



A Community Investment

Fiscal Years 2009-14 Consolidated Plan Brief



Cover (clockwise from left): Supportive Housing at Glen Oaks Corner, Green Doors; La Vista de Guadalupe Apartments, Guadalupe Neighborhood Development Corporation (photo credit: Tre Dunham); Spring Terrace supportive efficiency apartments, Foundation Communities; Historic Preservation of the Connelly-Yerwood House, City of Austin Neighborhood Housing and Community Development Office; Villas on Sixth Apartments, Campbell-Hogue & Associates.

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Letter from the Director

August 2009

Austin has earned its reputation as a national leader in affordable housing and community development. Our success is based on continuously reinventing programs and policies to meet a dynamic market while simultaneously delivering our core services. The City of Austin Neighborhood Housing and Community Development Office (NHCD) values the many partnerships it takes to accomplish our goals. Our success is made possible through collaboration with affordable housing developers, neighborhood groups, policy advocates, service providers, real estate professionals, financial institutions, and local business owners.

As we move forward, the future needs of Austin's residents are daunting. Thousands of moderately priced homes and deeply affordable apartments are needed annually just to maintain the current significant affordability gap. The economic recession is increasing the number of households that need assistance and placing new burdens on our most vulnerable residents. At the same time, Austin is fortunate to be able to expect continued population growth due to a comparatively healthy employment base, relatively affordable living costs and an enviable quality of life. There is much to do to make Austin the most liveable city in the United States for all our residents; yet we begin from a strong economic foundation.

The 2009 – 2014 Consolidated Plan outlines the City's plan to invest its resources to meet Austin's ongoing housing and community development needs. The newly-developed NHCD Investment Plan (page 8) depicts priority clients, partners and programs that will address affordable housing and small business needs. Many of these needs are addressed in two recent studies commissioned by NHCD: *The Housing Market Study* and *Preserving Affordable Housing in Austin, a Platform for Action*.

The Housing Market Study released in March 2009, provides in-depth housing market analysis that identifies housing needs for the next two decades for this community to adequately address affordability. *Preserving Affordable Housing in Austin, a Platform for Action* highlights the challenge of preserving affordable rental housing in Austin. Since the vast majority of Austin's affordable housing is privately owned, it is at risk for rent increases or redevelopment that could make it unaffordable. Both of these reports highlight the need to act now as a community to ensure that affordable housing is available for all Austin residents now and in the future.

With the Consolidated Plan as a guide and continued support from elected officials, community leaders and residents, Austin is well positioned to continue to lead the nation in providing high-quality affordable housing and community development services for our citizens.

I look forward to more successes as we invest in Austin's future together.

Sincerely,

Margaret R. Shaw
Director, Neighborhood Housing and Community Development Office
City of Austin

City Profile

Austin's socioeconomic fabric is diverse, combining the qualities of a large city, state capital, college town and national technology hub into one metropolitan area. It is easy to understand why the City generates such positive reviews. Austin has a great quality of life with a diverse demographic structure that continues to attract new residents. With that growth, Austin strives to be the most livable city in the country, including access to affordable housing, safe neighborhoods, high-quality recreational opportunities, and thriving small businesses.

Austin has become one of the nation's leading providers of technological innovation, and it has quickly risen to contain one of the largest technology-based industries in the country. In addition to being a major center for the high-tech industry, Austin has a strong presence in the government and non-profit sectors as well as the music, art and film industries. This base attracts a diversity of residents, making Austin a thriving cultural hub. In addition, the City hosts a major university with many top-recognized programs.

More than 750,000 people currently reside in the City of Austin. While the explosive growth of the 1990s in Austin has slowed, the City continues to grow at a steady pace. Growth is expected in many parts of the City between 2009 and 2020, with the downtown core and adjacent central Austin neighborhoods continuing to increase in density.

Since 2005, Austin's unemployment rates have been lower than the state of Texas and the U.S. as a whole.

Although Austin is currently experiencing an economic slowdown like the rest of the country, the unemployment rate in 2009 is 1 percent lower than the state of Texas and nearly 2 percentage points lower than the U.S.

In 2007, 18 percent of people in Austin, or about 129,000 people, lived below the poverty threshold. The poverty rate is highest for 18 to 24 year olds, which includes college-aged residents; more than one in three 18 to 24 year olds were living below the poverty threshold. The second most common age group living in poverty are children under the age of 5; nearly 17,000 children, or 28 percent of residents under the age of 5, are living in poverty.

The City of Austin has growing Hispanic and Asian populations, with Anglos making up approximately 60 percent of the City's current population. Growth in the Hispanic population in Austin is following both state and national trends. In Austin, Hispanic residents comprised 21 percent of Austin's population in 1990 and 31 percent of the population in 2000. Currently, more than one in three Austin residents are of Hispanic origin, making it Austin's fastest growing population.



