



Austin City Council MINUTES

For

JULY 23, 1984 - SPECIAL CALLED MEETING
2:00 P.M. - THIRD FLOOR CONFERENCE ROOM

Council Chambers, 307 West Second Street, Austin, Texas

City Council

Frank C. Cooksey

Mayor

John Treviño, Jr.
Mayor Pro Tem

Council Members
Mark Rose
Smoot Carl-Mitchell
Sally Shipman
George Humphrey
Charles E. Urdy

Jorge Carrasco
City Manager

Elden Aldridge
City Clerk

Memorandum To:

Councilman Urdy called to order the Special Called Meeting of the Council, scheduled at 2 p.m., at 2:14 p.m., noting the absence of Councilmembers Rose and Shipman.

Councilman Urdy began the meeting, held for the purpose of discussing the proposed Housing Policy, by reminding Council that they had resolved at the last meeting to have staff look at inclusionary zoning in other cities and determine the status of it.

Paula Phillips reported that data had been collected but that there has been insufficient time to analyze it. Councilmembers were invited to look over the data briefly. It was pointed out that this survey reflected city staff input. Councilmember Spaeth volunteered to obtain developer input on the same subject.

Councilmember Duncan noted that there were six responses, four of which were favorable. Highland Park, Illinois, reported that it is not working, that nothing is being done because it's a voluntary program. San Francisco said that it is not working, that it is not cost effective and that builders and developers do not comply. The reasons for the program's not working in San Francisco were not clear although it seemed that the objection was based on the fact that the program was not sufficiently effective. The consensus seemed to be that it worked, except where it was not mandatory.

Councilmember Urdy clarified the definition of inclusionary zoning.

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There was discussion of the builders' responsibility in this type of zoning. People surveyed for the report were identified as being part of the housing division, the planning department or finance.

Paula Phillips reiterated the need to talk either to the developers in the cities surveyed or to the board of realtors in those cities to obtain the perceptions of those who are ostensibly on "the other side" of the question. The housing costs was also mentioned as a necessary part of the analysis

The city of Denver was recommended for study inasmuch as they did have inclusionary zoning and then dropped it. Mr. Urdy suggested that staff find out what the cities were, in fact, doing, both those that were using inclusionary zoning and those that were not, as well as finding out who, if anyone, was actually benefitting from the inclusionary zoning. The case of Montgomery County, Maryland was briefly cited by staff. The need to make sure that the zoning actually functioned in a positive manner was emphasized, i.e., that those for whom the low-cost housing is targeted actually receive the housing and that the housing is actually suitable, not merely smaller or cheaper. Mr. Urdy suggested that some of the goals of inclusionary housing had already been achieved by the Housing Finance Corporation although he questioned whether the housing funded by the bond issue had all actually reached the low and moderate income consumer for which it was originally intended.

Specifics of cost of housing, limit for income qualification, inclusion of custom builders were discussed. Mr. Trevino pointed out that "low income" was a misnomer inasmuch as the housing that the council was discussing would be available to "young professionals" at a cost of around \$70,000, and not to the genuinely low income individual. Ms. Phillips pointed out, however, that the housing would be available to the 80% to 120% of the median income in Austin, so she contended that it was "moderate income" housing. A council member agreed that although the poorest of the poor were not being served, moderate income families were being offered the opportunity to own a home which they had previously had no chance of doing, as in Glen Oaks. However, Mr. Trevino noted that there was nothing to prevent someone who already had a home to either move up by selling his home and purchasing another, or to purchase an additional home.

Dr. Urdy stated that, regardless of the categorization, the houses that would be available would go to the well-off and that furthermore, if there were no guidelines for builders, they would simply build the same kind of house as they were currently building or merely increase the density. The impact on the value or cost of adjoining housing was also mentioned as a necessary factor in the equation but one which was presently unknown.

Dr. Urdy suggested that the Housing Authority be asked for input relative to lowest income housing. Charles Miles stated that it was very unlikely that Austin would have any additional public housing at least in the next two or three years because of negative attitude by federal administration. HUD has approved only 50 units for the Southwestern Region and Mr. Miles said that they had made application for that but that it was unlikely that we would be the beneficiary of any of that housing. He stated that the population designated as "very low income" would never benefit from

any of the projects currently being discussed by the task force, which means most of the people living in public housing in Austin. He said that the only way for these people to acquire housing was for the city to build it with city funds. He pointed out that housing was at least as necessary as the Chamber of Commerce which collects its funds through some type of "bed tax" and that housing should also be funded in this mandatory way, not through some manner whose outcome was doubtful, including inclusionary zoning.

