ECHO Plan, HUD goals, HMIS Community Data, HMIS Bed List, HMIS APR, HMIS AHAR, CAN, NHCD, Safe Sleep reports, Safe Place Wait List)*
- veterans *(ECHO Plan, HUD goals, PIT, 100 Homes, HMIS Bed List)*
- individuals in poor health *(100 Homes, HIC)*

These CFP were approved by the Membership Council on July 15, 2013.

Capital investment, operations and services to expand interim housing options like shelter while we increase our permanent housing stock, recognizing the immediate needs of

- families and single women *(PIT, AHAR, APRS, HMIS Bed List, Safe Sleep Reports, Salvation Army Call Back List, Safe Place Wait List)*
- chronically homeless men *(PIT, HMIS Bed List, Front Steps, Salvation Army)*
- individuals in poor health or needing recuperative care (100 Homes, Front Steps Recuperative Care Annual Report, Seton High Alert)

Personnel and tools needed to plan and implement Coordinated System Improvements including common assessments, diversion, landlord outreach specialists and data/technology supports (HUD, ECHO work plans)

These CFP were approved by the Membership Council on July 15, 2013.

I love this program. First of all because I know my daughter is safe with the lovely ladies that take care of her and the other babies. It is also helping me a lot because I can graduate, I can go to school without having to worry about who would take care of my daughter. I just wish I could do something as big for them to thank for the huge help I am receiving. Also in the daycare they just don't take of care of my daughter they also help her with the things she need to learn. For instance yesterday (3/24/14) she did her first painting. I'm just way too satisfied, and happy to be in this program, well more like a team! :)

Sincerely.

Barbara. L

3/26/14

April 22, 2014

First off, I would like to thank the child development center at Crockett high school for all the assistance it has provided. From helping with child care, to providing support. It even offered numerous programs to learn more about early child hood development and building relationships. From the many programs that were provided the one I benefited from the most was the strengthening relations program. Being that I had little to no support at home, there was no one I could really turn to when I was in need of guidance. With the strengthening relationships program I was able to ask questions I was curious about and discuss concerns that I had in a comfortable environment. As a result of the services that I received from the child development center at Crockett high school I was able to graduate top 15% of my class. Overall, I can honestly say that the child development center was a humungous benefit to my future as well as my kids'. I am very thankful to have participated .

Best regards,

Tiffany Ruedas
4922 Nuckols Crossing Rd. apt. #37
Austin, TX 78744

Brooklynn Mcnair
3·26·14

To whom it may concern..

The childcare center has helped me in many ways. One way in particular is that I was able to come back to high school. If it wasn't for this center, I would most likely be a dropout! I'm glad to have this center while Im trying to get my ~~late~~ ~~high~~ school work done. The staff here are amazing. Everyone takes great care of my ~~child~~ child. Mrs. Jodi is amazing. If it wasn't for her & this center, I couldn't be her right now!

3/24/14

Ciara Peterson

Having childcare at my school has helped me a lot by allowing me to go to school and graduate on time while also being able to be close to my child. I'm thankful that we have such good childcare at Crockett and my daughter is nurtured and cared for by her teachers. It has also helped me learn more ways to connect with my child and parenting.

3/24/14

To whom it may concern.

The Child developement Center at Crockett high school is wonderful. They have given my family and me alot of resources. They have helped me grow and develope into a better person and mother overall for my child. My son has developed into a brighter and more social child. He has learned alot from the his great teacher. I Hope you will continue to fund this program because if I did not have this program I would not have been able to go to school and better myself for my family. Overall the program at crockett is great and essenial for teen parents who want to continue their education.

Sahli

City of Austin

Neighborhood Housing and Community Development
P.O. Box 1088, Austin, TX 78767 -1088
(512) 974-3100 • Fax (512) 974-3112 • www.austintexas.gov/housing

April 1, 2014

Dear sub-recipient partners,

The City of Austin, Neighborhood Housing and Community Development Office, is working on developing its Draft 5-Year Consolidated Plan for fiscal years beginning October 1, 2014 through September 30, 2019 as well as the Annual Action Plan for fiscal year beginning October 1, 2014 through September 30, 2015. The planning process includes public hearings with both the Community Development Commission and the Austin City Council. The hearings for the Draft Plans are scheduled for June 10th at 6:30 before the Community Development Commission and on June 26th at 4:00 before the Austin City Council. We encourage and appreciate your attendance.

In tandem with the planning process, we are initiating our Information Request Form process earlier than in prior years. In previous years we have provided sub-recipients with funding levels and associated households to be served with those funding levels. We are asking sub-recipients to help identify the need in the community based on your waiting lists and other relevant information. These needs would in turn translate to a request for funding and households to be served to be included in the Information Request Form.

We would like to receive your Information Request Form and its required attachments by April 30th. Meeting this deadline will greatly facilitate consideration of your information together with other information we are analyzing to arrive at our proposed Draft Plans.

As always, we want to thank you for your continued partnership in providing much needed services to those most in need in our community. Please feel free to contact me at 512-974-3114 or at Fernando.Hernandez@austintexas.gov.

Respectfully,

Fernando Hernández-Garza, MBA
Manager over Contract Administration
(512) 974-3114

Brittnay Sepeda 3/24/14

My name is Brittnay Sepeda. I have a 5mo Baby Boy named michaeljames Sanchez. I will graduate this year thanks to the CDC and ms. Jody. Because of the help they have given me i am able to get help with michael and myself. I get help by them being able to watch michael while i finish school.

By me finishing School i am able to get my diploma and get a really good job to provide for my child. If i would not have the CDC & Ms. Jody for help i would have not graduated and most likly droped out of School. Yes, i know i am young to have a chid, but i do and i need to do what is best for my child. Not dropping out has shown alot. Me being able to finish School helps with economic and financial problems.

So in all i want to thank the CDC for all of their help, and for allowing me to stay in school and graduate.

Participating Members

Accessible Housing Austin!

Austin Community College

Austin Community Design & Development Center

Austin Habitat for Humanity

Blackland CDC

Blackshear NRC

College Houses

Foundation Communities

Goodwill Industries of Central Texas

Green Doors

Guadalupe NDC

HomeBase

HousingWorks

LifeWorks

Mary Lee Foundation

Meals on Wheels & More

From: Austin Community Housing Development Organization (CHDO) Roundtable

To: The Honorable Lee Leffingwell, Mayor
Sheryl Cole, Mayor Pro Tem
Mike Martinez, Council Member
Laura Morrison, Council Member
Chris Riley, Council Member
Bill Spelman, Council Member
Kathie Tovo, Council Member
Elizabeth Spencer, Director, City of Austin Department of Neighborhood Housing and Community Development

January 28, 2014

Dear Board Members of the Austin Housing Finance Corporation:

In the fall of 2011, the CHDO Roundtable released a white paper entitled "Meeting Austin's Affordable Housing Needs Across the Spectrum." During the last two years, Federal and State funding continued to see cuts, yet on the local level citizens of Austin first rejected and then approved new affordable housing bond funding. The bond funds, as critical and essential as they are, are nonetheless dwarfed by the continuing steep climb in housing costs, in both the rental and ownership markets, for Austinites.

Our 2011 paper proposed a three-pronged approach which is still relevant today:

1. **Identify the Goals:** Design a portfolio of the housing types that should be developed for Austin over the next ten years, including long-term goals for specific low-income populations and shorter-term annual goals. Annually review the gap between housing production and the goals and as needed, adjust the scoring of applications to prioritize funding in areas where needs remain and development capacity and opportunities exist.

In this regard:

- We applaud the city for its initiative in commissioning a new housing market study with attention to sub-populations and recommend that the city use that data to set goals for those sub-populations across the housing spectrum.
- There is a need to ensure that both the goals and the tracking are public and transparent.
- We recommend tracking and showing not just the proposed income levels committed to be developed, but the *actual income levels served once the developments are occupied*.

2. **Make Plans that are Driven by the Goals:** Align the Action Plan and Consolidated Plan with the plans and goals of the Housing Authority of the City of

Austin and Travis County Housing Authority in order to meet the long-term portfolio goals, and integrate these into Imagine Austin.
In this regard:

- We applaud the initiative to align the City's Action and Consolidated Plans with those of Travis County.

3. **Create the Means:** Now that we have passed the housing bonds, we need to continue pursuing other strategies to meet Austin's growing need for affordable housing. These include:

- Prioritize the use of publicly-owned land for affordable housing because it offers an invaluable means of achieving our core value of geographic dispersion.
- Seek General Revenue funding streams for Home Repair and PSH services, addressing these needs as programs rather than housing projects, while continuing to fund a portion of Home Repair out of the bonds.
- Identify dedicated sources of revenue for affordable housing.
- Promote land-banking and community land trusts.

Furthermore, we make the following recommendations:

1. **We support the following guidelines for allocation of the affordable housing bonds funds**
   - 75% for rental housing; all targeted to people at 50% MFI and below, with the majority targeting people at or below 30% of MFI.
   - 25% for homeownership, including home repair.

   Furthermore, we recommend that the city not set aside specific amounts or percentages ("buckets") to specific housing types or populations but achieve goals through application scoring. As regards Permanent Supportive Housing, for example, we believe that driving investment toward serving people under 30% of MFI and partnerships between homeless advocates and housing developers will produce better results than keeping funds off-limits for projects serving other needy and deserving populations. Should Council choose to earmark funds for specific housing types, then the Roundtable strongly recommends that funds unallocated after 12 months be made available to other projects.

2. **We recognize the severity of the need for individuals who would benefit from a Permanent Supportive Housing-Housing First model and support funding projects that serve them. Such projects should follow the same process as other projects. However, we are concerned with a number of specifics regarding the implementation of the funding to support such projects and recommend the following:**
   a. Clarify the definition of PSH and who will be served. Since 2010, the City's focus has shifted to a narrowing of models of PSH and the populations to be served. This has resulted in confusion and difficulty in planning. A clear definition needs to be determined and made available for an extended period of time so that housing providers can plan effectively.
   b. As noted above, dedicate a predictable funding stream from general revenue to PSH services. This will facilitate the development of housing units.
   c. As with all types of housing, count actual units of PSH produced, as these are usually higher than what was originally planned.

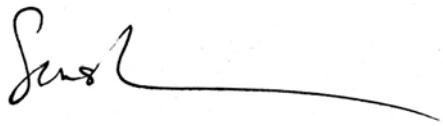
3. **The CHDO Roundtable supports the modification of the Good Neighbor Policy.** We believe: (1) it is in potential conflict with the implementation of geographic dispersion policies, (2) it is a possible violation of Fair Housing laws, (3) it puts affordable housing at a

disadvantage, both financially and administratively, compared to the development of privately financed housing, and (4) in some cases it poses a danger to residents by letting the neighborhood know the address where vulnerable people are residing. The Roundtable proposes that projects receive points for demonstrating that they have made contact and communicated regarding their project with representatives of neighborhood plan contact teams or, when these are not available, the impacted neighborhood association(s) listed in the City's Community Register .

4. **The CHDO Roundtable supports the inclusion of Accessible, Affordable, Integrated (AAI) housing for people with disabilities as a housing priority**, in accordance with the recommendations proposed to the city by Accessible Housing Austin!, Easter Seals of Central Texas, and ADAPT. We applaud the staff of NHCD for adjusting the scoring to give points for serving people with disabilities outside the PSH model and to give points for exceeding minimum standards of accessibility.

As we stated in 2011, Austin must continue to recognize that there is a increasing need for affordable housing **across a spectrum of low-income Austinites**, from the working families to people with disabilities, from the elderly to the chronically homeless. The bond funds offer the opportunity for the city to reaffirm and deepen its commitment to the core values articulated in the 2006 bond package: deeper affordability, long-term affordability and geographic dispersion. As we move forward with creating much-needed affordable housing, it remains essential that the city pursue a thoughtful and strategic policy for investing the funds while keeping an eye on long-term goals and planning.

Sincerely,



Sunshine Mathon, Chair
Foundation Communities

Fiona Mazurenko, Vice-Chair
Austin Habitat for Humanity

A Time for Solutions

We are proposing a three-pronged approach:

Identify the Goals

- Design a portfolio of all the housing types Austin wants to develop between now and 2021.[10]
- Set long-term (ten year) targets, with shorter term objectives.
- Correlate the goals to the needs, using a consistent methodology across the spectrum, for example: 40% of current needs over next ten years .
- On a quarterly basis, produce clear and concise reports on housing needs and numbers of housing units, using MFI levels as a consistent methodology for data collection and analysis.
- Annually review gaps between goals and needs against the ten-year targets.
- Based on review, annually adjust scoring of applications to prioritize funding in areas where needs remain and development capacity exists.
- Per the CHDO Roundtable's 2009 recommendation, build in a transparent, predictable and consistent system for evaluating whether funds should be transferred from one "bucket" to another and for doing so if needed.
- Recognize the wide variety of people and households who need permanent supportive housing.

Make Plans Driven By The Goals

- Align Action Plan and Consolidated Plan with Housing Authority of City of Austin and Travis County Housing Authority master plans to create the 2021 Portfolio.
- Integrate these goals with the Comprehensive Plan.
- Integrate these goals with the GO affordable housing bond election.

Create the Means

- ✓ Aggressively promote additional GO bond funding for affordable housing.
- ✓ Implement a viable land-banking strategy[11].
- ✓ Innovate and replicate best practices across the continuum, including a community land trust.
- ✓ Creatively develop new funding sources both for supportive services and for housing.
- ✓ Expand S.M.A.R.T. housing resources.

As a community, Austin should embrace planning policies and principles that encourage "all types of homes in all parts of town." Our resources should be guided by our core values of geographic dispersion, long term affordability, and deeper affordability.

As detailed in this report, the CHDO Roundtable recommends a collaborative, flexible, and predictable approach for meeting Austin's growing housing needs along the entire Housing Continuum.

NOTES

1. Comprehensive Housing Market Study, 2009
2. Austin Business Journal, January 6, 2011
3. Austin Business Journal, February 14, 2011
4. ATCIC/HMIS 2011 Annual Homeless Assessment Report
5. Comprehensive Housing Market Study, 2009
6. 2010 Corporation for Supportive Housing Permanent Supportive Housing Program and Financial Model for Austin/Travis County, Texas
7. ATCIC/HMIS 2011 Annual Homeless Assessment Report
8. Comprehensive Housing Market Study, 2009
9. Austin Housing Repair Coalition's Housing Repair Needs Assessment, February 22, 2011.
10. The 2009 Comprehensive Housing Market Study recommended that the City of Austin set affordable housing five, ten and twelve-year targets through 2020 (Section VII, p. 5).
11. The 2009 Comprehensive Housing Market Study recommended that the City of Austin "explore partnerships with school districts, utility companies, and other public landowners" to establish a land-banking program (Section VII, p.8)

Austin CHDO ROUNDTABLE

Meeting Austin's Affordable Housing Needs Across the Spectrum

Austin is facing unprecedented challenges in addressing the housing needs of its lower income citizens. Funding for housing and supportive services has experienced steady reduction in past years and is now poised to suffer the most severe cuts in decades.

For this reason, the city's current NHCD Action Plan and the proposed upcoming General Obligation Bond election provide critical opportunities to thoughtfully prepare for badly needed funding and to design a meaningful, goal-driven allocation process that can be sustained over the next ten years.

As members of the Austin CHDO Roundtable, we are intimately familiar with the barriers our clients face in obtaining safe, decent and affordable housing; whether that be a chronically homeless woman living on the streets or a single father struggling to feed and house his children on minimum wage. Our organizations work to house people with disabilities, the homeless, youth aging out of foster care, extremely low-income families, the elderly, people in dilapidated homes, and low-income, first-time homebuyers. We have come together to collectively assess our own housing production capacity, to present consolidated data on needs, and to propose coordinated strategies for meeting the affordable housing needs of people across the entire affordable housing spectrum.

RECOMMENDATIONS

The purpose of this paper is to present and recommend a balanced approach to address the housing needs of Austinites with low incomes—a population that represents half of the city's population[1]. Our five central recommendations are:

1. Recognize the housing needs of **all** lower-income Austinites and reaffirm a commitment to addressing them.
2. Revise the Annual and Consolidated Plan process to use current, consistent data and analysis across the housing continuum, filling in existing gaps.
3. Set specific goals across the entire spectrum of affordable housing needs for numbers of units over one, five and ten-year periods, while maintaining flexibility and a predictable process to revise priorities on an annual basis.
4. Creatively seek new sources of revenue for affordable housing and supportive services.
5. Increase the priority of funding CHDOs and nonprofits in order to achieve the core values of **deeper affordability, longer-term affordability** and **geographic dispersion.**

CHDO Housing Development Capacity: A Snapshot

In the summer of 2010, the Austin CHDO Roundtable membership polled its membership on each CHDO's opportunities to develop housing and aggregated the data for these opportunities (this includes some projects that were just allocated funding in December). We found that, given the resources, our membership was positioned at the time to develop 1249 units, comprised of 999 units of new rental and ownership housing and 250 home repairs.

By Income Level	no. units	% units (rounded)
30% MFI and under	368	30%
30-50% MFI	541	43%
50-60% MFI	214	17%
60-80%	126	10%
Total	1249	100%
By Geographic Distribution		
East of IH-35	904	72%
West of IH-35	345	28%
Total	1249	100%
By Affordability Period		
0-40 years	255	20%
41-99 years	744	60%
Unspecified (housing repair program)	250	20%
Total	1249	100%

What does this tell us?

First, it is important to recognize that this snapshot, if taken in a different year, might look quite different, thereby creating a need for a long-term strategy. Second, projecting that this represents opportunities over a two to three year span, it demonstrates that CHDOs can deliver approximately 500 units of new or preserved housing per year to the community. Finally, and most importantly, this snapshot proves that CHDOs are able to do the hardest work of meeting Austin's affordable housing needs by addressing the core values of **geographic dispersion, deep affordability** and **long-term affordability**.

Austin's Affordable Housing Needs ... All of Them

A number of reports focusing on Austin and Travis County have identified needs spanning across income levels and types of affordable housing. These numbers represent people ranging from the severely disabled to the working poor who are struggling to keep their homes, pay their utilities, and keep their family members fed.

A quick glance at the headlines reveals that the gaps between available housing and those who need it are on the brink of widening: the rental market is tightening[2], foreclosures are up[3], and major layoffs are about to take place at the state, in local school districts, and at non-profits, potentially sending more households into economic distress.

Type of housing	Estimated gap (housing units)
Emergency shelter	**1004 beds** [4]
Affordable rental housing for below 30% MFI (includes supportive and transitional housing)	**39,000 households** [5], of which:
	1,891 units of permanent supportive housing for currently homeless individuals and families with one or more chronic and disabling conditions[6]
	Data is needed for permanent supportive housing for households not currently counted as homeless (e.g., adults with brain injuries, elderly, etc.)
	4,488 units of deeply affordable housing with transitional support services OR transitional housing for single adults and families with children. [7]
Affordable rental housing for between 30% and 80% MFI	*Data is need for households in the 30-50%, 50-60%, and 60-80% MFI ranges.*
Homeownership	**13,600 homes** affordable to buyers earning between $35,000 and $75,000 per year [8].
Home repair	**13,286 homes**[9]

As a reference, the CHDO Roundtable members found that, given the resources, they would be positioned to develop the array of housing units shown in the chart at right.