Housing Affordability in Austin

Housing affordability has become a significant issue in the City of Austin, especially in areas located in close proximity to downtown. Housing costs in Austin have risen by 85 percent in the past 10 years. The median value of a single family home in Austin was \$129,900 in 1998. By 2008, the median had increased almost 90 percent to \$240,000. This is a dramatic change from the previous decades. According to a 1998 study sponsored by the U.S. Department of Housing and Urban Development (HUD), from 1970 to 1990, Austin was one of the most affordable places to live in the country. Today homeowners who have lived for generations in one neighborhood can no longer afford increasing property taxes. In other areas, rising values are encouraging multifamily property owners to sell their properties or convert to condominium ownership.

Austin is a majority-renter city. Fifty-four percent of Austin households rent, while the balance own the home in which they reside. The City's homeownership rate is likely to stabilize and possibly decrease modestly with the current slowdown in mortgage lending. Even if the homeownership rate increases, rental property will continue to play a large part in housing Austin's residents.

Increasing moderately priced housing stock in Austin is crucial to recruit and keep entry-level workers and sustain economic growth in the urban core. In addition, increasing the supply of affordable housing in Austin improves the quality of life for all residents as they face shorter commutes, less pollution, fully-funded essential public services, and more equal tax burdens.

The federal government defines housing affordability in terms of the proportion of household income that is used to pay housing costs. Housing is "affordable" if no more than 30 percent of a household's monthly income is needed for rent, mortgage payments and utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered "cost burdened."

Housing costs are also examined in the context of the median family income (MFI). Federal housing programs divide low and moderate income households into categories, based on their relationship to the MFI: very low-income (earning 30 percent or less of the MFI), low-income (earning between 31 and 50 percent of the MFI), and moderate income (earning between 51 and 80 percent of the MFI). The current MFI for the Austin area is \$73,300.

In order to maintain a robust economy and diverse community, Austin residents need housing that accommodates all types of living situations. A thriving community includes a variety of housing types — single-family homes, apartments (from small duplexes to large complexes), and condominiums — that serve a variety of people — single adults, couples, families, elderly people, and people with disabilities — at a variety of income levels.



A Record of Accomplishment

CityView at the Park senior housing,
SGI Ventures & the Strategic Housing
Finance Corporation of Travis County
(photo credit: Thomas McConnell)

Through its continued commitment to progressive housing policy, the Austin City Council has prioritized affordable housing to promote a vibrant urban fabric in support of the city's vision to be the most livable city in the country. Since 2000, the Austin City Council has directed \$8.8 million in local funds to the Housing Trust Fund. As a part of the creation of the Housing Trust Fund, the Austin City Council also dedicated 40 percent of all incremental tax revenues derived from developments that are built on property located in the city's Desired Development Zone and were not on the property tax rolls on June 1, 1997. This decision established an ongoing revenue source for the Housing Trust Fund. This policy is anticipated to generate substantial revenues with the pending re-development of the Green Water Treatment Plant and Block 21 downtown, site of a 36-floor high-rise featuring a luxury W Hotel, condominiums, and a new 1,000-seat Austin City Limits venue.

Austin residents have also consistently supported creating and maintaining affordable housing. A 2008 poll by HousingWorks, a local non-profit advocacy group, showed that 63 percent of respondents are concerned that they or someone they care about will be unable to afford a home in Austin; that 70 percent would like the City of Austin to have a diversity of home types within its neighborhoods to accommodate people with a range of income levels; and that 65 percent of Austinites would like to see government involvement in making home ownership more accessible. Austin voters demonstrated that support in November 2006 by approving the use of \$55 million in General Obligation Bonds to increase homeownership

and rental opportunities for low-to-moderate income households. This local commitment to affordable housing through general obligation bonds is rare; Austin is seen as a national model in this arena.

Austin is also unique in maximizing the tools available for programs and services related to affordable housing. The Austin Housing Finance Corporation (AHFC) is authorized by Texas state law to issue bonds to create affordable housing. AHFC also provides gap financing for new construction, rehabilitation, and acquisition of property and/or vacant land.

Since 1984, AHFC has invested more than \$150 million in local, state and federal funds to create almost 7,000 affordable rental units for low and moderate income persons. AHFC has also provided more than 3,500 down payment assistance loans in second lien position since 1986 to assist low- and moderate-income households in purchasing a home.

As of fiscal year 2008-09 NHCD has served over 60,000 households in five years, exceeding the goal for housing, community development and public service programs (FY 2004-09 Consolidated Plan).



