

## AGENDA



Thursday, December 11, 2008

**Item(s) to Set Public Hearing(s)**  
**RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 73**

**Subject:** Set a public hearing to consider an ordinance regarding the creation of the "Homestead Preservation Reinvestment Zone Number One," a tax increment reinvestment zone for affordable housing for the Homestead Preservation District project area, generally located within the boundaries of IH-35 on the west; Lady Bird Lake on the south; Springdale Road to Lyons Road to Webberville Road to Oak Springs Drive to Airport Boulevard on the east; and 38th ½ Street to Cherrywood Road to Manor Road on the north. (Suggested date and time: December 18, 2008, 6:00 PM at Austin City Hall, 301 W. Second Street, Austin, TX).

**Fiscal Note:** There is no unanticipated fiscal impact.

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

**Prior Council Action:** January 11, 2007, approved ordinance designating a Homestead Preservation District under Local Government Code 373A; January 31, 2008, approved resolution directing City Manager to work with Travis County to begin the steps needed to implement a Homestead Preservation Reinvestment Zone in all or a portion of the Homestead Preservation District; October 16, 2008, approved a resolution adopting preliminary tax increment reinvestment zone project and financing plans for the proposed Homestead Preservation Reinvestment Zone, and authorizing the City Manager to distribute the plans and the City's Notice of Intent to designate the Homestead Preservation Reinvestment Zone Number One to all other taxing jurisdictions.

The Homestead Preservation Districts and Reinvestment Zones Statute (Texas Local Gov't Code Chapter 373A) provides tools to assist low to moderate income residents to continue to live in Central East Austin, an area which has experienced fast rising home values. These tools include a land trust, land bank and tax increment reinvestment zones for affordable housing.

I. **Background:** HPD statute grants certain authority to create low to moderate income affordable housing in Central East Austin. One tool is the Homestead Preservation Reinvestment Zone ("HPRZ"). The Council was briefed on the Homestead Preservation Reinvestment Zone on November 20, 2008.

II. **Purpose:** Conduct a public hearing on the creation of the proposed Homestead Preservation Reinvestment Zone and its benefits to the community and property in the zone, and to receive input from community stakeholders on Zone and the Zone project and financing plans. The project plan outlines broad uses of funds following the income categories stipulated in the statute.

Partners in affordable housing projects undertaken through the Zone may be non-profit or for profit; the Community Land Trusts (CLTs) may also receive funds if they are designated by Council. The financing plan outlines the funds collected from the tax on increased property value.

III. **Next Steps:** After conducting the public hearing, Council may approve the ordinance designating the Homestead Preservation Reinvestment Zone Number One, specifying the amount of tax increment to be contributed, and establishing a Board of Directors. If the County adopts an order agreeing to the creation of the HPRZ, its boundaries, termination date, and amount of increment, by

December 31, 2008, the base year for establishing the tax increment is 2008. If the Council and the County act after January 1, 2009, the base year for establishing the tax increment is 2009.