The membership of the Austin CHDO Roundtable view these as a call to action for community leaders to seek solutions for people across the entire spectrum of housing needs.

By Types of Units	no. units	% units (rounded)
Supportive housing for people needing services in order to stay housed (e.g. chronically homeless & people with severe disabilities)	203	16%
Transitional housing	2	0.2%
Affordable rental		
▪ for households at or below 60% MFI	506	41%
▪ for households 60-80% MFI	15	1%
Homeownership for households between 30% and 80% MFI	273	22%
Home repair for households at or below 50% MFI	250	20%
Total	1249	100%

CONSOLIDATED PLAN NEEDS ASSESSMENT TALKING POINTS
For ADAPT of Texas
3/27/14

Affordability is biggest barrier in housing in Austin.

- People on disability incomes are below 30% Median Family Income (MFI), more like 14 – 18%
- Same is true for the direct care workers/attendants who assist us.
- Focus must be on DEEP AFFORDABILITY, ie. 30% AND BELOW of MFI (Median Family Income)
- Affordable housing needs to be near the middle of town – public transit trips take all day from non-central areas
- City needs to make more aggressive requirements for downtown developers to help provide affordable housing, and deeply affordable housing. Downtown should not just be playground for the rich.
- The Housing Authority of the City of Austin, HACA's , Section 8 list last opened in 2006. These funds drying up, new vouchers delayed because of this. We shouldn't just look to HACA to serve lowest income people's housing needs.
- Funding for housing needs to be better distributed: tax credit projects should not get first shot and then permanent supportive housing gets the rest. Other important affordable housing is needed.
- Con plan should look at funding selection processes generally, what gets points, what doesn't. This is where true priorities are made.
- Austin should pass ordinance banning housing discrimination based on source of income

Integrated housing is critical.

- NURSING HOMES ARE NOT HOUSING, just as JAILS, HOSPITALS, MILITARY BARRACKS and SHELTERS aren't housing and shouldn't be listed as such in our plans, reports, etc.

- We should not support Visitability and then turn around and build segregated housing ghettos.
- ADAPT WANTS & SUPPORTS services and supports for people who need them.
- HOWEVER, services should not be tied to housing.
- Services should be optional.
- Scarce housing funds should not be funding services. Service money should fund services.
- Housers should not have to learn service provision & service providers should not have to build housing.
    - There is enough work in each of these areas without having to learn the other, and work is important enough not be left to people whose expertise is in other areas.
- Permanent supportive housing too easily becomes institutional.
- Accessible, affordable, integrated housing is usable by anyone (people with and without disabilities, people who do and do not use services, etc.)
- City of Austin should pass an integration mandate for housing it funds.

1640A E 2nd ST Ste. 100 * Austin, TX 78702-4412 * 512/442-0252 * 512/442-0522 fax * adapt@adapt.org

City Council 3/27/14 Needs Assessment of the Consolidated Plan

My name is Stuart Harry Hersh, and like most in Austin, I rent.

Every five years we have an opportunity to outline the critical needs of the poorest among us so that our federal and local investments can be a strategic path to success.

The poorest among us still need community development investment in early childhood development before their children enroll in school for the first time and in after school day care for children of the working poor.

The poorest among us need economic development investment in workforce programs that will assist hard working adults to move from a job at minimum wage to work at a wage that brings these individuals and parents out of poverty.

The poorest among us need S.M.A.R.T. Housing, not the dumb housing policies of the last century. And S.M.A.R.T. means:

1. Safe and sanitary
2. Mix of income in the neighborhoods where poor people may want to live
3. Accessible for people with disabilities
4. Reasonably-priced rents and mortgages
5. Transit orientation that make it possible for people with want to use public transportation to do so safely because their housing physically is located close to where they live and accessible public sidewalks are in place when housing is ready to be occupied

Our brothers and sisters in neighborhoods where their homes have been damaged by flooding may need additional assistance to either repair their homes or to relocate to a S.M.A.R.T. home.

The poorest homeowners among us need assistance in getting their homes repaired and visitable, and this may include appropriate regulations for expedited permits and accessible ramps long identified as a priority for the City Council but not necessary a priority or staff, boards, and commissions.

If we don't focus on all of this, we will end up with S.T.U.P.I.D. Housing:

1. Segregated by income
2. Tax burdened
3. Utility burdened
4. Plans for the affluent
5. Impediments to repair
6. Deteriorating homes

Please support S.M.A.R.T. policy so that we may avoid S.T.U.P.I.D. policy.

Stuart Harry Hersh, shersh@austin.rr.com 512-587-5093

Accessible housing is greatly needed.

- People in our group with Section 8 vouchers have had to get multiple extensions to find a place that was accessible to them. People must wait for people to die to get housing that is accessible and affordable.
- The Architectural Barrier Removal Program (ABRP) needs to be upgraded. The drop in usage is due to other agencies providing the same services using scarce state dollars. Other areas don't have local funding. Better coordination is needed. In addition, application process needs to be streamlined.
- Funding for architectural barrier removal should be for access, not for home improvements – be honest about how dollars are spent. This is a slippery slope we have seen in other kinds of funding and we need to fix it now. Home improvement money should pay for home improvements.
- City needs to tie income levels for ABRP to household instead of neighborhood where housing is located. Linking income limits for ABRP to the neighborhood leads to barriers for integration or lack of service for people in non-traditional areas. Policies (and if necessary funding) for ABRP need to continue to support integration. City should bring this up with HUD!

- We believe there should be preferences in housing vouchers for people getting out of nursing homes and other institutions; also the city should provide vouchers for people in institutions/nursing homes, just as you do with other oppressed populations.

FAIR HOUSING is vital in Austin

Housing discrimination continues in Austin today. People with disabilities are often discriminated against. In addition, they often need help with landlord tenant issues. ADAPT strongly supports funding for the Austin Tenants Council.

Thank you for the opportunity to testify today!

Tomko, Jonathan

From: Stuart Hersh <shersh@maryleefoundation.org>
Sent: Monday, May 05, 2014 10:50 AM
To: chdoroundtable_austin@yahoogroups.com; Tomko, Jonathan
Cc: 'Stuart Hersh'; 'Mary Lee Community - Charlene Crump, Executive Director'; dlilljedahl@maryleefoundation.org; 'Becca Bruce'; 'Charles Cloutman'
Subject: RE: [chdoroundtable_austin] Housing Market Study input

Categories: Attention

I may not be able to attend tomorrow's Housing Market Study stakeholder meeting with the CHDO Roundtable due to other critical time commitments, so I wanted to share the insights I have developed since the last market study (these insights do not necessarily reflect the perspective of those organizations and individuals I have served since I ceased working for the City of Austin:

1. *The developed world's wealthiest cities are facing housing crises so acute that not only low-income workers, but also middle and creative classes, find themselves increasingly difficult places to afford. Redfin, the real estate website, recently found that there was not a single home on the market in San Francisco that would be affordable on a teacher's salary. And that was just for buyers; in many cities, renting is even more expensive. The rules of the market say that in this situation, people should simply opt to live someplace cheaper. But in today's economy, that's not so simple. Detroit has very cheap housing, but unfortunately, all of it is in Detroit. Alternately, more desirable cities could build more housing to satisfy demand, but new developments don't tend to have that effect.* (**New York Times Magazine – May 14, 2014 – Rent Asunder**)
2. *Austin rents have risen from $686 in 2004 to $1,024 in 2013* (**Austin American Statesman – May 14, 2014 – Renters remorse**)
3. *Austin, Texas has attracted more residents from other areas than any other metro area, $92,812 in the past three years. Austin is stealing from #1 – Chicago, #2 Los Angeles, #3 New York, and #4 Phoenix. (***Bloomberg Business Week – April 14, 2014 – Austin is the New Brooklyn***).*
4. Austin has established a goal of geographic dispersion, encouraging affordable housing in high opportunity neighborhoods. This represents a modification of the 20th Century policy of target neighborhoods that encouraged investment in lower income neighborhoods. Tax Credit policy in Texas is aligned with this high opportunity target, even if public transportation is not likely to become readily available in the foreseeable future. I live and work in a high opportunity neighborhood called Zilker, not only west of IH 35, but west of South Lamar Boulevard. I have assisted a not-for-profit organization complete 104 apartments since 2011 in this neighborhood where land with zoning entitlements sells for $3,000,000 an acre currently. Local realtor David Poisson reports that first quarter single family home sales average sold price in Zilker has risen from $424,609 in 2013 to $659,475 in 2014.
5. The market study should enable us to establish standards by which we define success with federal and local investment for the next five or ten years. It should answer the question on how many of the following housing types we should be building and/or retaining over the next five/ten years: public housing for renters @ 30%/50% Median Family Income; housing first for the homeless who need housing in neighborhoods where some of their neighbors might object to their presence (a clash between the geographic dispersion and the goal of housing development that is friendly to neighborhoods); transitional housing for those who need program support in a neighborhood friendly environment; families/individuals seeking rental or home ownership following displacement by floods; families/individuals seeking to buy their own house; families/individuals who need the removal of architectural barriers to a person(s) with disabilities; homeowners who need repairs to their home that they can live in safe and sanitary conditions and can age in place.

I look forward to discussions about S.M.A.R.T. Housing improvements; alignment with the CodeNext initiative; market challenges created by occupancy reduction; and mitigation of cumbersome repair permit requirements.

Thanks for allowing me to participate.

Stuart Hersh
Consultant
Mary Lee Foundation
P.O. Box 3174
Austin, Texas 78764
Ph - 512.587.5093 c
Fax - 512.443.5807
www.shersh@maryleefoundation.org

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From: chdoroundtable_austin@yahoogroups.com [mailto:chdoroundtable_austin@yahoogroups.com] **On Behalf Of** Sunshine Mathon
Sent: Monday, April 21, 2014 12:22 PM
To: chdoroundtable_austin@yahoogroups.com
Subject: [chdoroundtable_austin] Housing Market Study input

See the email from NHCD below.

Thanks.

Sunshine

"As you may know, the City of Austin is currently conducting a Housing Market Study led by BBC Research & Consulting. You and your organizations have been identified as key stakeholders for this initiative, which means that your feedback is critical to developing a comprehensive picture of the City's housing market and housing issues impacting Austin residents and commuters. We are requesting that you and other representative from your organization participate in a small group discussion during BBC's upcoming visit to Austin.

We have this meeting scheduled at the following time:

Date: Tuesday, May 6th from 1:00-2:00pm

Location: NHCD Room 300A (1000 E. 11th St.)

Please RSVP to let us know who from your organization can attend.

If you are not available at this time, we still want to include your feedback. Please contact me to schedule an alternate time for an in-person or phone interview with BBC.

If you have any questions, please let me know.

Tomko, Jonathan

From: NHCD
Sent: Tuesday, May 20, 2014 10:36 AM
To: Tomko, Jonathan
Cc: Leak, Erica
Subject: FW: 051914 CNAC PUBLIC COMMENT SURVEY - EXTENSION REQUEST THRU SEPT LABOR DAY

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Attention

From: mo mo [executive3000@mail.com]
Sent: Monday, May 19, 2014 3:00 PM
To: NHCD
Subject: 051914 CNAC PUBLIC COMMENT SURVEY - EXTENSION REQUEST THRU SEPT LABOR DAY

May 19, 2014 [M] 3:39 pm

VIA EMAIL DELIVERY
nhcd@austintexas.gov

City of Austin NHCD
Attn: Consolidated Plan
P O Box 1088
Austin, TX 78767
(512) 974-3100

re: Community Needs Assessment Comments request for Summer Extension through to Labor Day 2014 for public input

Dear City of Austin NHCD:
Thank you for offering this venue to communicate a request for an extension through September Labor Day 2014 for community needs assessment comments for public input.

It is vital to ensure that the ability for input by the community is without hindrance and as you may or may not be aware, there are many barriers to communicating or public comment participation opportunities. Therefore, please submit this request to assist in communicating the community's needs for an extension to proceed with offering decisions people make when choosing a place to live and work towards assisting in future decisions that impact household affordability.

Of course, the survey respondents opting to be entered in a $100 gift card drawing as well as online accessibility www.austintexas.gov/housingsurvey hopefully remains as part of the extension as to ensure the same incentives for optimum in accuracy and fair survey outcomes.

Thanking you in advance for your assistance in this matter and looking forward to your email reply,

Sincerely Yours, I remain,
City of Austin Housing Authority-Resident Advocate

2nd week of April
for feedback
Comprehensive response

COMMUNITY POLICY RECOMMENDATIONS

Background

In June 2008, the Families and Children Task Force produced a final report for the City of Austin.[26] That Task Force comprised a diverse group of volunteers who crafted recommendations regarding policies, practices, and projects the City could adopt to keep families in Austin's central core. That Task Force recognized that the exodus of families from the City is a result of many factors. Its final report worked to address these issues by providing recommendations that promoted and integrated family-friendly housing, child care, and other amenities throughout the city for families of all income levels. However, many of its recommendations have yet to be implemented.

The Schools and Families Work Group's Subcommittee on Community Policy reviewed elements of the 2008 Families and Children Task Force Final Report, updated its recommendations and prioritized them based on short- and long-term timelines for implementation. The subcommittee focused on five topics of the report: Vision and Planning; Child Care; Housing; Parks, Recreation and Open Space; and Transportation.

Several of the recommendations contained in the 2008 report are already being implemented as part of the City's comprehensive planning process. For example, the City's Imagine Austin Plan adopted a vision statement that identifies the need to retain families in the central city, which was a key recommendation of the 2008 Task Force. We applaud these efforts; however, we firmly recommend the continued enactment of key elements of the 2008 report, as part of the City's efforts to harmonize its Land Development Code with the Imagine Austin Comprehensive Plan, an ongoing project known as CodeNEXT. Such activities should include the implementation of policies that encourage the inclusion of key family amenities such as child care services, playgrounds and the expansion of cultural resources that attract families to the urban core. Additionally, the CodeNEXT project should encourage and promote policies to increase diversity in housing sizes and prices so that families with children may access a range of housing options and remain in Central Austin.

Recommendations

Land Development Code

1. **Identify and adopt land use policies through the CodeNEXT project—the City of Austin's revision of the Land Development Code—to further the creation of a diverse range of affordable, family-friendly housing across**

26 City of Austin Families with Children Task Force, Report Recommendations (June 24, 2008), available at http://www.ci.austin.tx.us/housing/downloads/factf_report_08.pdf

Austin, especially in the urban core. The following recommendations should be implemented through this initiative:

a. Family-friendly designs standards. Create a set of family-friendly design standards for developments across the city, in a range of housing types. The design standards should include consideration of the number of bedrooms, access to outdoor play areas (especially areas allowing for close parent supervision), child-friendly common spaces, unit design, safety and security, storage for family items such as strollers, among other criteria. We recommend that Austin's standards be modeled on the best practices developed by the cities of Vancouver, Canada[27] and Portland, Oregon.[28] The family-friendly standards should apply to both affordable and market rate units.

b. Spatial mapping tools. Create mapping tools to establish spatial relationships among schools and family amenities including public parks and open spaces, private parks, recreation areas, sidewalks, child care services, public and private schools, and other family amenities. These maps should be used to help guide planning and development processes for Travis County, City of Austin and AISD.

2. **Create Families With Children Commission.** The JSC should create the Commission, modeled after the Sustainable Food Policy Board, with representatives appointed by the City of Austin, Travis County and AISD. Among its first charges would be overseeing the integration of family-friendly policy recommendations into the Land Development Code revision process. Commissioners would also review planning and development policies for their impact on families with children and submit recommendations to appropriate decision-making bodies as warranted.

Child Care

1. **Develop a strategic plan for child care services**. The City of Austin, AISD and Travis County should work together to improve the affordability, availability, and accessibility of child care. We recommend that the City, AISD and the County perform a comprehensive review of existing child care services and funding sources services and provide dedicated funding for such services where needed.

Housing

1. **Create a Homes & Schools Temporary Rental Assistance Program.** The City of Austin, Travis County and AISD should adopt a permanent "Homes and

27 City of Vancouver, High-density housing for families with children guidelines," 23 March 1992.

28 City of Portland, Family-Compatible Housing Guidelines for the North Pearl District, in the North Pearl District Plan, (Dec. 5, 2008), available at http://www.portlandoregon.gov/bps/article/268304.

Schools temporary rental assistance program" to target housing counseling resources and emergency rental housing assistance funding to low-income families with children in neighborhoods with high rates of student mobility in public schools.

2. **Develop Affordable Housing Vision and Expand Housing Planning Efforts.** The City of Austin should develop a twenty-year vision statement for closing the affordable housing gap in Austin, specifically including families with children. The plan should identify school attendance zones with declining enrollments and seek to target programs to create more family-sized housing in those zones as appropriate.

3. **Explore Partnerships to Increase Family-Friendly Developments.** The City of Austin should create and help fund a model family-friendly development in a densely populated urban area to showcase how good design can attract families with children to denser areas of the city. The City of Austin and AISD should also explore opportunities to partner on creating family-friendly housing on surplus or underutilized government property at or near AISD schools in under-enrolled attendance zones or areas suffering from high rates of student mobility.

4. **Support Family Resource Centers.** AISD campuses with Family Resource Centers (FRCs) have shown declines in student mobility. Consequently, existing FRCs should be maintained with sufficient resources. FRCs should be developed at additional campuses, prioritizing those with high student mobility rates and/or majority low-income.

5. **Sustain the JSC's Integrated Case Management Pilot.** The integrated case management system that was implemented in the Family Resource Centers through the JSC's pilot project is valuable for identifying needs and coordinating services for families and children, and for collecting data on student mobility. This system will require ongoing resources for maintenance and effective use.

6. **Target Government Housing Dollars.** The City of Austin's annual and five-year consolidated housing plans should include specific targets for the creation of affordable housing for low-income families with children, including creation of affordable opportunities for families with children in the urban core.

7. **Align Housing Investments.** The City of Austin's housing investments should align with the needs of families with children; thus the City should seek to ensure affordable units with two or more bedrooms created in developments receiving any type of public subsidy be prioritized for families with children (under 18) and/or persons with disabilities with live-in caretakers. The City should explore legal, non-discriminatory methods for how to achieve such prioritization.

8. **Require that a portion of density bonus program units be made available for families with children.** The City of Austin should modify existing density bonus programs and tailor future density bonus programs so that the number of affordable units required is based on the square footage of the development (or density space) instead of the number of units in the development (or density units) and require that the bedroom composition of the affordable units reflect the bedroom composition of the entire development. For affordable units with two or more bedrooms created under density bonus programs, require that the units are rented or sold only to families with children and persons with disabilities with live-in caretakers.