Housing Market Study Highlights



In 2008, the City of Austin contracted with BBC Research & Consulting of Denver to prepare a Comprehensive Housing Market Study. A variety of community efforts called for a comprehensive analysis of the Austin housing market. The study is one of several recommendations made by the Affordable Housing Incentives Task Force (AHITF) and identified as an important planning tool by the General Obligation Bond Oversight Committee and the African American Quality of Life-Neighborhood Sustainability Subcommittee. Some key highlights from the study include:

Homelessness

About one-fourth of survey respondents said they or someone in their household had been homeless or near homeless at some point in their lives. In almost half of the cases, the reason was due to a lack of affordable housing. Of Austin's approximately 3,500 homeless residents, an estimated 2,000 are unsheltered.

Rental Housing

Austin has a very high need for affordable rental housing. The city's rental market is narrowly priced, with 79 percent of units priced between \$550 and \$1,150 per month. The need for affordable rental housing is particularly concentrated for those earning 0-30 percent of the area's median family income—just one in six renters earning less than \$20,000 can find affordable housing in Austin. Households making between \$10,000 and \$20,000 per year can afford rents between \$175 and \$425 per month.

Homeownership

Renters earning less than \$50,000 who want to buy a home in Austin would have found just 16 percent of the market affordable to them in 2008. Austin has a need for homes priced between \$113,000 and \$240,000 to enable its renter population earning between \$35,000 and \$75,000 per year to become homeowners. In many cities, this demand for affordable homes is partially fulfilled through attached housing (duplex/condos/townhomes); however, in Austin, this type of ownership product is currently limited.

	All Units	Single Family Detached	Single Family Attached	Multi-family
Median Price	\$240,000	\$260,000	\$199,000	\$214,900
Renters	21,463	18,631	36,620	30,742
Percent	13%	11%	22%	19%
Owners	74,405	69,029	87,772	82,588
Percent	53%	49%	62%	58%

Condo Development

The condo market has expanded and evolved in the last 10 years to include newer and more expensive products. The number of condos on the for-sale market in 2008 was over double the number on the market in 1998. Additionally, the condos for sale in 2008 included a much younger stock than 1998, as nearly half of the condos

on the for-sale market were 10 years old or less. More specifically, one quarter of all for sale condos were constructed within the last 2 years. Condos have become a less affordable housing option in Austin. In 1998, 92 percent of for-sale condos were less than \$200,000. In 2008, 50 percent of for-sale condos were less than \$200,000; an additional 26 percent of condos were priced between \$200,000 and \$300,000.

Housing Preferences

A significant portion of Austin residents currently living in single-family detached units would be willing to move to a duplex, condo or townhome in order to live in the neighborhood of their choice.

Housing Gaps

Rental

The Housing Market Study offers the first housing gap analysis available in the City of Austin. Austin currently has a gap of almost 40,000 rental units for those earning less than \$20,000 per year. In order to meet the growing

need and reduce the existing gap of low-cost rental units (priced at \$425 and less) by ten percent, 16,500 units, or 1,370 units per year, should be created through 2020.

Homeownership

On the homeownership side, almost 40,000 units will be needed by 2020 to accommodate the projected growth of homeowners. Based on existing income distributions of homeowners earning \$35,000 and more, the units should be priced as:

- 8 percent at \$113,000 and less (likely small condos)
- 13 percent at \$113,000 to \$160,500 (mix of condos and townhomes)
- 21 percent at \$160,500 to \$240,400 (condos, townhomes, cottages and small single-family detached units)
- 58 percent more than \$240,400 (range of housing options)

For more information on the housing needs in Austin, see the Housing Market Study at www.cityofaustin.org/housing.

Rental Gaps Analysis, 2008

2005 Income Ranges	Maximum Affordable Rent	Renters		Rental Units 3Q08		Rental Gap
		Number	Percent	Number	Percent	
Less than \$10,000	\$175	21,719	13%	2,397	1%	(19,322)
\$10,000 to \$14,999	\$300	12,390	7%	1,932	1%	(10,458)
\$15,000 to \$19,999	\$425	12,160	7%	2,822	2%	(9,339)
\$20,000 to \$24,999	\$550	13,819	8%	15,446	9%	1,627
\$25,000 to \$34,999	\$775	26,530	16%	79,034	44%	52,204
\$35,000 to \$49,999	\$1,150	28,103	17%	63,186	35%	35,083
\$50,000 to \$74,999	\$1,725	29,583	18%	13,366	7%	(16,217)
\$75,000 to \$99,999	\$2,300	10,898	7%	1,476	1%	(9,442)
\$100,000 to \$149,999	\$3,550	6,335	4%	292	0%	(6,043)
\$150,000 or more	\$3,550+	4,113	2%	55	0%	(4,057)
Total		165,650	100%	180,006	100%	

Skyline Terrace supportive efficiency apartments, Foundation Communities



The 2009-14 Consolidated Plan

The Fiscal Years 2009-14 Consolidated Plan creates priorities for funding along with a road map of policies and programs that demonstrate how to get there. The priorities include creating and maintaining affordable housing and supportive services for low and moderate income households in Austin; as well as revitalizing aging commercial districts and assisting small businesses. One critical component is an Investment Plan to address the housing, economic development, and commercial revitalization needs of the community for October 2009 through September 2014.