Mr. Miles cited statistics on Booker T. Washington housing project relative to rent, family income, and ethnic background and said that the Housing Authority has an excellent record in providing housing for the very poor of all ethnic groups. He cited as a crucial statistic that fact that 84% of the households at Booker T. Washington housing project are headed by single female parents. The thrust of Mr. Miles' remarks is that the projects currently being proposed by the task force would have no impact at all on the very poor and that the need for housing for these people is tremendous.

Mr. Miles described programs of referral subsidized by HUD but noted that those who had found housing on these programs as well as those who were still looking were primarily very low income with only a few low income and no moderate income.

Mr. Spaeth questioned the decision to tear down all of the Booker T. Washington project rather than just those parts that were less than optimally habitable, citing the fact that when there are relatively minor structural or aesthetic problems with more expensive housing, the housing is not destroyed, it is fixed. Mr. Miles denied that it was all going to be torn down and said that people were being moved out of only those buildings that had been deemed to be unsafe. However, those buildings that are safe are scattered about the project and the Housing Authority had not yet reached a decision on whether to tear down the entire thing or leave some of the buildings standing or sell the property and that decision would require the approval of the Secretary of HUD. To Mr. Spaeth's objection that the buildings did not warrant being destroyed, Mr. Miles presented the high cost of maintenance and repair over the last six years.

Mr. Trevino asked what it would cost to rebuild a 300 to 500-unit project. Mr. Spaeth said that it would cost about \$25,000 per unit but Mr. Miles stated that no one would recommend building a housing development of that size anymore and that they would, in any case, not get any HUD money unless HUD approved it first and that that process would take about 5 years. Mr. Trevino summarized, saying that it would take about \$15 million to rebuild and subsidize the families that are currently being taken care of by the Housing Authority.

Mr. Miles pointed out that the Housing Authority is a business and therefore must pay its bills. He showed a map that detailed those units that needed to be torn down. He cited the objections of neighbors of the project to building a very large facility on the project's property. To further questioning about

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need to tear down Booker T. Washington, Mr. Miles noted that the other projects which are still viable housing entities are not built on shifting soil and noted that the old Anderson High School (the present Ridgeview campus of Austin Community College) which is near the project, suffered the collapse of its entire boiler room. He emphasized again that no final decision about the retention or demolition of the project had been reached.

Mr. Graham asked if it were possible to redevelop the property. Mr. Miles did not have an answer for that, primarily because the possibility of having enough money to do it precluded investigating HUD's position on this type of venture. He also questioned whether managing a joint venture was the proper function of the Housing Authority. He stated that HUD would never approve the amount of money necessary to repair the project to make it liveable. He also stated that he strongly felt that, whatever the ultimate disposition of the property was, the density should be greatly reduced. Ms. Phillips suggested selling the property to someone who would develop it for Section 8 rentals. Mr. Miles said that that would be the decision of the person who bought the property.

Mr. Miles pointed out, and Mr. Trevino agreed, that a decision to make the housing even partially self-supporting by adopting the broad range of income eligibility for renters, thus effectively shutting out the zero income group, would be terminally negative public relations for the Housing Authority. Furthermore, Mr. Miles felt that if they did use the broad range of income, those with sufficient income to afford the housing would not want it because of the stigma attached to living in "the projects." He said that most of the public housing that is being built in Austin now are duplexes and that an effort is being made to stay away from project-like structure.

Mr. Miles concluded that the only way to solve the problem was to make more rental housing available. He suggested that there should be an effort to get some of the people who are in public housing into the affordable housing thus making room in the public housing for some of those who are waiting. For this reason, there should be some criteria for those who qualify for low income purchase of housing. He noted that funds for housing from the federal sources had been drastically cut. He stated that he saw housing the very poor as the proper mission for the Housing Authority.

Mr. Urdy introduced the subject of co-op housing. Frances Ferguson introduced Diana Dunnaway of Amelia Bullock Realtors who is developing some "re-do's," and Anne O'Brien and herself as representatives of College Houses which is the fifth largest college co-op organization in the U.S. They wanted to advocate the concept of co-op housing as part of the solution to low and moderate income housing. She proposed that the Council put co-op housing into its agenda and initiate a pilot project this year.

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Diana Dunnaway reported that the staff had prepared a list of 21 items and asked her to consider them relative to co-op housing and the possibilities it would offer for reducing cost. She explained what co-op housing meant relative to ownership, non-profit and profit status, management, uses of corporate identity. She commented on lengthy and complex outline she had developed on co-op housing's benefits to low income housing. Frances Ferguson further commented on the advantages of co-op housing, again on matters that are outlined in a package given to the Council. Ms. Dunnaway cited her background as a social worker and realtor and emphasized her strong feeling that co-op housing would be an excellent answer to the problem of housing for the very poor.

It was agreed to reconvene the meeting on Monday, July 30, at 2 PM.

