

AGENDA



Thursday, October 16, 2008

**Neighborhood Housing and Community Development
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 14

Subject: Approve an ordinance designating the Austin Housing Finance Corporation, the Travis County Housing Finance Corporation, and PeopleTrust to operate as Homestead Land Trusts as authorized by Texas Local Government Code Chapter 373A, Subchapter C, Homestead Land Trust.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Margaret Shaw, Director, Neighborhood Housing and Community Development, 974-3184

Boards and Commission Action: Community Development Commission review scheduled October 14, 2008.

Prior Council Action: On January 11, 2007, the City Council approved an ordinance creating the Homestead Preservation District under Local Government Code Chapter 373A subject to passage of legislation amending certain provisions of Chapter 373A. That amending legislation was subsequently passed. On January 31, 2008 the City Council directed the City Manager to work with Travis County to begin the steps needed to implement a Tax Increment Financing (TIF) Reinvestment Zone in all or a portion of the Homestead Preservation District.

Texas Local Government Code Chapter 373A provides three tools which may be used in Central East Austin to increase home ownership and provide affordable housing: Land Banks, Land Trusts, and Tax Increment Financing Reinvestment Zones (TIF). Under Chapter 373A, the City of Austin may by ordinance create or designate one or more Homestead Land Trusts to operate in the Homestead Preservation District. The land trusts may be operated by a housing finance corporation, a city-certified community housing development organization or other 501(c)(3) nonprofit. This action will designate three organizations as land trusts eligible to operate in the District. This action does not preclude other eligible organizations from applying for future designation as a land trust. Land trusts operating under Chapter 373A may be eligible to apply for funding from a Homestead Preservation TIF, should a TIF be established.

A non-public trust must be a nonprofit organization created to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the district and must be exempt from federal income taxation by being certified as an exempt organization under Section 501(c)(3), Internal Revenue Code of 1986.

The purpose of these land trusts is to: 1) control local land use and reduce absentee ownership; 2) provide affordable housing for low-income and moderate-income residents in the community; 3) promote resident ownership and control of housing; 4) keep housing affordable for future residents; and 5) capture the value of public investment for long-term community benefit.

A governmental entity may transfer land to a land trust without competitive bidding. A taxing unit may forgive outstanding taxes and fees on property transferred if otherwise allowed by law. Other than a land trust operated by a housing finance corporation, a trust may not transfer title to any land owned by the

trust without approval from the City of Austin and Travis County through a resolution of the governing bodies adopted with the affirmative vote of four-fifths of the members following a public hearing.

Chapter 373A, subchapter C, does not preclude the creation of a land trust by a nonprofit organization under other legal authority or the operation of that land trust inside or outside the district.