Public Input

In partnership with the City's Health and Human Services Department, NHCD coordinated an in-depth public input process to receive input into the needs of the community. Over 200 individuals participated in five public hearings and nine stakeholder meetings to determine the needs of the community. In addition, 370 citizens completed a survey in English and Spanish available at all stakeholder meetings, at area libraries, and online.

Methodology

In addition to the public input, the City used information from the Comprehensive Housing Market Study, the Analysis of the City's Special Needs Populations, and the Analysis of Impediments to Fair Housing to create the priorities for the Plan.

NHCD Investment Plan

In 2009, City of Austin Neighborhood Housing and Community Development Office created a new framework in which to highlight programs offered by the City of Austin. The framework provides a snapshot of services and activities made possible by federal and local funding. The City receives its federal funding sources through HUD. Local funding includes Sustainability Fund and General Obligation Bonds and other sources for the affordable housing program.

Services and activities reflected in the FY 2009-14 Investment plan are administered by both NHCD and the City's Health and Human Services Department (HHSD). All services and programs within the Homeless/Special Needs Assistance category are administered by the City's HHSD. The NHCD Investment Plan outlines housing and community development activities in seven categories. Each category highlights populations served with activities funded under each category. The categories included in the NHCD Investment Plan are:

- (1) *Homeless/Special Needs*
- (2) *Renter Assistance*
- (3) *Homebuyer Assistance*
- (4) *Homeowner Assistance*
- (5) *Housing Developer Assistance*
- (6) *Commercial Revitalization*
- (7) *Small Business Assistance*

NHCD Investment Plan

	Homeless/ Special Needs Assistance	Renter Assistance	Homebuyer Assistance	Homeowner Assistance	Housing Developer Assistance	Commercial Revitalization	Small Business Assistance
<i>FY 2009-10 Investment</i>	\$2,370,627	\$1,155,729	\$1,607,815	\$3,852,013	\$17,475,495	\$197,095	\$350,000
HOMELESS SERVICES	TENANT-BASED RENTAL ASSISTANCE	HOUSING SMARTS	ARCHITECTURAL BARRIER REMOVAL	RENTAL HOUSING DEVELOPER ASSISTANCE	EAST 11/12TH REVITALIZATION	COMMUNITY DEVELOPMENT BANK	
SHELTER OPERATION AND MAINTENANCE	ARCHITECTURAL BARRIER REMOVAL	DOWN PAYMENT ASSISTANCE	EMERGENCY HOME REPAIR	ACQUISITION AND DEVELOPMENT	ACQUISITION AND DEVELOPMENT	MICRO-ENTERPRISE TECHNICAL ASSISTANCE	
HOMELESS ESSENTIAL SERVICES	TENANTS' RIGHTS ASSISTANCE		HOMEOWNER REHABILITATION LOAN PROGRAM	CHDO OPERATION LOANS	HISTORIC PRESERVATION	NEIGHBORHOOD COMMERCIAL MANAGEMENT PROGRAM	
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS			HOME REPAIR PROGRAM	DEVELOPER INCENTIVE-BASED PROGRAMS	PARKING FACILITIES		
RENT, MORTGAGE AND UTILITY ASSISTANCE			LEAD SMART			FAÇADE IMPROVEMENT PROGRAM	
PERMANENT HOUSING PLACEMENT			HOLLY GOOD NEIGHBOR			COMMUNITY PRESERVATION AND REVITALIZATION	
SHORT-TERM SUPPORTIVE HOUSING			MATERIALS GRANT				
TRANSITIONAL HOUSING							
SUPPORTIVE SERVICES							
CHILD CARE							
SENIOR SERVICES							
YOUTH SERVICES							
	POPULATION SERVED Homeless, vulnerable populations, low-income households		POPULATION SERVED Low and moderate income homeowners		POPULATION SERVED Low and moderate income households, Community Housing Development Organizations (CHDOS)	POPULATION SERVED Low and moderate income households, small businesses	POPULATION SERVED Small businesses, job creation for low-income households
	POPULATION SERVED Homeless, elderly, at-risk youth, low-income families, persons with HIV/AIDS	POPULATION SERVED Low and moderate income households					

FY 2009-14 Neighborhood Housing and Community Development Investment Plan



Austin Resource Center
for the Homeless

Homeless/Special Needs Assistance

Austin prioritizes services to our community's most vulnerable populations, including homeless individuals and families, persons with HIV/AIDS, seniors, at-risk youth, and low-income families.