9. **Encourage rehabilitation and preservation of currently affordable housing.** The City of Austin and Travis County should create programs to promote—through incentives or other innovative approaches—the rehabilitation of aging rental properties while maintaining those properties as affordable housing; these programs should be targeted toward complexes that cater to families and children.

10. **Implement a Tenant Relocation Policy.** The City of Austin should develop a policy under which tenants with school-aged children in properties that are being vacated for redevelopment or renovation would be allowed to remain in their units through the school year or, at minimum, the semester.

11. **Housing Resource Website and Marketing.** It is very difficult for a family (or anyone) trying to find affordable housing in Austin to learn about existing resources. The City of Austin should work with nonprofit and for-profit developers to develop or enhance a centralized, easy-to access "one-stop" website portal listing currently available affordable housing units and units coming online.

12. **Educational Impact Statement.** The City of Austin, Travis County and Austin ISD should re-evaluate the Educational Impact Statement Process to determine if reporting should be strengthened or broadened in light of increased development and/or population growth.

Parks, Recreation, and Open Space

1. **Increase accessibility of public parks.**
    a. Set New Goals for Green Space Access. The City Council should adopt the recommendations of the Urban Parks Work Group[29] to fulfill the City's goal that every resident in the city will live within a quarter-mile

29 City of Austin Urban Parks Work Group, Report Recommendations (Oct. 6, 2011), available at http://centralaustincdc.org/parks/urban-parks-Work Group-final-report.pdf.

(for the urban core) or half-mile of a park or public green space. Include at least $25 million in bonds in the next bond referendum for the acquisition and development of urban parks, and partner with other Texas cities to ask the Texas Legislature to grant home-rule cities the authority to create by referendum special citywide parks districts with funding authority.

b. Enhance Parks Planning Process to Consider Children. All City of Austin planning efforts pertaining to parks and open spaces should take into consideration the special needs of children of all ages and include family-friendly amenities.

c. Dedicate Parkland in Large Developments. For large residential developments (including all large residential developments in a Transit Oriented-Development District and in a city density corridor), PARD should require parkland to be dedicated instead of allowing for an in-lieu-of fee. However, in some situations it may be appropriate to allow up to 50 percent of the parkland dedication requirement to be met by a payment of an in-lieu-of fee. If the land is undevelopable as traditional parkland, PARD should consider other innovative recreational amenities that will appeal to families with children.

d. Incorporate Play Features in Public Spaces. The City of Austin should continue to include innovative, child friendly features and play spaces in all large public spaces (both outdoor and indoor spaces), building on the model project being developed at the new downtown library site. The City of Austin should provide for a playscape or other outdoor, child-friendly features at all city libraries.

e. Provide Bike and Pedestrian Paths. The City of Austin should implement the vision from the Imagine Austin Comprehensive Plan and the Bicycle, Sidewalk, and pending Urban Trails Master Plans of providing connectivity of green space and bike and pedestrian paths across the city.

f. Provide Adequate Funding for Maintenance. The City of Austin should provide adequate funding for PARD to be able to properly operate and maintain its existing and new facilities.

g. Extend City of Austin Pool Hours. The City of Austin should provide funding to allow PARD to extend pool hours during the day and for an extended period of the year and to address current inequities in pool access by geographic area of the city.

2. Expand cultural and family-related events.

a. Expand Afterschool and Summer Programs. The City of Austin and AISD should enter into additional collaborations and shared-use agreements with each other, with nonprofits, and with civic groups to create additional summer and afterschool indoor recreational activities at underutilized campuses for children of all ages and all abilities.

b. Create Pedestrian Zones. The City Council should continue to promote the ideas brought forth by *Viva Street!* and other special events by closing certain streets in the downtown area on weekends to promote car-free family areas, and to facilitate the ability of neighborhoods to close selected streets on the weekends to create family play zones.

c. Enliven Public Spaces. The City of Austin should create additional public gathering spaces in downtown and throughout the city and incorporate child-friendly and family-friendly features into existing public spaces.

d. Use Cultural Arts to Attract Families Downtown. The City of Austin, in partnership with other public and private entities, should seek opportunities to use the cultural arts to attract families with children and others to downtown spaces, including investments in the city's alley network and adoption of the recommendations in the Austin Downtown Commission's Work Group on activating downtown alleys.

e. Expand Support for Library System. The City of Austin should continue to expand its budgetary support of the central library and the branch libraries. City Council should also explore expanding the Austin History Center to include a museum with programming for children, adults, and families.

f. Support Neighborhood-Based Cultural Activities. In collaboration with local businesses, cultural organizations and institutions, AISD, and other partners, the City of Austin should support neighborhood-based cultural activities and the development of cultural and heritage community/neighborhood districts.

g. Create Life-Long Engagement in Cultural Arts. The City's libraries and relevant departments should collaborate with AISD, local businesses, and cultural organizations in developing programs that would enrich life-long active engagement in the cultural arts.

h. Introduce Downtown Family Nights. In partnership with local businesses, the City should initiate a monthly downtown "family night", perhaps during a trial period during the summer. This initiative might include electively closing streets to promote safe walking and create areas for play; encouraging restaurants to offer children's menu options;

encouraging museums and clubs to provide child-oriented entertainment; and linking with other family-friendly events, such as "Movies in Republic Square."

Transportation

1. **Coordinate with AISD and Travis County to create safe routes to schools, parks, and libraries plan by 2015.** This should include the following actions:
    a. Encourage the use of appropriate signage to remind drivers to stop at crosswalks.
    b. Increase enforcement for safe walking routes through city including but not limited to increased fines and red light cameras to ensure motorist compliance.
    c. Encourage car-free drop off areas at each elementary, middle, and high school, where practical.
    d. Educate at least 50 percent of Principals and CAC members about the Plan and involve them in development of the plan and its implementation.

2. **Target bond funding for bicycle/pedestrian improvements to support access to parks, libraries and schools.** The City of Austin should focus on implementing the Sidewalk and Bicycle Master Plans and supporting the Urban Trails Master Plan to encourage active transportation routes to schools. Bond funding for active transportation projects should be prioritized.

3. **Improve access to Capital Metro for families.** The JSC should contact Capital Metro with the goal of establishing a pilot program to engage school campuses in its Try Transit program, and to identify additional cost effective measures to better serve schools and families.

4. **The City of Austin should direct the Austin Transportation Department to develop a pilot project to retrofit 10 neighborhood streets across the city into shared streets, also known as living streets or homes zones.** Through their design, shared streets place an emphasis on pedestrian scale and traffic calming, permitting children to play safety in front of their homes. The City of Austin should also direct the Transportation Department to build collaborations on this effort across all departments and with AISD's Director of Transportation as well as other government entities including Capital Metro.[30]

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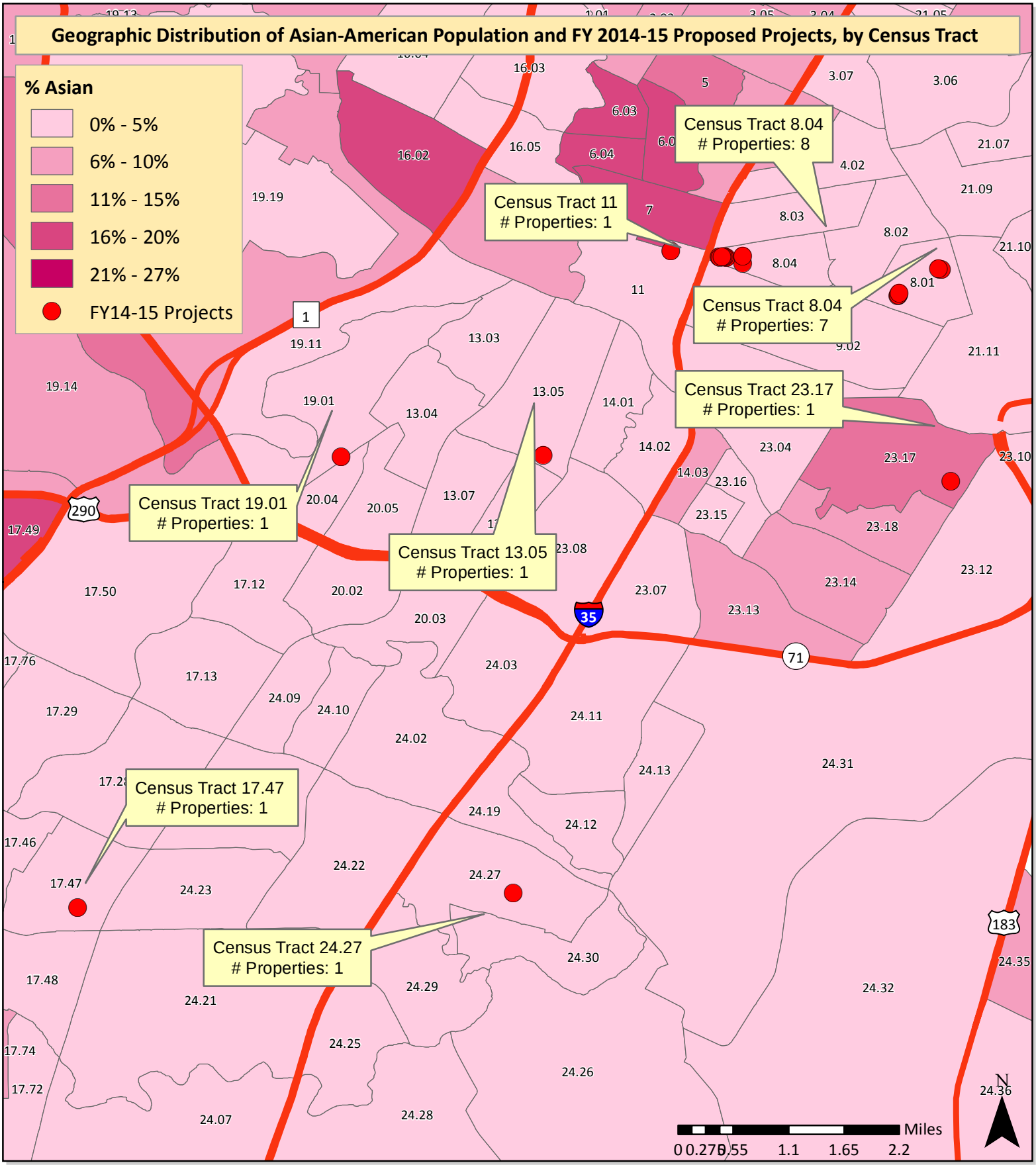
30 The shared street concept, which originated as "woonerfs" in the Netherlands, has been adopted by cities throughout the world. NACTO's new design guidelines include a section on shared streets. The City of San Francisco, for example, also has its own design guidelines for shared streets. Chicago is in the process of designing its first shared street. Santa Monica finished its first shared street transformation last year in a residential neighborhood where residents were concerned about crime and quality of life, in an effort to bring about a stronger sense of neighborhood and to promote walking and cycling. Aukland, Australia is putting in place the shared street concept throughout the city. Great Britain has funded the retrofitting of dozens of shared streets under its "Home Zone" program.

5. **Redesign the City of Austin's Pedestrian Program to more closely resemble the city's Bicycle Program.** The city's bicycle program has been able to cut across city silos and dramatically expand the city's cycling facilities through strong leadership and integration of planners and engineers. The Pedestrian Program is currently focused primarily on repairing and adding sidewalks to comply with the Americans Disabilities Act. In addition to addressing the critical gaps in sidewalk accessibility, the Program should identify other opportunities to increase pedestrian-oriented environments. Similar to the role of the Bicycle Program manager, a Pedestrian Program manager could serve as "walkability" advocate, to cut through city bureaucracy, proactively seek out opportunities to improve walkability in the city, and build collaborations across departments. A pedestrian program manager could also coordinate with AISD Director of Transportation to improve student safety in school areas.

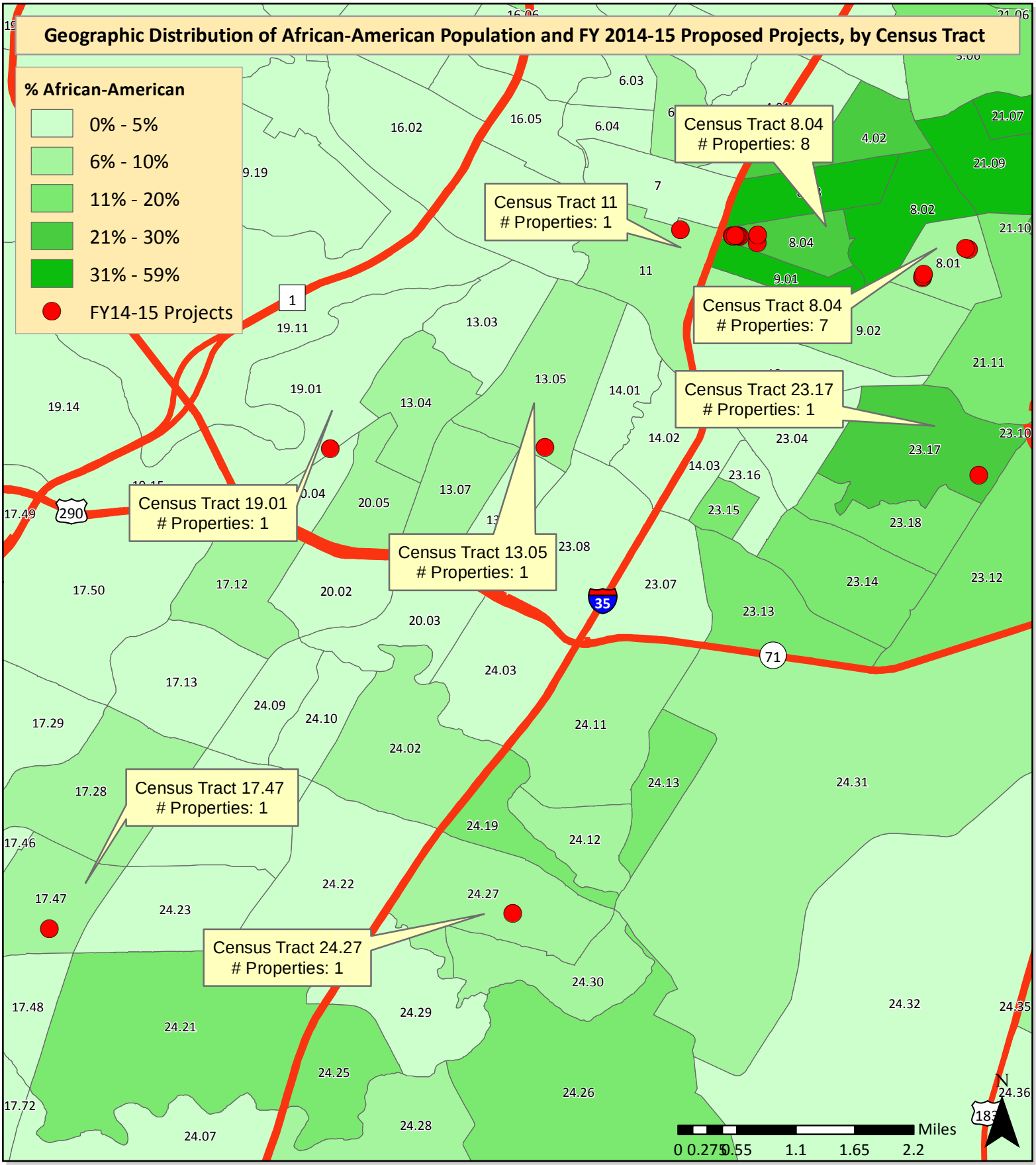
Appendix II: Maps

DRAFT



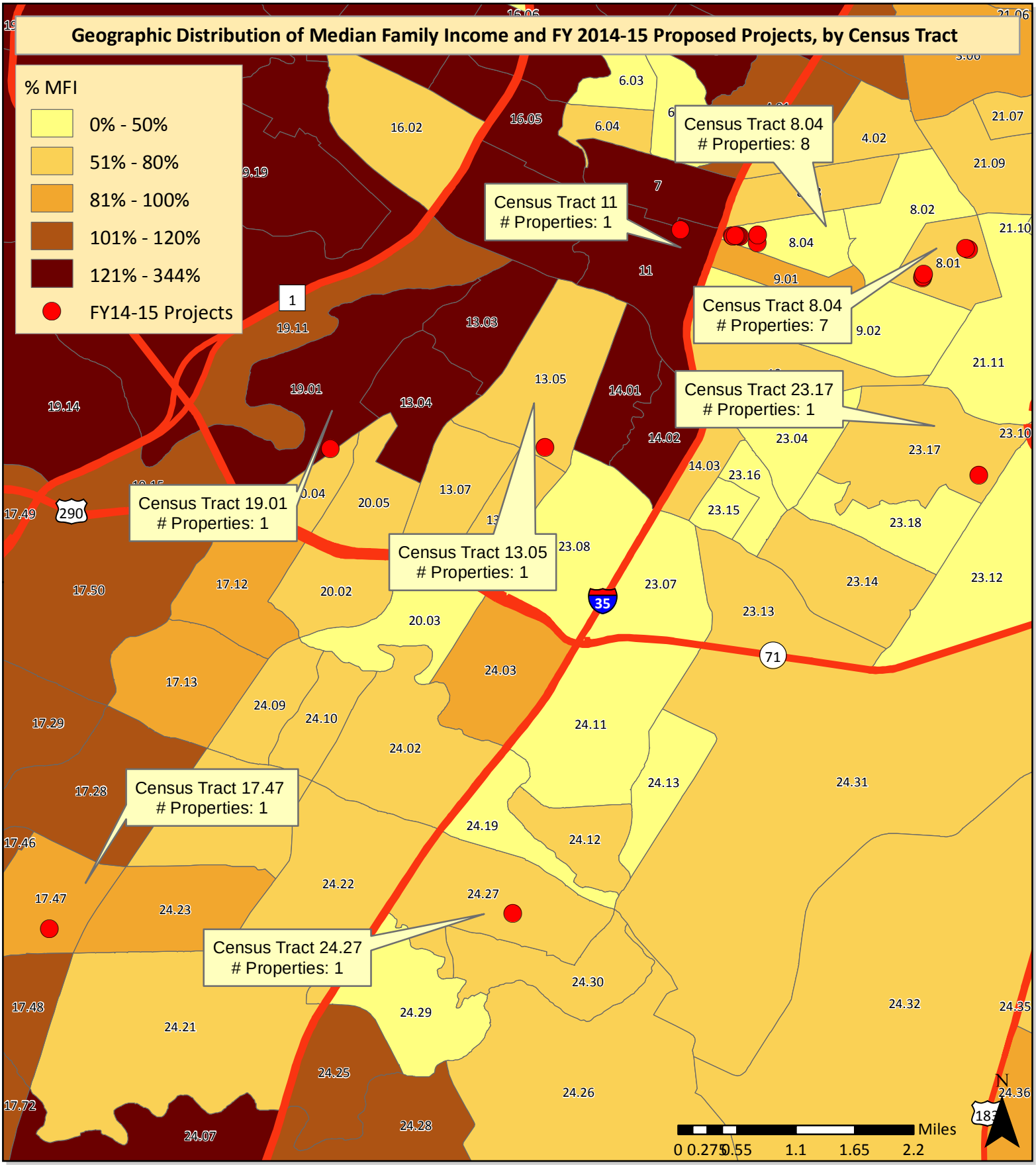
Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.



