

2018-2019 BUDGET QUESTION

Response to Request for Information

DEPARTMENT: Neighborhood Housing & Community Development

REQUEST NO.: 157

REQUESTED BY: Tovo

DATE REQUESTED: 9/4/18

DATE POSTED: 9/7/18

REQUEST: Please provide additional details regarding the \$150,000 allocated for compliance and third party monitoring. Please provide details about how much the City funded for monitoring and compliance in last year's budget. Previous conversations explored capturing the cost of monitoring and compliance in permit fees. Please explain if this practice is captured in the proposed fee schedule.

RESPONSE:

As part of federal and local requirements, both funded and incentivized housing developments require significant monitoring on an annual basis to increase credibility and maintain trust. The need for monitoring has increased in direct relation to the number of affordable housing units either funded or incentivized by the City through density bonus or other similar programs. Monitoring will help the department assess if it is achieving the goals outlined by the department as well as by Council through the Austin Strategic Housing Blueprint.

As noted in the November 2015 Prioritization of Affordable Housing audit conducted by the Office of the City Auditor, NHCD has gaps in the monitoring process and should allocate resources to ensure that compliance and monitoring of affordability restrictions occurs timely and in a manner consistent with policy requirements. The types of monitoring include: single family ownership (Homeowner Rehabilitation Loan Program, Down Payment Assistance; +/- 1,900 outstanding loans), multi-family funded projects (Rental Housing Development Assistance, Acquisition & Development; +/- 4,100 affordable units), incentivized/density bonus projects (+/- 3,200 affordable units), 12 subrecipient contracts receiving federal funding in excess of \$3.5 million.

The department's FY 2018 budget included funding for three existing full-time equivalents (FTEs) responsible for monitoring subsidized affordable units and subrecipient contracts. There were no new funds in last year's budget dedicated to density bonus monitoring; however, funding from a previous year was used to extend a contract for density bonus monitoring. The requested funds will be utilized for continuing contractual services for monitoring of these types of units.

The cost of monitoring and compliance is not captured in permit fees or the fee schedule at this time.