Austin has roughly 3,500 homeless residents, approximately 2,000 of whom are unsheltered. The City's approach to serving this population is multi-pronged. The City funds operating expenses of local emergency shelters, provides support for the creation and administration of transitional housing, and creates permanent affordable rental housing for very low-income households so that those living in homeless have access to a permanent home.

The City's Health and Human Services Department funds numerous local agencies to provide services to special needs populations in the City. Specifically, the Consolidated Plan provides funding for supportive services for seniors, at-risk youth, and very low-income families in need of child care.

The City of Austin takes part in planning initiatives related to ending homelessness in Austin. The City participates in the Ending Community Homelessness Coalition (ECHO) which coordinates efforts around homelessness and chronic homelessness issues. The City has also been an active participant in the 2009 Austin Plan to End Community Homelessness.

One of the most significant ways that the City continues to serve special needs populations is through programs that provide funding to non-profits and for-profit housing developers that create permanent supportive housing, single-room occupancy housing, transitional housing, and emergency shelters.

Renter Assistance

Fifty-four percent of Austin residents rent, making support for this population vital. Renter Assistance provides assistance to renters so that rent is more affordable. In addition, it provides tenants' rights services to equip renters with information that may allow them more stability. It also provides financial assistance for necessary rehabilitation to make rental units accessible for Austin elderly and disabled populations.

The City has a 30 year relationship supporting the Austin Tenants' Council to provide landlord mediation and tenants' rights counseling. The economic recession makes providing support to this vulnerable population more important than ever, so that tenants know their rights, can stay in their residence, and can live in decent, safe homes.

Homebuyer Assistance

With the tightening credit market and the vulnerability of low-income and minority households to sub-prime loans and loan denials, Austin continues to prioritize assistance to renters who wish to become homebuyers. Homebuyer counseling for current renters provides education on the steps necessary to purchase a home and protection from sub-prime mortgages and foreclosure. In addition, the City provides foreclosure prevention counseling to current homeowners at risk of losing their homes.

The City also provides Down Payment Assistance in the form of loans to qualifying low- and moderate-income homebuyers to help them buy their first homes. The Housing Market Study found that the median home price in Austin in 2008 was \$240,000 and only an estimated 13 percent of renters could afford the median priced for sale unit in 2008. To respond to the growing gap of affordable housing, the City now offers down payment

assistance of up to \$40,000, as a deferred, 30-year, zero percent interest loan, with a shared-equity provision that ensures the City recaptures some of the large investment in that home.

Homeowner Assistance

Administering programs that allow homeowners to stay in their homes provides many benefits for the Austin community. Homeowner Assistance provides services for low and moderate-income individuals who own their homes, but need assistance to make them safe, functional, and/or accessible. Rehabilitation and repair programs decrease the need to create additional affordable housing that may have been required if the household was unable to stay in their home. Assistance provided includes emergency home repairs, substantial home rehabilitation, architectural barrier removal for the disabled and elderly, and funding the necessary materials for home repairs provided through local volunteer programs. These services not only help current low-income homeowners, but also improve the available stock of housing in the community. These programs also counteract gentrification by allowing current homeowners to stay in their homes, instead of selling or moving because they can not afford to make the necessary repairs or improvements.

Housing Developer Assistance

Housing Developer Assistance includes NHCD programs that offer assistance to for- and non-profit developers to create affordable housing for low- and moderate-income households. Public input and data analysis echoed the need for more rental and homeownership housing for low- and moderate-income households in Austin. The most significant way the City creates this housing is through gap financing to housing developers to create affordable housing. The city continues to explore and use every funding and regulatory tool available to assist in

the creation of these units. This includes not only using federal funding sources, such as the Community Development Block Grant and HOME, but also issuing tax-exempt bonds as well as the \$55 million in General Obligation Bonds passed by Austin citizens in 2006.

The City also encourages the creation of affordable housing through developer incentives. Incentives available include fee waivers, expedited review of projects, and density and height bonuses. These types of tools provide incentives for developers build a portion of their market rate projects as affordable.

Commercial Revitalization

Commercial Revitalization includes programs related to the revitalization of the East 11th/12th street corridors. The East 11th and 12th Streets redevelopment plan identifies projects and programs that will lead to a sustained, improved and culturally rich area. The Redevelopment Plan is slated for completion in year 2017.

This revitalization effort uses a combination of federal, local and private resources to improve the economic well-being and quality of life of the community. Public and private partnerships with business, financial, and non-profit communities are key to spurring quality investment, commercial development, and job creation throughout the East 11th and 12th Streets corridors. Through the City's partnership with the Urban Renewal Agency and the Austin Revitalization Authority, the revitalization area continues to receive focused attention and financial investment.