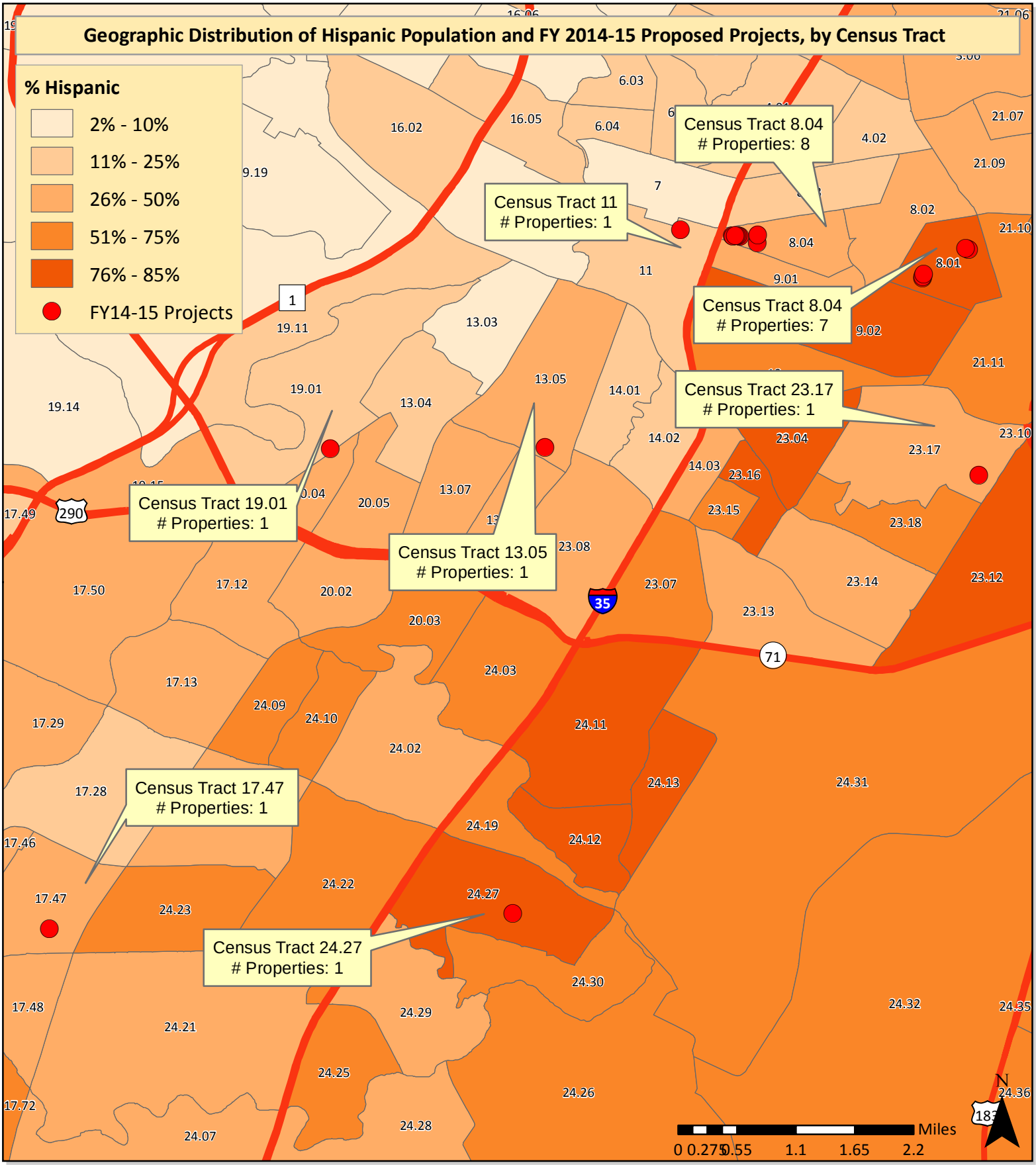
Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.



Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.



Author: City of Austin, NHCD
Source: 2010 U.S. Census
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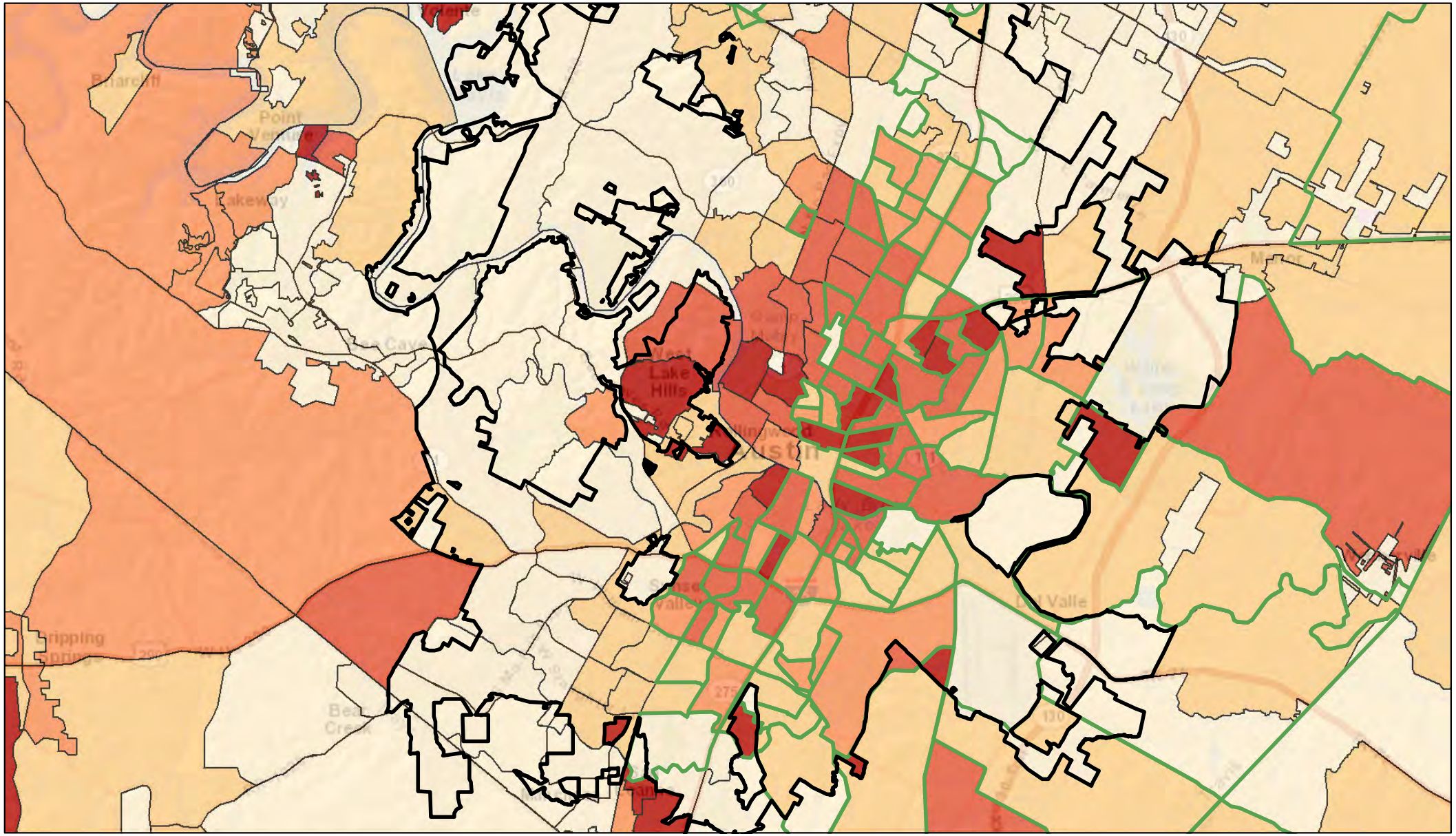
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.

CPD Maps - Need for Rehabilitation: Rental



June 3, 2014

Override 1 **RentalHousingBuiltBefore1980**

Low Mod Tract **B25036_RENT_80MINUS_PCT**

<15.6%

15.6-42.66%

42.66-65.75%

65.75-86.85%

>86.85%

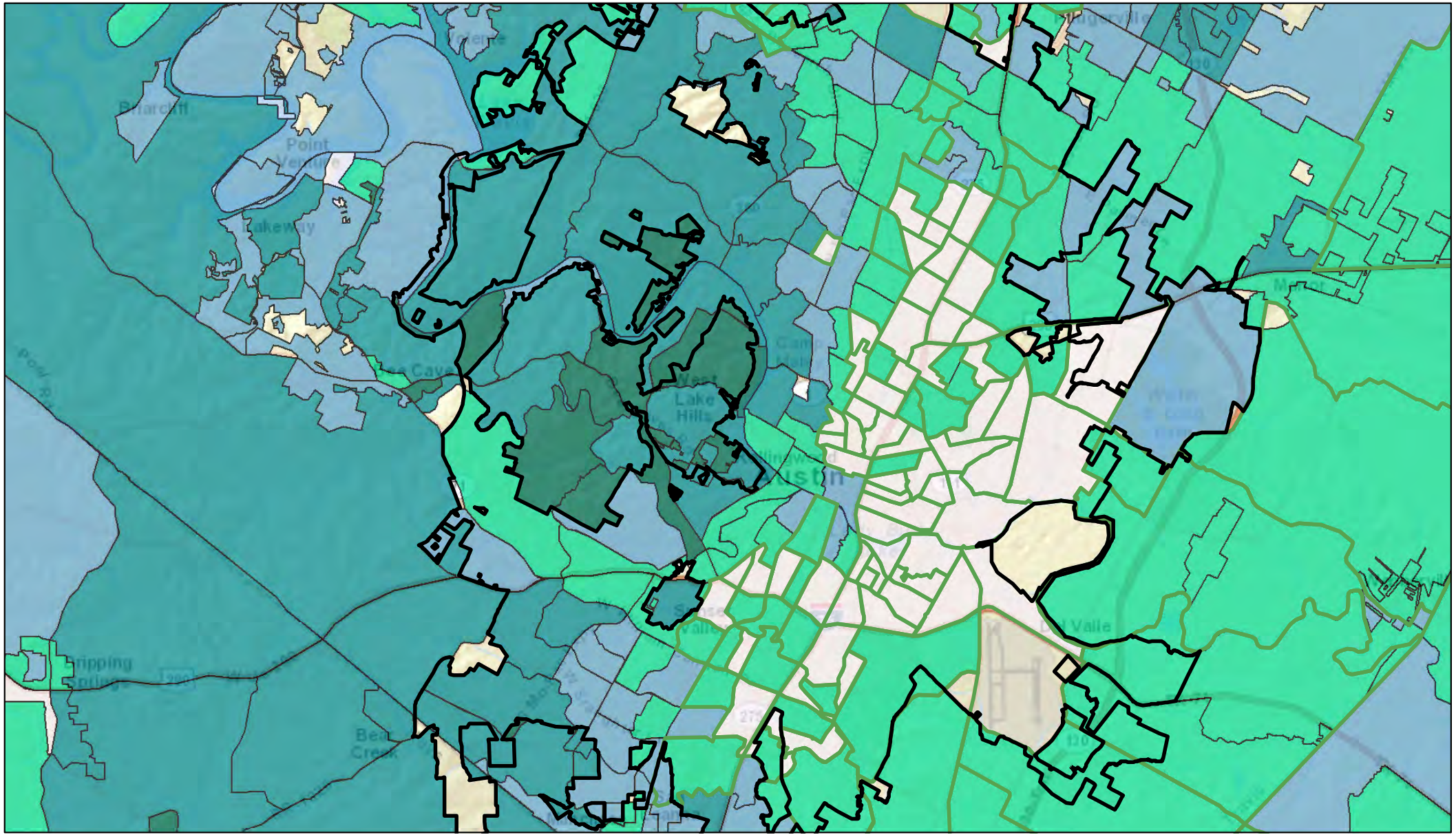
1:251,289

0 2 4 8 mi

0 3.25 6.5 13 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Median Household Income



June 3, 2014

Override 1

Low Mod Tract

MedianHouseholdIncome

B19013EST1

- <$38,459
- $38,459-$61,745
- $61,745-$93,641
- $93,641-$154,474
- >$154,474

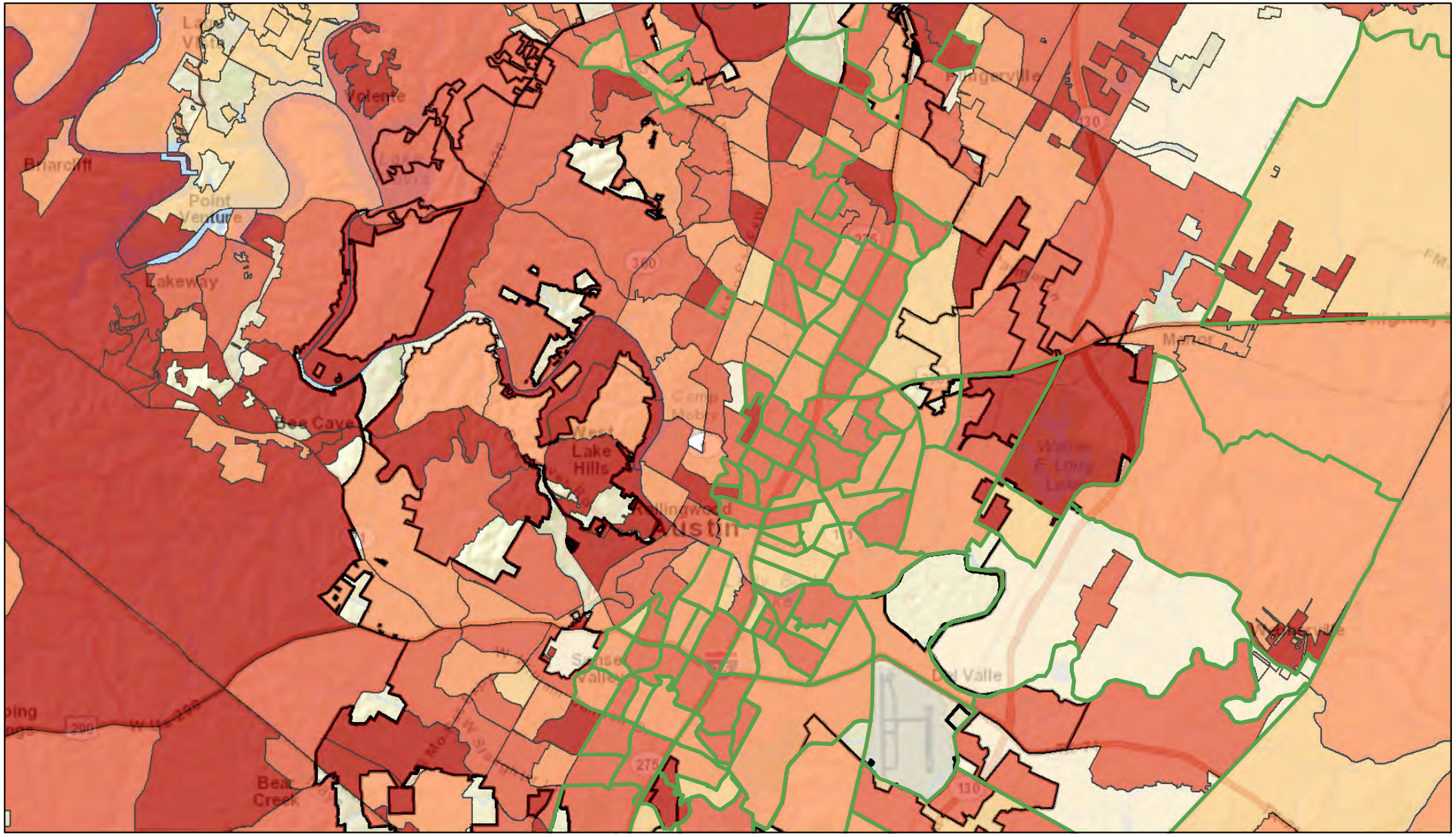
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - % of Low Income Households with Any of 4 Severe Housing Problems



June 4, 2014

Low Mod Tract

LIHHWithHousingProblems

T2_LE50_HP2_PCT

- <17.16%
- 17.16-40.96%
- 40.96-60.63%
- 60.63-83.64%
- >83.64%
- Override 1

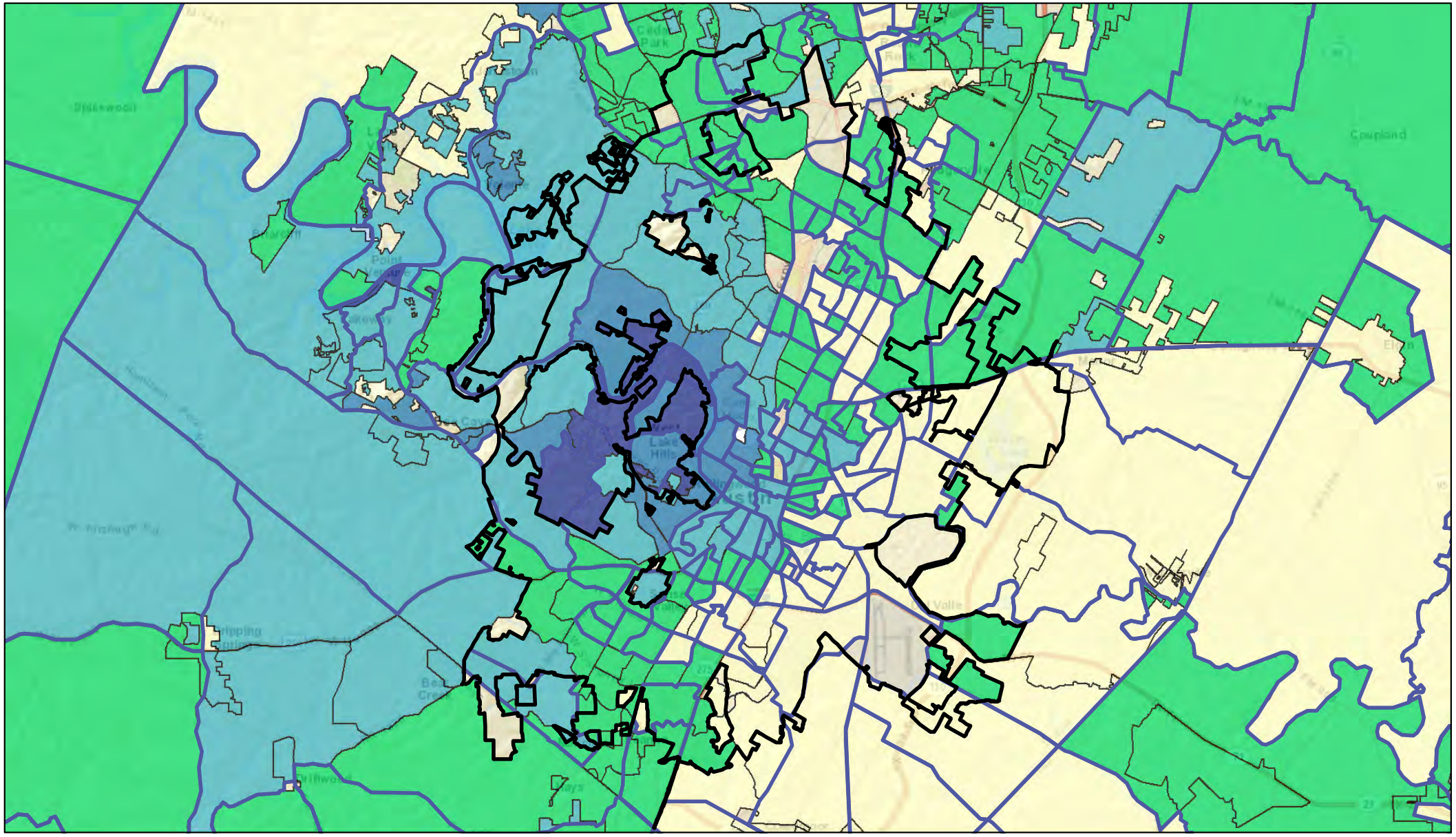
1:255,856

0 2.25 4.5 9 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Homebuyer Zones