Today the corridor showcases tangible results of the public's investments to realize an effort that become an asset for the community. Projects to be completed over the next five years include the historical preservation of the Detrick-Hamilton Home, the home of one of the first



Mural on E. 11th Street,
part of the East 11th and
12th Street Revitalization

East 11th Street Revitalization area
(photo credit: Austin Revitalization Authority)



freed slaves in Travis County, to be renovated and expanded to house the African American Cultural and Heritage Facility. In addition, the 900 and 1000 Blocks of East 11th Street (Blocks 16 and 17, respectively) will add mixed-use development to further enrich the E. 11th/12th Street corridors.

Small Business Assistance

Small businesses are the backbone of Austin's economy. According to the City's Economic Development Department, 94 percent of the City's businesses are considered small businesses, consisting of 50 or fewer employees. Approximately 70 percent of jobs in Travis County are at businesses with fewer than 100 employees. To assist in the city's economic recovery, Austin will continue to invest in small businesses. Small business assistance provides a range of services for small business, from technical assistance to gap financing, to not only ensure the success of growing small business in the community, but also to encourage the creation of jobs for low and moderate-income households.

Key Policy Initiatives

Supportive Housing at Glen Oaks Corner,
Green Doors

The City of Austin continues to search for new ways to meet its mission to provide housing, community development, and economic development services to benefit eligible residents and businesses to increase opportunities for self-sufficiency. The following are some key strategies and opportunities that the City uses to meet its mission.

1. Promote affordable housing core values: Long-term Affordability, Geographic Dispersion, Deeper Levels of Affordability
2. Encourage private sector development of affordable housing
3. Expand alternate revenue sources
4. Provide leadership and education for affordable housing and community development

Promote Core Values

Long-term Affordability

Preserving long-term affordability ensures that public investments made in housing affordability today provide as much public benefit as possible. Communities across the country have experienced the loss of subsidized affordable housing due to expiring affordability restrictions. To proactively address this issue, the City must continue to advocate for tools and policies that encourage either permanent affordable housing or long-term affordable housing.

Currently, the City promotes this value through several initiatives, including the creation of a community land

trust that will allow the City to provide affordable homeownership opportunities and preserve affordable housing in perpetuity. The City issued the report, *Preserving Affordable Housing in Austin, A Platform for Action*, in April 2008 in order to proactively address the loss of affordable housing stock in the community. The City will continue to explore ways, outlined in the report, to preserve affordable rental housing through partnerships with lenders, foundations, and for- and non-profit developers.

Geographic Dispersion

The City supports providing affordable housing in areas outside of low-income neighborhoods, thereby deconcentrating poverty and providing for more economic opportunities for low-income households. NHCD currently gives funding preference through a scoring matrix system to projects that assist in the distribution of affordable housing stock throughout the community, to focus on areas in Austin where there is a shortage of affordable housing. NHCD will continue to explore ways to develop and encourage the development of affordable housing that is geographically dispersed throughout the city.

Deeper Levels of Affordability

The Housing Market Study showed a gap of 37,600 units of affordable housing for households making less than \$20,000 a year. To assist in closing that gap the City will continue to prioritize resources to affordable housing projects that serve very-low income households. In fiscal year 2007-08, 60 percent of the households served by the City's housing programs earned less than 30 percent of Median Family Income, or about \$21,000 a year for a family of four.





Mueller Austin Development

Encourage Private Sector Development of Affordable Housing

Developer Incentives

The City of Austin has created several key developer incentive programs to encourage the development of affordable housing and target affordable housing to create denser developments located close to transit and other amenities. Council recently designated several areas of the City located near transit corridors for dense development. These areas, included Transit Oriented Developments, Vertical Mixed-Use, and North Burnet/Gateway, all include goals of the creation of affordable housing through the use of density and height bonuses. The City will also continue to administer the S.M.A.R.T. Housing™ program that encourages the development of reasonably priced, mixed-income housing units that meet accessibility standards through developer incentives. The S.M.A.R.T. Housing™ ordinance ensures that new homes are Safe, Mixed-Income, Accessible, Reasonably Priced, and Transit-Oriented and meet the City's Green Building minimum-energy efficiency rating.

Public/Private Partnerships

The City will continue to explore partnerships with private entities to develop affordable housing. Partnerships with private developers can offer multiple public benefits, such as mixed-use, mixed-income housing, and increased density. Partnerships can allow low-income households to locate near schools, amenities, employment opportunities, and public transportation.

One key public/private partnership for the City has been the Robert Mueller Municipal Airport Redevelopment (RMMA) that includes aggressive affordable housing requirements. Twenty-five percent of all rental and owner housing units at Mueller, or approximately 1,200 homes,

will be affordable for residents making below Austin's median family income. Other future opportunities include the opportunity to include affordable housing in City redevelopment efforts.

Expand Alternate Revenue Sources

The City supports affordable housing by designating available federal funds primarily to affordable housing, as well as exploring local funding sources.

General Obligation Bonds

In November 2006, the citizens of Austin approved the use of General Obligation Bonds to increase homeownership and rental opportunities for low-to-moderate-income households. The bond package was approved by voters in November 2006 and includes \$55 million for affordable housing. The bonds are apportioned into \$33 million for rental and \$22 million for homeownership over a seven-year period. In May 2009, Austin City Council directed staff to allocate \$2 million in General Obligation Bonds towards a home repair initiative.

Housing Trust Fund

The Housing Trust Fund is another key source of local funding. Since 2000, the Austin City Council has directed \$8.8 million in local funds to the Housing Trust Fund. The Austin City Council also dedicates 40 percent of all City property tax revenues from developments built on City-owned lands to affordable housing. This policy is anticipated to generate revenues in perpetuity to the Housing Trust Fund. The Green Water Treatment Plant and Block 21 downtown are two projects underway that will support the Housing Trust Fund.

Shared Equity

The City also generates funds from the use of the shared equity model of homeownership. When a low- or moderate-income homebuyer purchases a home from the City using the shared equity model, the homeowner agrees to share a portion of the equity of the home at resale with the City. The homeowner gets a fair return on the investment and the City generates funds to assist future low- or moderate- income homebuyers.

Provide Leadership

Leadership and Education

NHCD aims to provide local, state and national leadership on affordable housing and community development issues. One key strategy is to engage the public with ongoing educational opportunities, attracting local, regional, and national experts to engage with the Austin community. NHCD coordinates multiple activities to support public education regarding affordable housing and community development. This includes affordable housing forums that bring together affordable housing stakeholders including citizens, neighborhood advocates, developers, property managers and policymakers to discuss issues related to affordable housing in Austin.

In addition, NHCD provides outreach to the community regarding all NHCD housing and community development programs. The Austin Housing Finance Corporation will continue to offer educational and capacity-building opportunities for local affordable housing developers. In addition, AHFC will continue to offer trainings and development certification opportunities to improve capacity for Community Housing Development Organizations (CHDOs), and operations grants for CHDOs and other local affordable housing developers.

Housing Market Study

The Housing Market Study serves as a key policy document for the City of Austin and a catalyst for future housing policy. The study educates the community on affordable housing needs, provides detailed housing data, and is the first housing gap analysis available in the City of Austin. The study will steer community decision making on affordable housing in the next decade. See the study at: www.cityofaustin.org/housing.

Comprehensive Plan

In September 2008, City Council appropriated funding for staff and a consultant to work with the public to create a new Comprehensive Plan for Austin. The City chose a consultant for the Comprehensive Plan, Wallace Roberts & Todd, through a public input process. The public kickoff of the Comprehensive Plan is expected to take place in fall 2009. The City Charter requires that a comprehensive plan be adopted by ordinance and specifies that it contain ten chartered-mandated elements, of which housing is one element. NHCD will work with the Planning and Development Review Department to provide housing affordability information and data to contribute to the development of the plan.

Council Initiatives

NHCD will continue to support the work of city-wide task forces related to its mission and departmental objectives and goals. In the past this has included the Affordable Housing Incentives Task Force, whose work has influenced Council policy towards creating and maintaining affordable housing.



The 2009-10 Action Plan

The City of Austin is required by law each year to prepare an Action Plan to receive federal funds from the U.S. Department of Housing and Urban Development (HUD). The Action Plan notifies citizens and HUD of the City's intended actions during that particular fiscal year.

In fiscal year 2009-10, the City of Austin will receive the following entitlement grants:

- Community Development Block Grant (CDBG); (\$7,522,791)
- HOME Investment Partnerships Program (HOME); (\$4,553,167)
- Housing Opportunities for Persons with AIDS (HOPWA); (\$1,029,086)
- Emergency Shelter Grant (ESG); (\$328,346)

In addition, NHCD will receive one-time federal stimulus grant funding from multiple sources:

- Community Development Block Grant – Recovery (CDBG-R); (\$2,003,003)
- Homeless Prevention & Rapid ReHousing (HPRP); (\$3,062,820)
- Neighborhood Stabilization Program (NSP); (\$2,542,618)

Local Funding Sources

Sustainability Fund (\$2,044,239)

The Sustainability Fund was created in fiscal year 2000-01 to provide resources for projects that will help the City of Austin build a sustainable economic, environmental, and equitable infrastructure. The Sustainability Fund is generated from transfers from the City's major enterprise operating

funds. In fiscal year 2009-10, NHCD's local funding for operating expenses was from the Sustainability Fund. Previously local funds were transferred to NHCD from the General Fund.