June 3, 2014

Override 1

Vacancy Rate >7%

MedianHomeValue

B25097EST1

- <$140,400
- $140,400-$272,900
- $272,900-$463,100
- $463,100-$740,800
- >$740,800

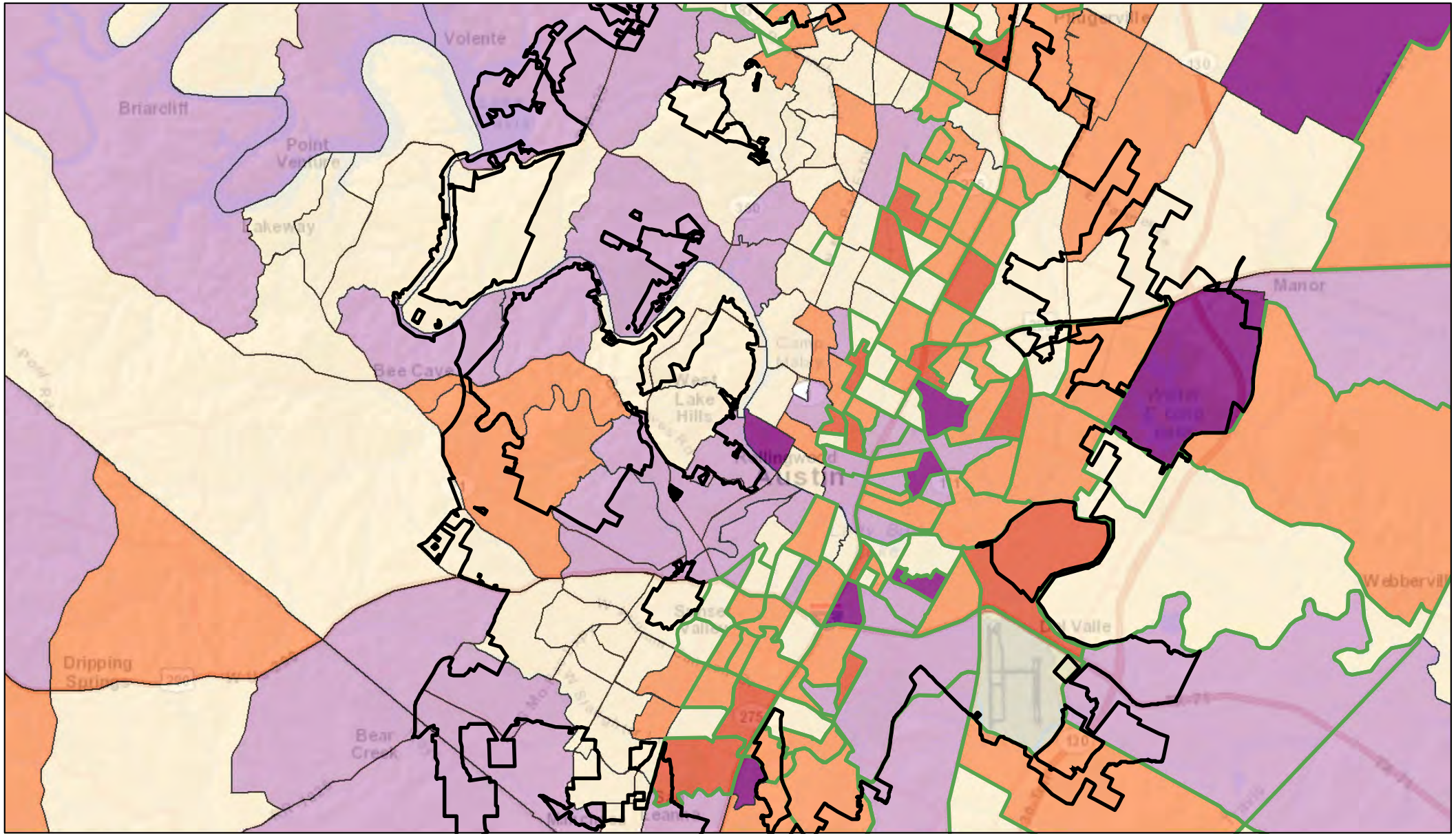
1:352,493

0 3 6 12 mi

0 4.75 9.5 19 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Change in Poverty Rate



June 3, 2014

Override 1

Low Mod Tract

PercentPointChangeInPovertyRate

PPT_POV_RATE

- <-7.54
- -7.54-0.06
- 0.06-5.99
- 5.99-15.23
- >15.23

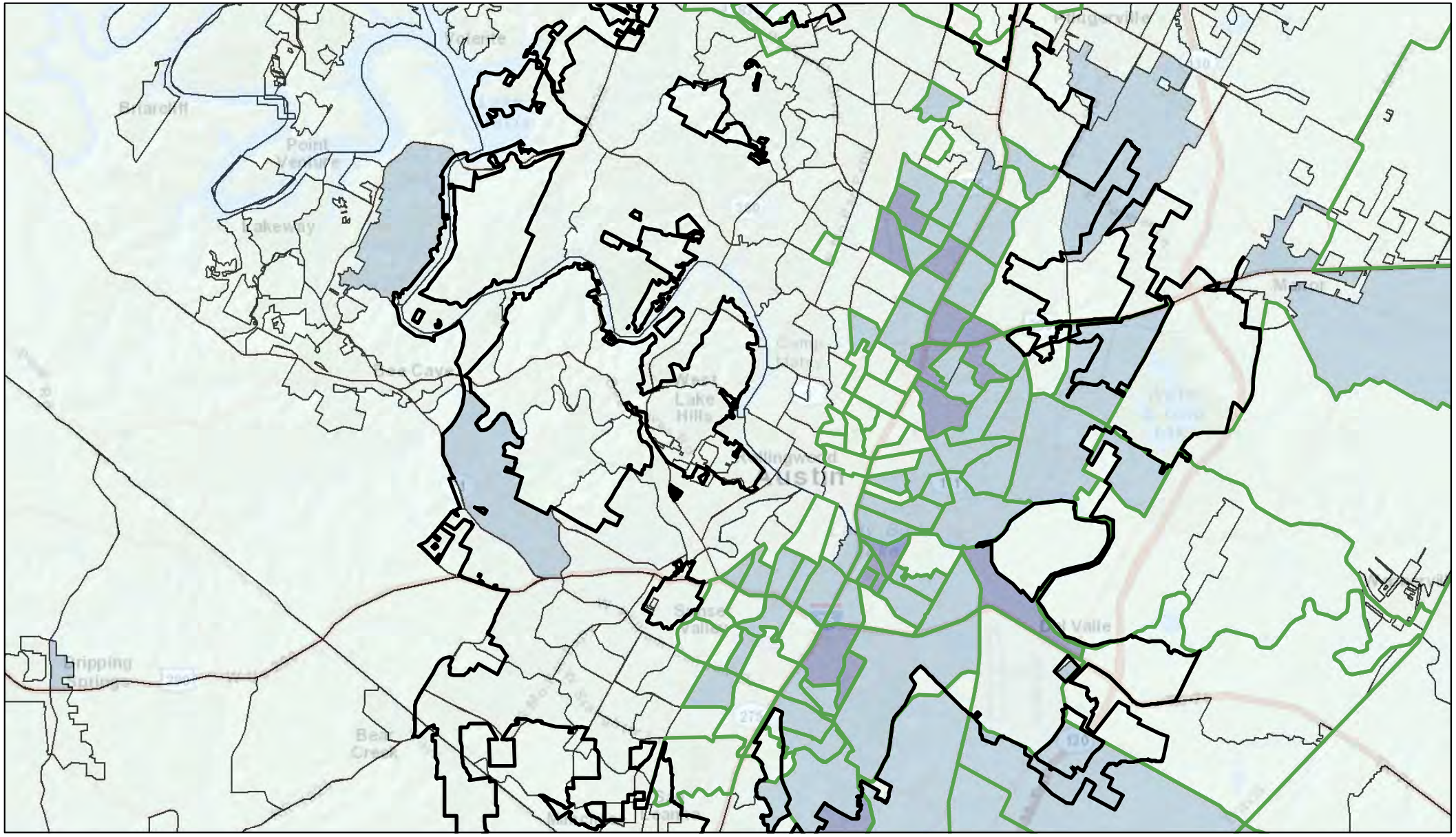
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Change in % Non-English Speaking



June 3, 2014

Override 1 **NonEnglishSpeaking**

Low Mod Tract **B16005NE_PCT**

- 3.5-13.56%
- 13.56-34.35%
- <3.5%

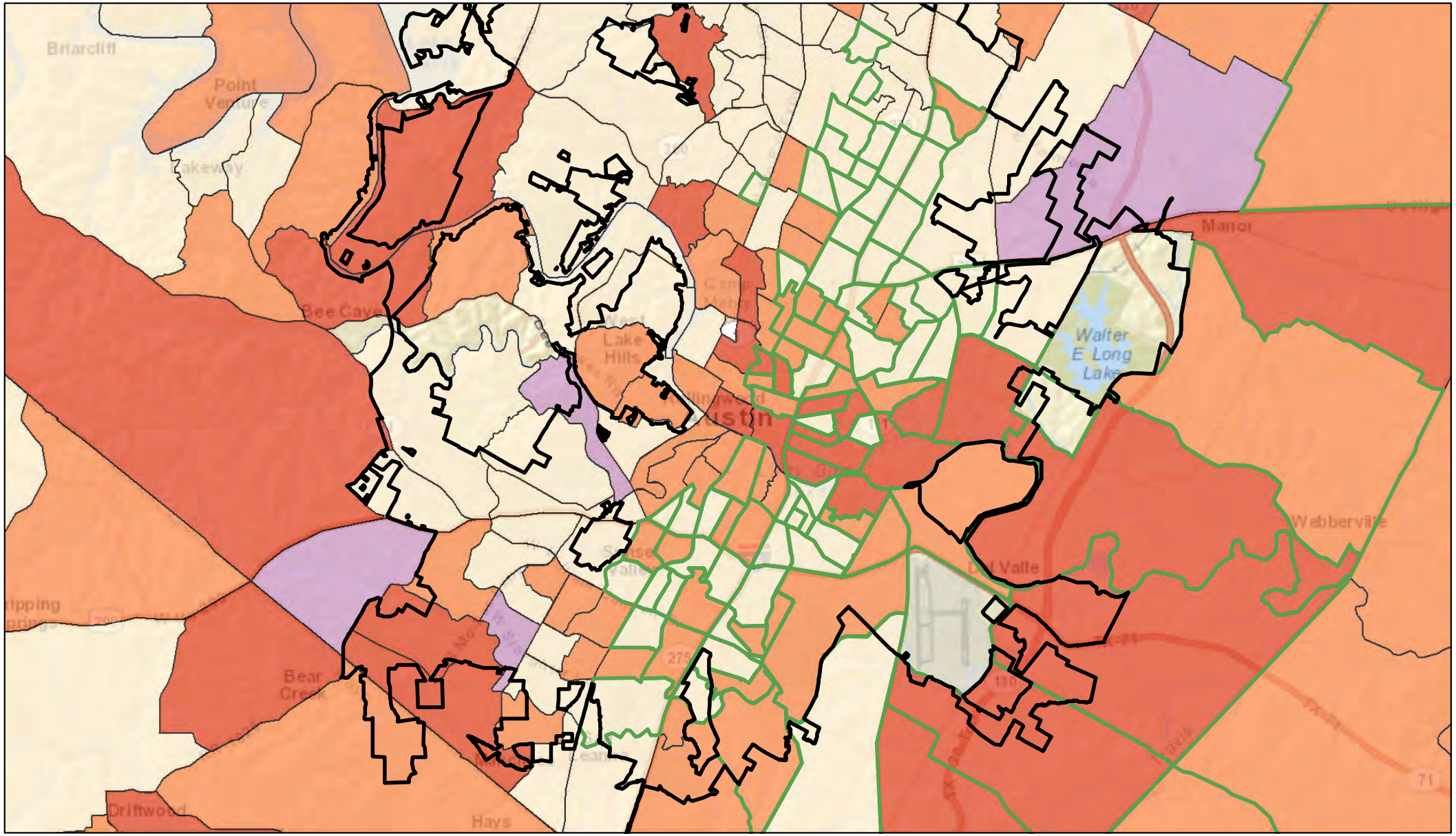
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Change in Median Rent



June 3, 2014

Override 1

Low Mod Tract

ChangeInMedianRent

PCT_MED_CONTRACT_RENT

-193.9--27.58%

-27.58-16.62%

16.62-35.42%

>35.42%

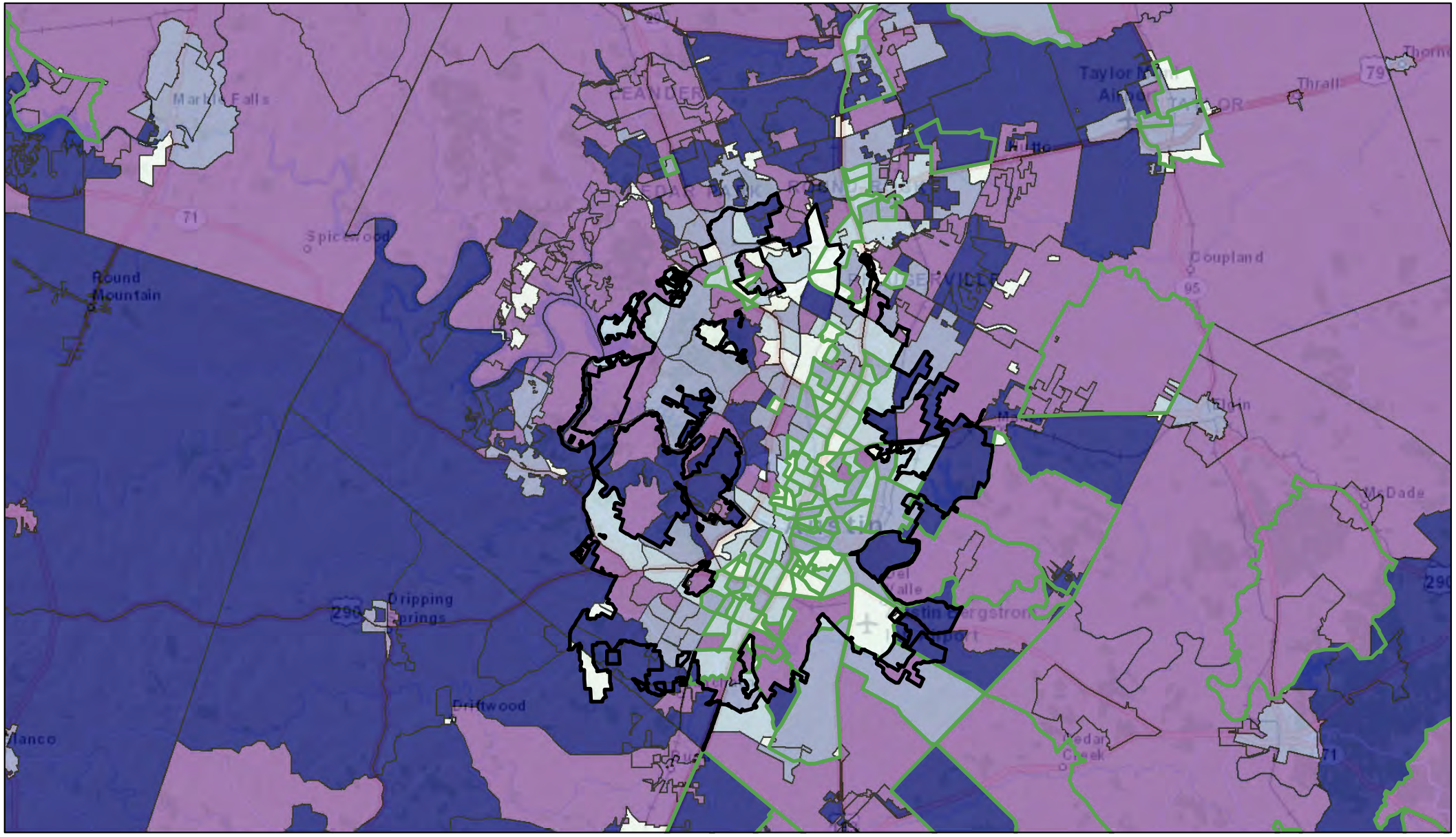
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - % Owner Occupied Housing



June 3, 2014

Override 1 **OwnerOccupiedHousing**

Low Mod Tract **B25009EST2_PCT**

- <18.58% Owner Occupied
- 18.58-47.9% Owner Occupied
- 47.9-69.59% Owner Occupied
- 69.59-87.34% Owner Occupied
- >87.34% Owner Occupied