General Obligation Bonds (\$15,800,000)

On November 7, 2006, City of Austin voters approved a \$55 million bond package for affordable housing. The bonds are apportioned into \$33 million for rental and \$22 million for homeownership programs over seven years. The City has obligated almost 30 percent of the GO Bond funds, putting NHCD on track to allocate \$55 million by 2013-14.

Housing Trust Fund (\$281,247)

The Austin City Council dedicates 40 percent of all City property tax revenues from developments built on City owned lands to affordable housing. In fiscal year 1999-2000, the Austin City Council pledged \$1 million annually for three years to establish of a Housing Trust Fund (HTF). Each fiscal year through 2008-09, the Austin City Council continued to contribute general fund dollars to the Housing Trust Fund.

University Neighborhood Overlay Housing Trust Fund (\$161,430)

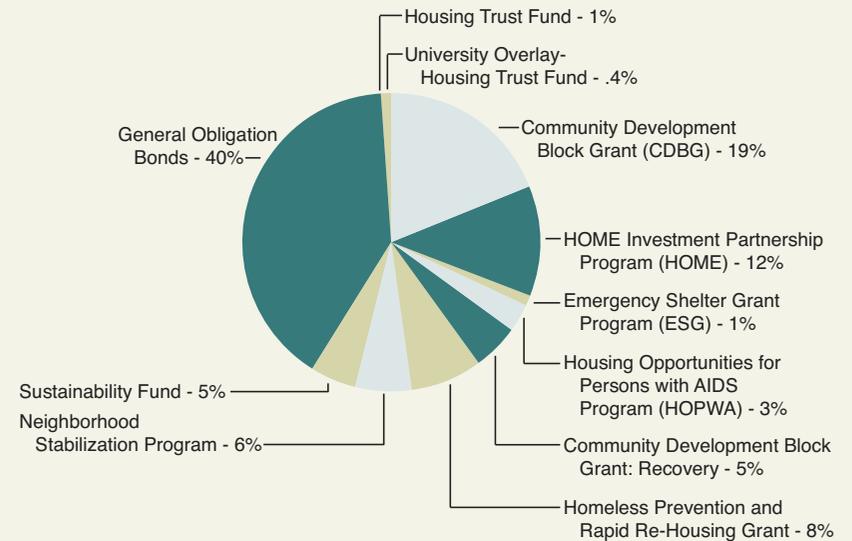
In fiscal year 2004-05, the Austin City Council adopted the University Neighborhood Overlay (UNO) District Housing Trust Fund that generates funding for the development of new affordable housing in a targeted area around the University of Texas. The fund balance for the UNO Housing Trust Fund in September 2009 is approximately \$1 million.

Fiscal Year 2009-10 Budget

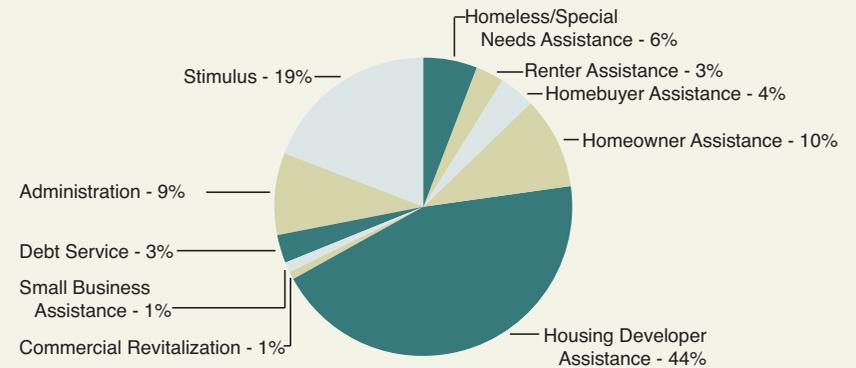
City of Austin FY 2009-10 Budget		
Funding Category	New Funding FY 2009-10	Households Served
Homeless/Special Needs Assistance	\$2,370,627	9,812
Renter Assistance	\$1,155,729	754
Homebuyer Assistance	\$1,607,815	370
Homeowner Assistance	\$3,852,013	1,189
Housing Developer Assistance	\$17,475,495	1,057
Commercial Revitalization	\$197,095	4,677
Small Business Assistance	\$350,000	62
Debt Service	\$1,197,949	n/a
Stimulus	\$7,608,441	n/a
Administration	\$3,513,583	n/a
TOTAL	\$39,328,747	17,921

Budget totals reflect Austin City Council action in September 2009 and may differ from the fiscal year 2009-10 Action Plan published in July 2009.

Sources of New FY 2009-10 Funding



Uses of New FY 2009-10 Funding





City of Austin
Neighborhood Housing and Community Development Office
P.O. Box 1088, Austin, TX 78767
(512) 974-3100
www.cityofaustin.org/housing

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. Reasonable modifications and equal access to communications will be provided upon request. For assistance please call 974-3256 OR 974-2445 TTY.