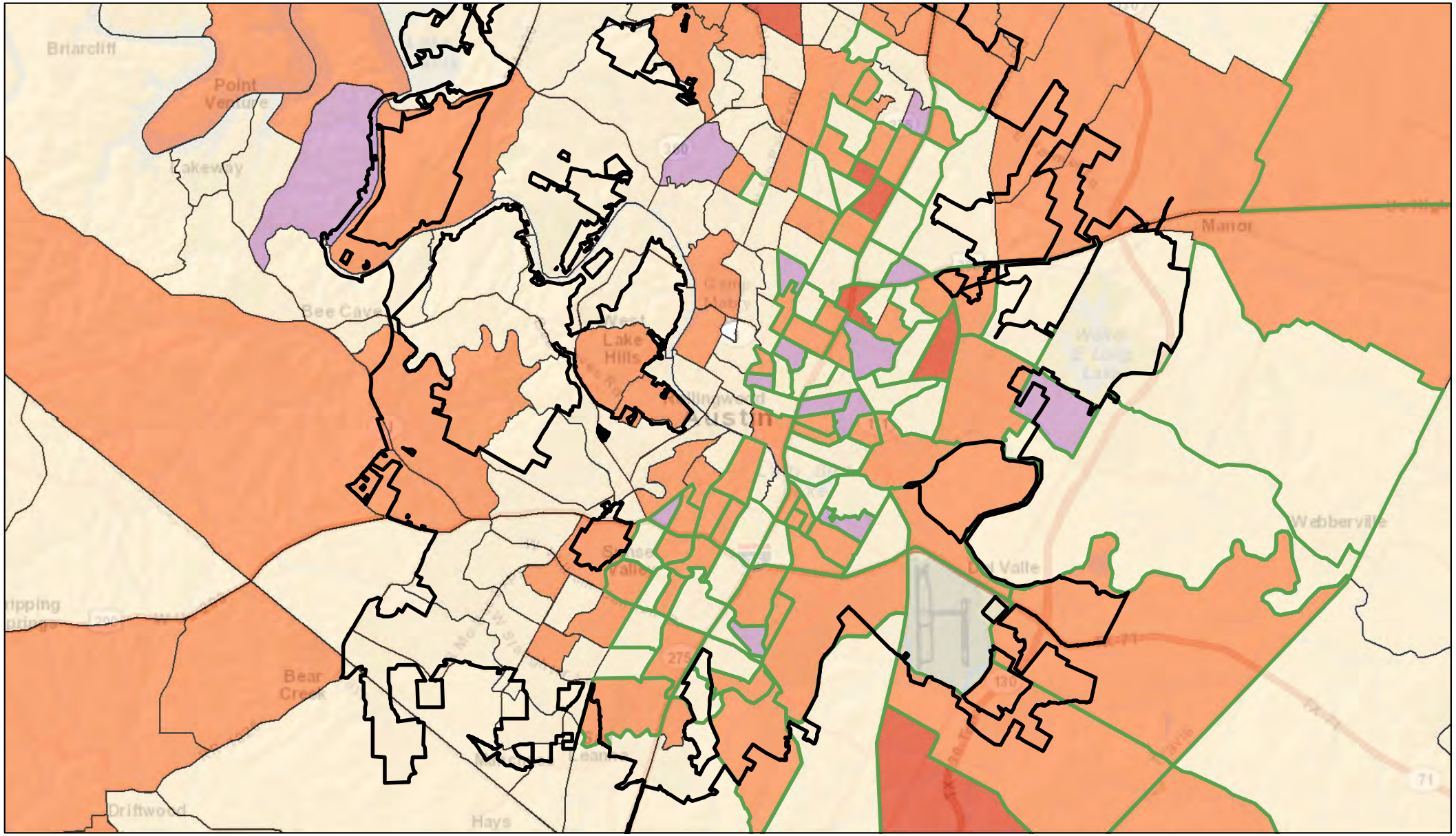
1:504,505

0 4.25 8.5 17 mi

0 5 10 20 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Workforce Development Opportunities



June 3, 2014

Override 1

Low Mod Tract

PercentPointChangeUnempRate

PPT_UNEMPLY_RATE

-16.38--2.55

-2.55-2.94

2.94-9.17

>9.17

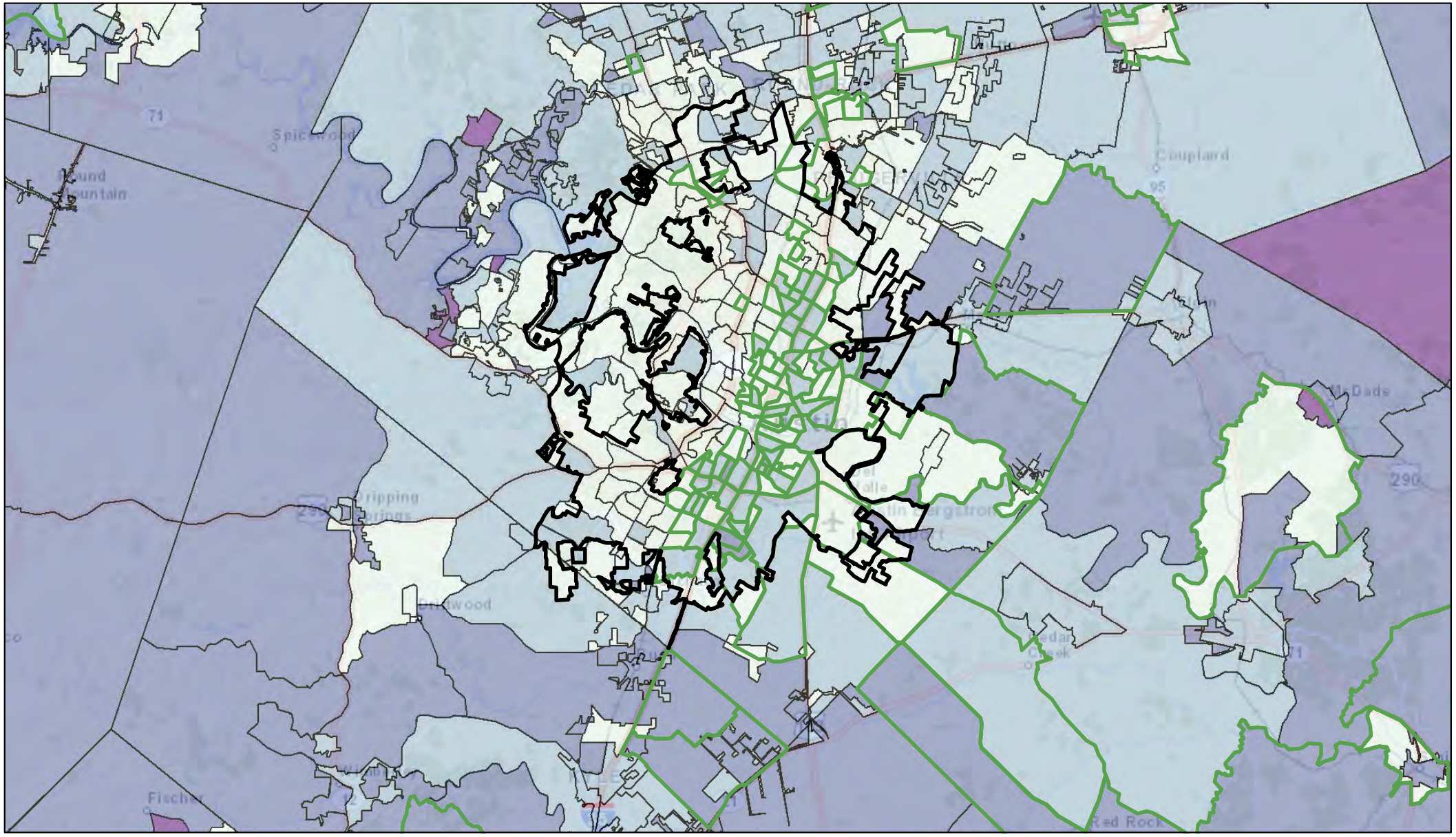
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Workers with Long Commutes



June 3, 2014

Override 1

Low Mod Tract

CommuteTimeGT60Min

B08303_60PLUS_TTW_PCT

<4.75%

4.75-13.8%

13.8-28.79%

28.79-64.1%

>64.1%

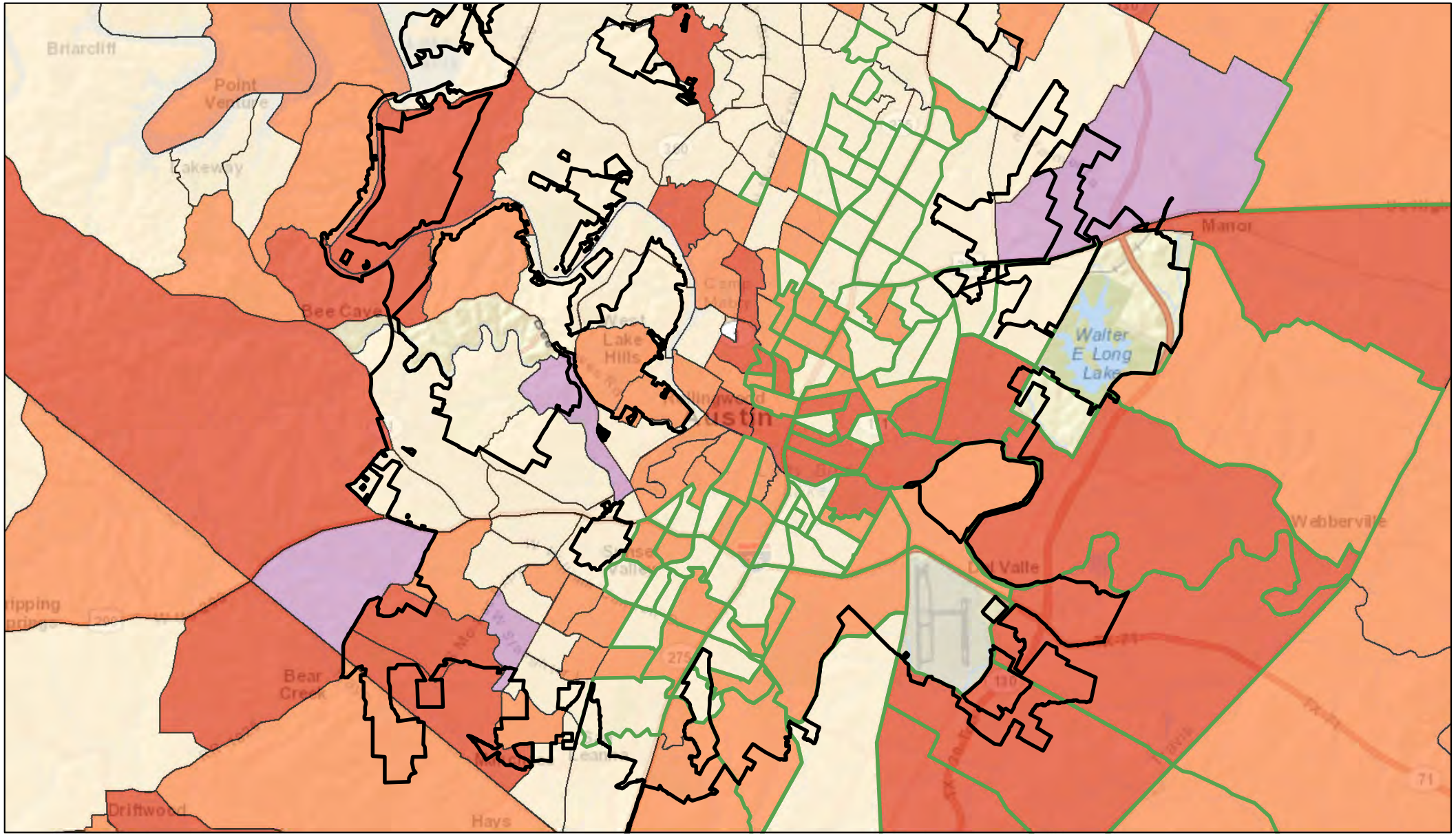
1:504,505

0 4.25 8.5 17 mi

0 5 10 20 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Risk of Homelessness from Increased Rent



June 3, 2014

Override 1

Low Mod Tract

ChangeInMedianRent

PCT_MED_CONTRACT_RENT

-193.9--27.58%

-27.58-16.62%

16.62-35.42%

>35.42%

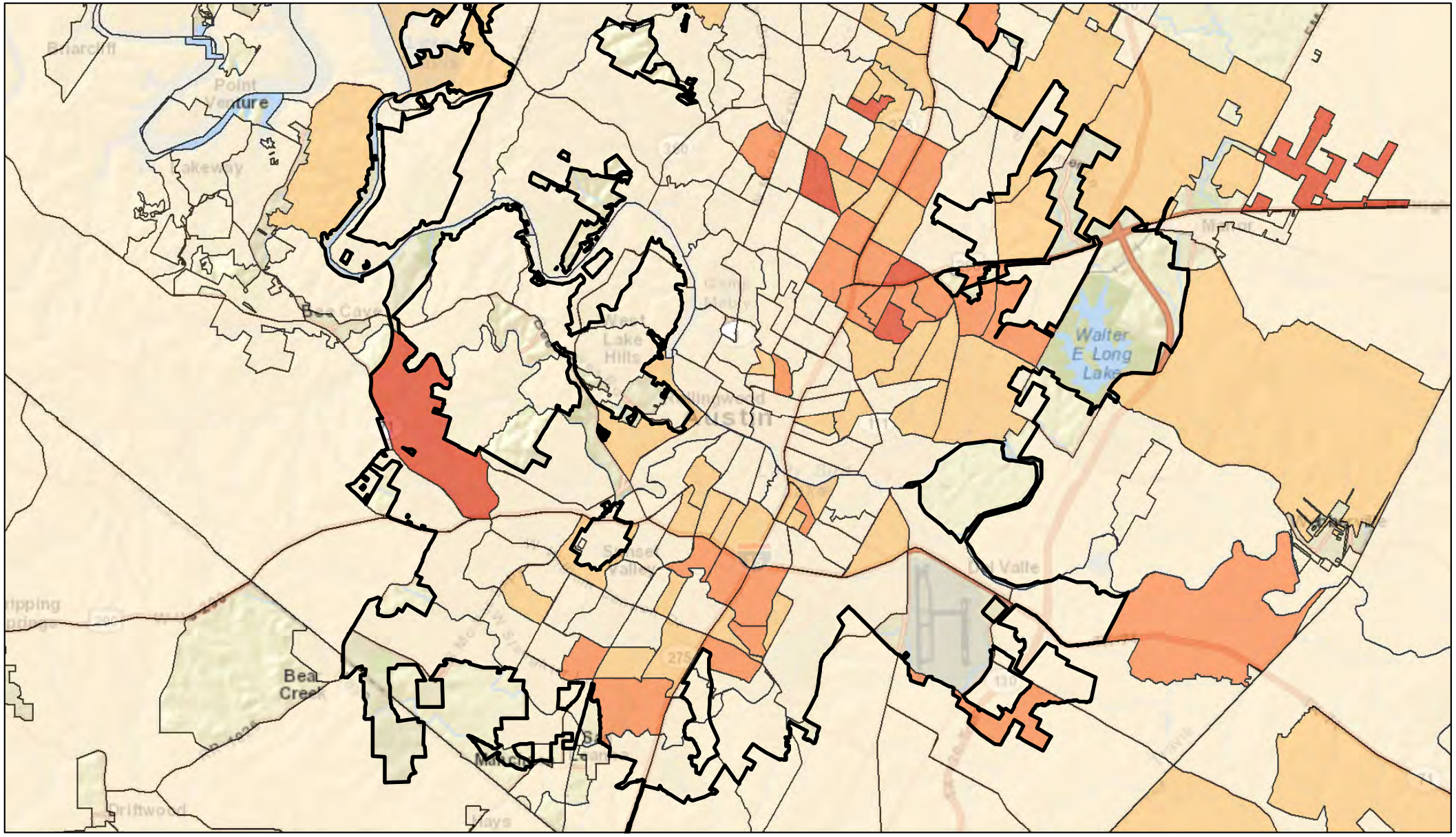
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Risk of Homelessness from Housing Instability



June 3, 2014

Override 1 **ELIHHWithOvercrowding**

T10_LE30_OC_PCT

- <5.49%
- 5.49-17.91%
- 17.91-35.9%
- 35.9-70.69%

1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Appendix III: Program Guidelines and Supporting Documents

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Appendix IIIA: Resale and Recapture Policies

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RESALE AND RECAPTURE POLICIES

Participating Jurisdictions (PJs) undertaking HOME-assisted homebuyer activities, including any projects funded with HOME Program Income (PI), must establish written resale and/or recapture provisions that comply with HOME statutory and regulatory requirements. These provisions must also be set forth in the PJ's Consolidated Plan. The written resale and/or recapture provisions that a PJ submits in its annual Action Plan must clearly describe the terms of the resale and/or recapture provisions, the specific circumstances under which these provisions will be used (if more than one set of provisions is described), and how the PJ will enforce the provisions for HOME-funded ownership projects. HUD reviews and approves the provisions as part of the annual Action Plan process.

The purpose of this section is to provide the "resale" and "recapture" policies of the City of Austin's Neighborhood Housing and Community Development Department (NHCD) and its subrecipient, the Austin Housing Finance Corporation (AHFC). As stated above, HOME requires that PJs utilize resale and/or recapture provisions to ensure continued affordability for low- to moderate-income homeowners and as a benefit to the public through the wise stewardship of federal funds.

NHCD has three programs which use HOME funds to assist homeowners or homebuyers:

1. Down Payment Assistance (DPA) - new homebuyers;
2. Acquisition and Development (A&D) - developers of new ownership housing, and;
3. Homeowner Rehabilitation Loan Program (HRLP) - owners of existing homes.

Resale

This option ensures that the HOME-assisted units remain affordable over the entire affordability period. The Resale method is used in cases where HOME funding is provided directly to a developer to reduce development costs, thereby, making the price of the home affordable to the buyer. Referred to as a "Development Subsidy," these funds are not repaid by the developer to the PJ, but remain with the property for the length of the affordability period.

Specific examples where the City of Austin would use the resale method include:

1. providing funds for the developer to acquire property to be developed or to acquire affordable ownership units;
2. providing funds for site preparation or improvement, including demolition; and
3. providing funds for construction materials and labor.

The City of Austin Resale Policy

Notification to Prospective Buyers. The resale policy is explained to the prospective homebuyer(s) prior to signing a contract to purchase the HOME-assisted unit. The prospective homebuyer(s) sign an acknowledgement that they understand the terms and conditions applicable to the resale policy as they have been explained. This document is included with the executed sales contract. (*See attached Notification for Prospective Buyers on Page IV-11.*)

Enforcement of Resale Provisions. The resale policy is enforced through the use of a Restrictive Covenant signed by the homebuyer at closing. The Restrictive Covenant will specify:

1. the length of the affordability period (based on the dollar amount of HOME funds invested in the unit; either 5, 10, or 15 years);
2. that the home remain the Buyer's principal residence throughout the affordability period; and
3. the conditions and obligations of the Owner should the Owner wish to sell before the end of the affordability period, including;

    a. the Owner must contact the Austin Housing Finance Corporation in writing if intending to sell the home prior to the end of the affordability period;
    b. The subsequent purchaser must be low-income as defined by HOME, and occupy the home as his/her new purchaser's primary residence for the remaining years of the affordability period. (However, if the new purchaser receives direct assistance through a HOME-funded program, the affordability period will be re-set according to the amount of assistance provided); and
    c. The sales price must be affordable to the subsequent purchaser; affordable is defined as limiting the Principal, Interest, Taxes and Insurance (PITI) amount to no more than 30% of the new purchaser's monthly income.

Fair Return on Investment. The City of Austin will administer its resale provisions by ensuring that the Owner receives a fair return on his/her investment and that the home will continue to be affordable to a specific range of incomes. Fair Return on Investment means the total homeowner investment which includes the total cash contribution plus the approved capital improvements credits as described below:

1. The amount of the down payment;
2. The cost of any capital improvements, <u>documented with receipts provided by the homeowner</u>, including but not limited to:

    a. Any additions to the home such as a bedroom, bathroom, or garage;
    b. Replacement of heating, ventilation, and air conditioning systems;
    c. Accessibility improvements such as bathroom modifications for disabled or elderly, installation of wheel chair ramps and grab bars, any and all of which must have been paid for directly by the Owner and

which were not installed through a federal, state, or locally-funded grant program; and

d. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.

Note: All capital improvements will be visually inspected to verify their existence.

3. The percentage of change as calculated by the **Housing Price Index** (HPI) Calculator of the Federal Housing Finance Agency. The HPI Calculator is currently located at www.fhfa.gov/Default.aspx?Page=86 and projects what a given house purchased at a point in time would be worth today if it appreciated at the average appreciation rate of all homes in the area. The calculation shall be performed for the Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area.

Affordability to a Range of Buyers. The City will ensure continued affordability to a range of buyers, particularly those whose total household incomes range from 65 percent to no greater than 80 percent MFI. If the City of Austin or the Austin Housing Finance Corporation implements a Community Land Trust, the range of incomes will be broadened considerably.

Sales prices shall be set such that the amount of Principal, Interest, Taxes, and Insurance does not exceed 30 percent of the new Buyer's annual income. For FY 2012-13, the affordable sales price shall not exceed $175,000, which would be affordable to a 4-person household at 80 percent MFI at today's lower home mortgage interest rates.

Example: A home with a 10-year affordability period was purchased six years ago by a person (the "original homeowner") who now wishes to sell. The original homeowner's mortgage was $52,250 at 6.75% interest for 30 years, and has made payments for 72 months. The current mortgage balance is $48,270. The principal amount paid down so far is $3,980.

Calculating Fair Return on Investment.

Down payment: The original homeowner was required to put down $1,000 earnest money at the signing of the sales contract.

Cost of Capital Improvements: The original homeowner had a privacy fence installed four years ago at the cost of $1,500 and has receipts to document the improvement. A visual inspection confirmed the fence is still in place.

Percentage of Change. The original purchase price for the home was $55,000 and the amount of developer subsidy was $25,000, thus requiring the 10-year affordability period.

For the purposes of using the Federal Housing Finance Agency's Housing Price Index calculator, the home was purchased in the 3rd Quarter of 2006, and will be

calculated using the most current quarter available, 1st Quarter 2012. Using the Housing Price Index calculator, the house would be worth approximately $61,112.

Calculating the Fair Return to the Original Owner:

Down payment:	$1,000
Capital Improvements:	$1,500
Principal Paid:	$3,980
Increase in value per HPI:	$6,112
	$12,592 Fair Return on Investment

In order to realize a fair return to the original homeowner, the sales price must be set at roughly $61,000 (i.e., $55,000 [$3,980 in principal payments made plus remaining mortgage balance of $48,270] +$1,000 down payment + $1,500 capital improvements + $6,112 HPI increase = $60,862)

Affordability for a Range of Buyers. If the original homeowner sets the sales price at $61,000 to get a fair return on investment, and if current (2012) assumptions are used for front/back ratios, interest rates, insurance, taxes, an 80% Loan-to-Value (LTV) Ratio, etc., the monthly PITI would be approximately $483.

The PITI of $483 could, in theory, be supported by an annual household income of $19,500 and not exceed 30% of the subsequent homeowner's monthly income. The housing costs could be supported more realistically by households with incomes between 50% and 80% MFI. <u>However, with an 80% LTV ratio, most buyers will require down payment assistance which, if HOME funds are used, would create a new affordability period based on the level of the new HOME investment</u>.

If the subsequent homeowner does not require any HOME subsidy to purchase the home, the affordability period would end in 4 years at which time the subsequent homeowner could sell to any buyer at any price.

Recapture

Under HOME recapture provisions financial assistance must be repaid if it is provided directly to the buyer or the homeowner. Upon resale the seller may sell to any willing buyer at any price. The written agreement and promissory note will disclose the net proceeds percentage if any that will be allotted to the homebuyer and what proceeds will return to the PJ. Once the HOME funds are repaid to the PJ, the property is no longer subject to any HOME restrictions. The funds returned to the PJ may then be used for other HOME-eligible activities.

The City of Austin Recapture Policy

The City of Austin and Neighborhood Housing and Community Development (NHCD) HOME funded program under the recapture provisions is the Down Payment Assistance Program (DPA). The Austin Housing Finance Corporation's (AHFC) HOME funded program under recapture provisions is the Homeowner Rehabilitation Loan Program (HRLP).

The (HOME) federal assistance will be provided in the form of a 0% interest, deferred payment loan. The fully executed (by all applicable parties) and dated Written Agreement, Promissory Note and Deed of Trust will serve as the security for these loans. The Deed of Trust will also be recorded in the land records of Travis County or Williamson County.

The payment of the DPA or HRLP Promissory Note is made solely from the net proceeds of sale of the Property (except in the event of fraud or misrepresentation by the Borrower described in the Promissory Note).

The City of Austin and/or AHFC/NHCD may share any resale equity appreciation of HOME-assisted DPA or HRLP loans with the Borrower/Seller according to the following two recapture models:

Standard Down Payment Assistance. The City of Austin will calculate the recapture amount and add this to the existing payoff balance of the DPA loan. The entire payoff balance must be paid to AHFC/NHCD before the homebuyer receives a return. The recapture amount is limited to the net proceeds available from the sale. However, the amount of standard Down Payment Assistance will be forgivable at the end of maturity date if the borrower met all of the program requirements.

Appraised Value of Property or Sales Price (whichever is less)		$
Original Senior Lien Note Amount	(-)	$
Any reasonable and customary sales expenses paid by the Borrower in connection with the sale (Closing costs)	(-)	$
Net proceeds		$
DPA Original Note Amount	(-)	$
Equity to Borrower/Seller	=	$

Shared Equity Down Payment Assistance (DPA). The City of Austin and AHFC/NHCD will permit the Borrower/Seller to recover their entire investment (down payment and capital improvements made by them since purchase) before recapturing the HOME investment. The recapture amount is limited to the net proceeds available from the sale.

Down Payment Formula. Equity to be shared: The Appraised Value of the Property at time of resale less original senior lien Note, less borrower's cash contribution, less capital improvement recapture credit, less the Original Principal Amount of Mortgage Assistance under the DPA Mortgage, calculated as follows:

Appraised Value of Property or Sales Price (whichever is less)		
Original Senior Lien Note Amount	(-)	$
Any reasonable and customary sales expenses paid by the Borrower in connection with the sale (Closing costs)	(-)	$
Net proceeds		$
Borrower's Cash Contribution	(-)	$
Capital Improvement Recapture Credit	(-)	$
DPA Mortgage Assistance Amount	(-)	$
Equity to be Shared	=	

The homebuyer's entire investment (cash contribution and capital improvements) must be repaid in full before any HOME funds are recaptured. The capital improvement recapture credit will be subject to:

1. The borrower having obtained NHCD approval prior to his/her investment; and
2. The borrower providing proof of costs of capital improvements with paid receipts for parts and labor.

Calculation of Shared Equity Percentage. Percentage shall remain the same as calculated at initial purchase (as set forth above).

Shared Equity Payment Due to NHCD or the City of Austin. Shall be (Equity to be shared) x (Shared Equity Percentage), calculated as follows:

Equity to be shared		$
Shared Equity Percentage	X	%
Shared Equity Payment Due to NHCD/City of Austin	=	$

Total Due to NHCD or City of Austin. Shall be the total of all amounts due to NHCD or the City of Austin calculated as follows:

Mortgage Assistance Amount		$
Interest and Penalties	+	$
Shared Equity Payment	+	$
Total Due to NHCD/City of Austin	=	$

HRLP Homeowner Reconstruction Formula. Upon executing and dating the Promissory Note, Written Agreement and the Deed of Trust the parties agree that the Mortgage Assistance Amount provided to Borrower by AHFC is to be 25% of the Borrower's/Sellers equity in the Property.

Equity to be Shared. The Appraised Value of the Property at time of resale, less closing costs, homeowner's cash contribution (if any), capital improvement recapture credit, AHFC original assistance amount, calculated as follows:

Appraised Value of Property or Sales Price (whichever is less)		
Any reasonable and customary sales expenses paid by the Borrower/Seller in connection with the sale (Closing costs)	(-)	$
Homeowner's Cash Contribution	(-)	$
Capital Improvement Recapture Credit	(-)	$
AHFC or the City of Austin Original HRLP Assistance Amount	(-)	$
Equity to be Shared	=	

Calculation of Shared Equity Percentage: Percentage shall remain the same as initially determined (as set forth above). Shared Equity Payment Due to AHFC or the City of Austin: Shall be (Equity to be shared) x (Shared Equity Percentage), calculated as follows:

Equity to be shared	$
Shared Equity Percentage	25%
Shared Equity Payment Due to AHFC or the City of Austin	= $

Total Due to AHFC or the City of Austin: Shall be the total of all amounts due to AHFC or the City of Austin calculated as follows:

Existing Owing HRLP Mortgage Assistance Amount	**$**
Shared Equity Percentage Payment	**+ $**
Sum Total Due to AHFC or the City of Austin	**$**

HRLP Homeowner Rehabilitation Formula. Equity to be shared: The Appraised Value of the Property at time of resale, less closing costs, homeowner's cash contribution (if any), capital improvement recapture credit, AHFC or the City of Austin's original assistance amount, calculated as follows:

Appraised Value of Property or Sales Price (whichever is less)		
Any reasonable and customary sales expenses paid by the homeowner in connection with the sale (Closing costs)	(-)	$
Homeowner's Cash Contribution	(-)	$
Capital Improvement Recapture Credit	(-)	$
AHFC and/or the City of Austin's Original HRLP Assistance Amount	(-)	$
Equity to Borrower/Seller	=	

Net proceeds consist of the sales prices minus loan repayment, other than HOME funds, and closing costs. If the net proceeds of the sale are insufficient to fully satisfy the amounts owed on the HRLP Note the AHFC or the City of Austin may not personally seek or obtain a deficiency judgment or any other recovery from the Borrower/Seller. The amount due to Lender is limited to the net proceeds, if any, if the net proceeds are not sufficient to recapture the full amount of HOME funds invested plus allow Borrower to recover the amount of Borrower's down-payment and capital improvement investment, including in, but not limited to, cases of foreclosure or deed-in-lieu of foreclosure,. If there are no net proceeds AHFC or the City of Austin will receive no share of net proceeds.

However, in the event of an uncured Default, AHFC or the City of Austin may, at its option, seek and obtain a personal judgment for all amounts payable under the Note. This right shall be in addition to any other remedies available to AHFC and/or the City of Austin. If there are insufficient funds remaining from the sale of the property and the City of Austin or the Austin Housing Finance Corporation (AHFC) recaptures less than or none of the recapture amount due, the City of Austin and/or AHFC must maintain data in each individual HRLP file that documents the amount of the sale and the distribution of the funds.

This will document that:

1. There were no net sales proceeds; or
2. The amount of the net sales proceeds was insufficient to cover the full amount due; and
3. No proceeds were distributed to the homebuyer/homeowner.

Under "Recapture" provisions, if the home is SOLD prior to the end of the required affordability period, the net sales proceeds from the sale, if any, will be returned to the City of Austin and/or AHFC to be used for other HOME-eligible activities. Other than the actual sale of the property, if the homebuyer or homeowner breaches the terms and conditions for any other reason, e.g. no longer occupies the property as his/her/their principal residence, the full amount of the subsidy is immediately due and payable.

If Borrower/Seller is in Default, AHFC and/or the City of Austin may send the Borrower/Seller a written notice stating the reason Borrower/Seller is in Default and telling Borrower/Seller to pay immediately:

(i) the full amount of Principal then due on this Note,
(ii) all of the interest that Borrower/Seller owes, and that will accrue until paid, on that amount, and
(iii) all of AHFC/or the City of Austin's costs and expenses reimbursable Recovery against the Borrower/Seller responsible for the fraud or

misrepresentation is not limited to the proceeds of sale of the Property, but may include personal judgment and execution thereon to the full extent authorized by law.

Affordability Periods

HOME Program Assistance Amount	Affordability Period in Years
$1,000 - $14,999.99	5
$15,000 – $40,000	10
Over $40,000	15
Reconstruction Projects*	20

*City of Austin policy

A HOME Written Agreement, Note and Deed of Trust will be executed by the Borrower and the City of Austin and/or the Austin Housing Finance Corporation (AHFC) that accurately reflects the resale or recapture provisions before or at the time of sale.

References: [HOMEfires Vol 5 No 2, June 2003 – Repayment of HOME Investment; Homebuyer Housing with a 'Recapture' Agreement; Section 219(b) of the HOME Statute; and §92.503(b)(1)-(3) and (c)]

City of Austin Refinancing Policy

In order for new executed subordination agreement to be provided to the senior first lien holder, the senior first lien refinance must meet the following conditions:

1. The new senior first lien will reduce the monthly payments to the homeowner, thereby making the monthly payments more affordable; or
2. Reduce the loan term;
3. The new senior lien interest rate must be fixed for the life of the loan (Balloon or ARM loans are ineligible);
4. No cash equity is withdrawn by the homeowner as a result of the refinancing actions;
5. AHFC/NHCD and/or the City will, at its discretion, agree to accept net proceeds in the event of a short sale to avoid foreclosure; and
6. Only if the borrower meets the minimum requirements to refinance, the City can re-subordinate to the first lien holder.

The refinancing request will be processed according to the following procedure:

1. Submit a written request to Compliance Division to verify the minimum refinancing requirements with one month in advance from the expected closing;
2. NHCD/AHFC will review the final HUD-1 Settlement Statement two weeks prior to closing the refinance.
3. If applicable, NHCD/AHFC or the City of Austin will issue written approval a week prior to the closing date.

4. NHCD/AHFC will be provided with a copy of the final, executed HUD-1 Settlement Statement, Promissory Note, and recorded Deed of Trust three days in advance of the closing date.
5. If written permission is not granted by AHFC/NHCD or the City of Austin allowing the refinance of the Senior Lien, the DPA OR HRLP Loan will become immediately due and payable prior to closing the refinance.
6. If written permission is granted by AHFC/NHCD and/or the City of Austin and it is determined that the refinancing action does not meet the conditions as stated above, the DPA OR HRLP Loan will become immediately due and payable prior to closing the refinance.
7. Home Equity loans will trigger the repayment requirements of the DPA OR HRLP Programs loans. The DPA or HRLP Notes must be paid off no later than when the Home Equity Loan is closed and funded.
8. The DPA OR HRLP Notes must be paid-in-full in order for AHFC/NHCD and/or the City of Austin to execute a release of lien.

Basic Terminology

Affordable Housing*:* The City of Austin follows the provisions established on 24 CFR 92.254, and consider that in order for homeownership housing to qualify as *affordable housing* it must:

- Be single-family, modest housing,
- Be acquired by a low-income family as its principal residence, and
- Meet affordability requirements for a specific period of time as determined by the amount of assistance provided.

The City: means the City of Austin's Neighborhood Housing and Community Development Office (NHCD) or its sub recipient, the Austin Housing Finance Corporation (AHFC).

Fair Return on Investment: means the total homeowner investment which includes the total cash contribution plus the approved capital improvements credits.

Capital Improvement: means additions to the property that increases its value or upgrades the facilities. These include upgrading the heating and air conditioning system, upgrading kitchen or bathroom facilities, adding universal access improvements, or any other permanent improvement that would add to the value and useful life of the property. The costs for routine maintenance are excluded.

Capital Improvement Credit: means credits for verified expenditures for Capital Improvements.

Direct HOME subsidy: is the amount of HOME assistance, including any program income that enabled the homebuyer to buy the unit. The direct subsidy includes down payment, closing costs, interest subsidies, or other HOME assistance provided directly to the homebuyer. In addition, direct subsidy includes any assistance that reduced the purchase price from fair market value to an affordable price.

Direct HOME subsidy for Homeowner Rehabilitation Loan Program: is the amount of HOME assistance, including any program income that enabled the homebuyer to repair or reconstruct the unit. The direct subsidy includes hard costs and soft cost according to 24 CFR 92.206

Net proceeds: are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

Recapture: The recapture provisions are established at §92.253(a)(5)(ii), permit the original homebuyer to sell the property to any willing buyer during the period of affordability while the PJ is able to recapture all or a portion of the HOME-assistance provided to the original homebuyer.

Source: Notice: CPD 12-003 http://www.hud.gov/offices/cpd/lawsregs/notices/2012/12-003.pdf

INFORMATION FOR PROSPECTIVE BUYERS

The [Five] [Ten] [Fifteen]-Year Affordability Period
&
The Restrictive Covenant Running With the Land

I understand that because a certain amount of federal funds were used by [Developer Name] to develop the property at _____, the federal government requires that certain restrictions apply to the occupancy or re-sale of this home for a period of [five (5) ten (10) fifteen (15)] years. I understand that during that [five] [ten] [fifteen]-year period, those requirements will be enforced through a legally-enforceable document called a "Restrictive Covenant Running with the Land."

Please Initial Below

If I choose to purchase this home, at the time the home is sold to me, I will sign a Restrictive Covenant Running with the Land, and it will be filed in the Official Public Records of the Travis County Clerk's Office. The requirements of the Restrictive Covenant Running with the Land are:

_____ • That **I must occupy the home as my principal residence** during the [5] [10] [15]-year period in which the Restrictive Covenant is in effect;

_____ • If I wish to sell the Property before the end of that period, I am required to sell it to a subsequent buyer whose total household income is **at or below 80% of the Austin area Median Family Income** in effect for the year I wish to sell the home.

_____ • The sales price must be set such that I receive a **fair return** which shall be defined as:

1. The amount of any cash contributions including the down payment and principal payments made;
2. The cost of any capital improvements, documented with receipts, and including but not limited to:
   a. Any additions to the home such as a bedroom, bathroom, or garage;
   b. Replacement of heating, ventilation, and air conditioning systems;
   c. Accessibility improvements such as bathroom modifications for disabled or elderly, installation of wheel chair ramps and grab bars, any and all of which must have been paid for directly by the Owner and which were not installed through a federal, state, or locally-funded grant program; and
   d. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.

_____ • The sales price must be set so that the monthly principal, interest, taxes and insurance to be paid by the subsequent buyer **will not exceed 30% of that subsequent buyer's monthly household income.**

_____ • **I will notify the Austin Housing Finance Corporation (AHFC) in writing** so that AHFC can assist with the compliance of this federal regulation.

I/We acknowledge having received this information about the federal requirements involved if I/we decide to purchase this home.

_____ _____

Signature Date Signature Date

Appendix IIIB: ESG Program Standards

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CITY OF AUSTIN
Health and Human Services Department

EMERGENCY SOLUTIONS GRANT PROGRAM (ESG)
PROGRAM STANDARDS AND GUIDELINES
FY 2014-2015

TABLE OF CONTENTS

A. ESG PROGRAM DESCRIPTION

I. **General** The Emergency Solutions Grant Program (ESG), formerly know as the Emergency Shelter Grant Program, is funded through the City's Neighborhood Housing and Community Development Office (NHCD), which is made available by the U.S. Department of Housing and Urban Development (HUD). The City utilizes ESG funds to provide an array of services to assist homeless persons and persons at-risk of homelessness.

The ESG program is designed to be the first step in a continuum of assistance to help clients quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

The City's Health and Human Services Department is responsible for the implementation of ESG in compliance with the governing regulations of the ESG program. The City's Neighborhood Housing and Community Development Office (NHCD) is responsible for the planning and administration of the ESG program. The Community Development Officer (CDO) of NHCD has the authority to establish processes, procedures, and criteria for the implementation and operation of the program, and to waive compliance with any provision of these guidelines if s/he determines that to do so does not violate any Federal, state, or local law or regulation, and is in the best interest of the City. Nothing contained, stated, or implied in this document shall be construed to limit the authority of the City to administer and carry out the program by whatever means and in whatever manner it deems appropriate.

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II. Allocations **The City of Austin has been allocated the following amounts for the Emergency Solutions Grant FY 2014-2016.**

ESG Category	COA Amount
Emergency Shelter Operations and Maintenance	$313,922
Rapid Rehousing – Housing Stabilization and Location	$248,130
HMIS – Scan Card Project	$21,654
Administration	$0
TOTAL	$583,706

III. Eligible Organizations The subrecipient must be a unit of local government or a private, non-profit organization, as defined by the Internal Revenue Service tax code, evidenced by having a Federal identification number, filed articles of incorporation, and written organizational by-laws.

IV. Ineligible Organizations An organization will not be eligible to apply for ESG funds if it meets the following conditions:

A. Outstanding audit or monitoring findings, unless appropriately addressed by a corrective action plan;
B. Current appearance on the List of Suspended and Debarred Contractors;
C. Terms and conditions of existing contract are not in full compliance;
D. History of non-performance with contracts.

V. Matching Funds Subrecipient organizations that receive ESG funds must provide a dollar for dollar (or 100%) match to their ESG award amount.

A. Sources of matching funds include:
   i. Cash Contributions- Cash expended for allowable costs identified in OMB Circular A-87 and A-122. *Program Income* for the ESG program can also be used as match funds.
   ii. Non-Cash Contributions- The value of any real property, equipment, goods, or services.
B. Funds used to match a previous ESG grant may not be used to match a subsequent award.

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VI. Eligible Activities

The following is a list of eligible activities for the ESG Program:

A. *Street Outreach*- Support services limited to providing emergency care on the streets, including engagement, case management, emergency health and mental health services, and transportation;

B. *Emergency Shelter*- Includes essential services, case management, child care, education, employment, outpatient health services legal services, life skills training, mental health & substance abuse services, transportation, shelter operations, and funding for hotel/motel stays under certain conditions;

C. *Homeless Prevention*- Includes housing relocation & stabilization services and short/medium-term rental assistance for individuals/families who are at risk of homelessness;

D. *Rapid Re-Housing*- Includes housing relocation & stabilization services and short/medium-term rental assistance to help individuals/families move quickly into permanent housing and achieve stability;

E. *Homeless Management Information System* (HMIS) costs; and

F. *ESG Administration* costs.

VII. Client Eligibility

A. Consultation: Evaluating individuals' and families' eligibility for H-ESG assistance in order to receive financial assistance or services funded by H-ESG, individuals and families must at least meet the minimum criteria of consultation with a case manager or eligibility specialists who can determine the appropriate type of assistance to meet their needs. Agencies must have a process in place to refer persons ineligible for H-ESG to the appropriate resources or service provider that can assist them.

B. Homeless Categories: In order to be eligible for services under the ESG Rapid Rehousing and Shelter programs, clients must meet HUD's definition of homelessness in one of the following categories:

Category (1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

a. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by

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charitable organizations or by federal, state, or local government programs for low-income individuals); or

c. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

Category (4) Any individual or family who:

a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
b. Has no other residence; and
c. Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing

C. ESG Eligibility Documentation

i. *Homelessness Prevention: This program will not provide Homelessness Prevention Services.*

ii. *Rapid Re-Housing:*

a. Please refer to the *Homeless Eligibility Form* (Attachment B).
b. <u>Subrecipient agencies must collect the required supporting documentation requested in the *Homeless Eligibility Form* in order for clients to be considered eligible for services</u>.
c. All eligibility and supporting documentation for Rapid Re-Housing clients must be maintained in each client's file for each agency providing a service.

B. Confidentiality of Client Information

a. Subrecipients must have written client confidentiality procedures in their program policies and procedures that conform to items *b – d* below:
b. All records containing personally identifying information of any individual or family who applies for and/or receives ESG assistance must be kept secure and confidential.
c. The address or location of any domestic violence project assisted under ESG shall not be made public.
d. The address or location of any housing for a program participant shall not be made public.

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VIII. Rapid Rehousing Program

There are three programs that will provide housing relocation & stabilization services: Front Steps, Downtown Austin Community Court and City of Austin Communicable Disease Unit. There is no funding available in 14-16 allocation for financial assistance so all programs will work with other resources available in the community to find financial assistance when needed for the Rapid Rehousing clients.

IX. Coordination Between Service Providers

The following list gives the types of service coordination activities to be undertaken for the ESG Program: Case management, permanent supportive housing, rapid re-housing and housing location and financial assistance.

Services will be coordinated between the downtown Austin Resource Center for the Homeless (ARCH), Downtown Austin Community Court, and in consultation with the local Continuum of Care as well as other service providers such as Austin Travis County Integral Care, Caritas of Austin, Salvation Army, Veterans Administration, Continuum of Care Permanent Supportive Housing programs and other appropriate federal, state and local service providers.

Agency	Case Management/ Supportive Services	Permanent Supportive Housing	Rapid Rehousing/ Housing Location	Direct Financial Assistance
ESG FY 13-15 Funded Programs	X		X	
Front Steps	X	X		
Downtown Austin Community Court	X	X	X	

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Other Continuum of Care programs	X	X		
City-funded Social Service Agencies	X	X	X	X

X. Homeless Management Information System (HMIS) Organizations receiving funding from the City of Austin for homelessness prevention and homeless intervention services are required to utilize the Local Homeless Management Information System (HMIS) to track and report client information for individuals who are at risk of homelessness or who are homeless. A high level of data quality is required.

REQUIREMENTS INCLUDE:

A. "Open settings" for Uniform Data Elements (UDE) will be used for all of the program's client records in order to reduce duplication of records and improve cross-agency collaboration around client services;
B. Data quality report(s) submitted monthly (report and minimum standards to be specified);
C. HMIS user licenses must be purchased for staff entering data into City-funded programs (may use City funds for licenses);
D. Participation in Annual Homeless Count, Annual Homeless Assessment Report (AHAR), and other required HUD reporting;
E. Participation in a minimum of 6 hours of annual training for each licensed user as well as attendance at required City-sponsored training(s) regarding HMIS and CTK ODM System.

The HMIS Annual Report must identify compliance levels with all of the requirements listed above as well as any feedback regarding the HMIS system.

If HMIS data quality reports consistently fall below minimum standards, the City of Austin reserves the right to withhold payments until reporting improves to at least minimum standards.

D. ESG PROGRAM MANAGEMENT

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Management and operation of approved projects is the responsibility of the Subrecipient. The Subrecipient is the entity that will receive the City contract. Therefore, the subrecipient has the overall responsibility of the project's successful completion.

I. **Grant Subaward Process** At its discretion, the City may use a competitive Request for Application and comprehensive review process to award ESG funding to providers of services to homeless persons and persons at-risk of homelessness. Activities will be consistent with the City's Consolidated Plan, in compliance with local, state, and Federal requirements and the governing regulations for use of ESG funds, and in conformance with program standards. The City will enter into written agreements with selected subrecipients, and will work with subrecipients to ensure that project costs are reasonable, appropriate, and necessary to accomplish the goals and objectives of the City's overall ESG Program. The subrecipient must be able to clearly demonstrate the benefits to be derived by the services provided to homeless individuals, and to low-to-moderate income families. Performance measures will be established in the contract. All ESG award decisions of the City are final.

II. **Contracting** Subrecipients must enter into a written contract with the City for performance of the project activities. Once a contract is signed, the subrecipient will be held to all agreements therein.

A. Members of the Subrecipient organization, volunteers, residents, or subcontractors hired by the organization may carry out activities. Subrecipients must enter into a written contract with the subcontractors carrying out all or any part of an ESG project. All subcontractors must comply with the City and Federal procurement and contracting requirements.

B. All contracts are severable and may be canceled by the City for convenience. Project funding is subject to the availability of ESG funds and, if applicable, City Council approval.

C. Amendments - Any amendments to a contract must be mutually agreed upon by the Subrecipient and the City, *in writing*. Amendment requests initiated by the Subrecipient must clearly state the effective date of the amendment, in writing. HHSD staff will determine if an amendment request is allowable. HHSD reserves the right to initiate amendments to the contract.

D. Liability - Subrecipients shall forward Certificates of Insurance to the Health and Human Services Department within 30 calendar days after notification of the award, unless otherwise specified. The City's Risk Management Department will review and

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approve the liability insurance requirements for each contract. Subrecipients must maintain current insurance coverage throughout the entire contract period, as well as for any subsequent amendments or contract extensions.

IV. Recordkeeping Requirements

A. Project Records- The Subrecipient must manage their contract and maintain records in accordance with City and Federal policies, and must be in accordance with sound business and financial management practices, which will be determined by the City. Record retention for all ESG records, including client information, is five years after the expenditure of contract funds.
B. Client Records- The Subrecipient must maintain the following types of client records to show evidence of services provided under the ESG program:
   i. Client Eligibility records, including documentation of Homelessness, or At-Risk of Homelessness plus income eligibility and support documentation.
   ii. Documentation of Continuum of Care centralized or coordinated assessment (for client intake)
   iii. Rental assistance agreements and payments, including security deposits
   iv. Utility allowances (excludes telephone)

V. Reporting Requirements

A. Monthly Payment Requests and Expenditure Reports shall be submitted, in a format prescribed by the City, by the 15th calendar day of the month after the reporting month's end, which identify the allowable expenditures incurred under this contract.

B. Monthly Matching Funds Reports shall be submitted, in a format prescribed by the City, by the 15th calendar day of the month after the reporting month's end, which identify the allowable matching funds used by the Subrecipient under this contract.

C. Quarterly performance reports shall be submitted, in a format prescribed by the City, by the 15th calendar day of the month after the quarter end, which identify the activities accomplished under this contract.

D. The Federal ESG program year ends on September 30th. At completion of all activities, a Contract Closeout Report must be submitted within 30 days of the end of the contract. The subrecipient is required to supply such information, in such form and format as the City may require. All records and reports must be made available to any authorized City representative upon request and without prior notice.

E. All ESG Subrecipients must use HMIS to report on clients served by the ESG program.

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VI. Program Limitations

A. *ESG Administration* costs are limited to 7.5% of the total ESG allocation.

B. ESG Street Outreach and Emergency Shelter costs are limited to the greater of: 60% of the City's 2011-12 ESG grant -or- the amount committed to emergency shelter for the City's 2010-11 ESG allocation.

C. Program Income - Income derived from any ESG activity must be recorded and reported to HHSD as program income. Such income may not be retained or disbursed by the subrecipient without written approval from HHSD and is subject to the same controls and conditions as the subrecipient's grant allocation.

D. ESG funds may not be used for lobbying or for any activities designed to influence legislation at any government level.

E. A church or religious affiliated organization must show secularism when submitting an ESG application.

F. Any ESG funds that are unallocated after the funding cycle will be reprogrammed by HHSD. Contracts that show three (3) consecutive months of inactivity (as documented by monthly reports or non-submission of required reports) will be reviewed on a case-by-case basis, and may be irrevocably canceled.

VII. Performance Standards ESG-funded programs will report into HMIS and have a high level of data quality specified in Section A. X. Homeless Management Information Systems. HMIS data quality is reviewed quarterly by City staff. All data quality is reviewed by the ECHO HMIS Administrator.

Performance measures will be reviewed quarterly by the City of Austin Health and Human Services Department. Measures will also be reviewed annually by the local Continuum of Care decision-making body, ECHO, during the annual Consolidated Evaluation and Performance Report process.

VIII. Accessibility In order to demonstrate compliance with the Americans with Disabilities Act (ADA) and Section 504 requirements, the following statements must be added to all public notices, advertisements, program applications, program guidelines, program information brochures or packages, and any other material containing general information that is made available to participants, beneficiaries, applicants, or employees:

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ATTACHMENT A. DEFINITIONS

XI. Definitions Terms used herein will have the following meanings:

At Risk of Homelessness-

(1) An individual or family who: (i) Has an annual income below 30% of median family income for the area; AND (ii) Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the "homeless" definition; AND (iii) Meets one of the following conditions: (A) Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR (B)Is living in the home of another because of economic hardship; OR (C) Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; OR (D) Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals; OR (E) Lives in an SRO or efficiency apartment unit in which there reside more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; OR (F) Is exiting a publicly funded institution or system of care; OR (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved Consolidated Plan;

(2) A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute;

(3) An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) or that child or youth if living with him or her.

CDO- Community Development Officer;

Chronic Homeless Person- An individual who:

(i) Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and

(ii) Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years, where each homeless occasion was at least 15 days; and

(iii) Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability;

City- City of Austin;

ESG- Emergency Solutions Grant program;

HHSD- Health and Human Services Department;

Homeless Person(s)-

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence,

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meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing;

HUD- U.S. Department of Housing and Urban Development;

NHCD- Neighborhood Housing and Community Development Office;

Subrecipient- An organization receiving ESG funds from the City to undertake eligible ESG activities.

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Appendix IIIC: Monitoring Plan

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MONITORING PLAN

The goal of the City of Austin's monitoring process is to assess subrecipient/contractor performance in the areas of program, financial and administrative compliance with applicable federal, state and municipal regulations and current program guidelines. Under this plan, select programs and project activities are monitored through one or more of the following components. The City of Austin's monitoring plan consists of active contract monitoring and long-term monitoring for closed projects.

Active Contract Monitoring

Prior to executing any agreement or obligation, monitoring takes the form of a compliance review. Verification is obtained to ensure that the proposed activity to be funded has received the proper authorization through venues such as the annual Action Plan, environmental review and fund release, and identification in the Integrated Disbursement and Information System (IDIS). A contract begins with written program guidelines, documentation and tracking mechanisms that will be used to demonstrate compliance with applicable federal, state and local requirements.

For activities implemented through external programs or third-party contracts with non-profit, for-profit and community-based organizations, a solicitation may be required in the form of a comprehensive Notice of Fund Availability (NOFA or Request for Proposals (RFP) which details performance, financial and regulatory responsibilities.

1. Compliance Review prior to obligation of funds. Prior to entering into any agreement or to the obligation of entitlement funds, the City conducts a compliance review to verify that the program activity has been duly authorized. The compliance review consists of verifying and documenting that:

- The program activity has been approved as part of the Action Plan for the specified funding source and year;
- The availability of applicable funds for the specific activity;

- The activity has received environmental review and determination and fund release, as applicable;
- The service provider is not listed in the System for Award Management (SAM);
- The activity has been set up and identified in IDIS;
- The scope of work defined in the contract has adequately addressed performance, financial and tracking responsibilities necessary to report and document accomplishments; and
- The service provider has the required insurance in place.

After this information has been verified and documented, staff may proceed in obtaining authorization and utilization of entitlement funds for the activity.

2. Desk Review. Before processing an invoice for payment, staff reviews the invoice to verify that the item or service is an eligible expense and it is part of the contract budget. Staff also reviews performance reports and supporting documentation submitted with the invoice to ensure that the contractor is performing in accordance with the terms of the contract and the scope of work. This level of monitoring is performed on an ongoing basis throughout the duration of the contract.

3. Records Audit. The review at this level includes a review of all file documents as needed. A file checklist is used to determine if the required documents are present. Through the review of performance reports and other documentation submitted by the contractor, staff is able to identify areas of concern and facilitate corrections and/or improvements. Should problems be identified, a contractor or recipient of funds may then be provided technical assistance as necessary to reach a resolution. However, if no resolution of identified problems occurs or the contractor fails to perform in accordance with the terms and conditions of the contract, the City of Austin has the authority to suspend further payments to the contractor or recipient of funds until such time that issues have been satisfactorily resolved.

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4. Selected On-Site Monitoring. A risk assessment is conducted internally and is used to determine the priority of site reviews to be conducted. Based on the results of the risk assessment, a selected number of projects may be subject to an on-site review. The performance of contractors is reviewed for compliance with the program guidelines and the terms and conditions of the contract. In particular, staff verifies program administration and regulatory compliance in the following areas:

- Performance (*e.g.* meeting a national objective, conducting eligible activities, achieving contract objectives, performing scope of work activities, maintaining contract schedule, abiding by the contract budget);
- Record keeping;
- Reporting practices; and
- Compliance with applicable anti-discrimination regulations.

There will be follow-up, as necessary, to verify regulatory and program administration compliance has been achieved.

5. Contract Closeout. Once a project activity has been completed and all eligible project funds expended, the staff will require the contractor to submit a project closeout package. The contract closeout will provide documentation to confirm whether the contractor was successful in completing all performance and financial objectives of the contractor. Staff will review and ask the contractor, if necessary, to reconcile any conflicting information previously submitted. The project closeout will constitute the final report for the project. Successful completion of a project means that all project activities, requirements, and responsibilities of the contractor have been adequately addressed and completed.

Long-term Monitoring

Acceptance of funds from Neighborhood Housing and Community Development (NHCD) Office of the City of Austin, or its sub-recipient Austin Housing Finance Corporation (AHFC) obligates beneficiaries/borrowers to adhere to conditions for the term of the affordability period. NHCD is responsible for the compliance oversight and enforcement of long- or

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extended-term projects and financial obligations created through City-sponsored or -funded housing and community development projects. In this capacity, NHCD performs the following long-term monitoring duties:

- Performs compliance monitoring in accordance with regulatory requirements specified in the agreement;
- Reviews and verifies required information and documentation submitted by borrowers for compliance with applicable legal obligations and/or regulatory requirements; and
- Enforces and takes corrective action with nonperforming loans and/or projects deemed to be out of compliance in accordance with legal and/or regulatory terms and conditions.

Monitoring may be in the form of a desk review, on-site visit, visual or Housing Quality Standard (HQS) inspection. Technical assistance is available to assist beneficiaries/ borrowers in understanding any aspect of the contractual obligation so that performance goals are met with minimal deficiencies.

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The City of Austin is committed to compliance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, as amended and does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs and activities. Dolores Gonzalez is the City's ADA/Section 504 Coordinator. If you have any questions or complaints regarding your ADA/Section 504 rights, please call her at (512) 974-3256 (voice) or (512) 974-2445(TTY).