



Community Development Commission

P.O. Box 1088, Austin, TX 78767

www.cityofaustin.org/housing

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Date: June 23, 2010

To: Mayor and Council Members

From: John Limon, Chair, Community Development Commission

Subject: Resolution to Rescind Moratorium on Affordable Housing Funding Programs

On June 15, 2010 the Community Development Commission considered and passed the resolution below, recommending that Council direct staff to rescind the pause, or moratorium, on processing applications for the creation of affordable housing through the Neighborhood Housing and Community Development Office.

CDC RESOLUTION 20100614-1

WHEREAS, on or about February 2005, the Austin City Council ("Council") formed the 2006 Bond Election Advisory Committee ("BEAC").

WHEREAS, the BEAC formed various subcommittees to gather the public's input for programs and projects for the 2006 Bond Program.

WHEREAS, the BEAC and its subcommittees held a total of 35 public meetings from July through October to consider projects and programs for inclusion in the bond package in addition to four Public Hearings to receive additional input from citizens.

WHEREAS, among the various recommendations made for the 2006 Bond Program, the BEAC recommended that 60% of all General Obligation Bonds for Affordable Housing, be used for "Rental Housing Development Assistance" and 40% of all General Obligation Bonds for Affordable Housing, be used for an "Acquisition and Development Program" to promote homeownership opportunities with a target population of being 50 to 65 of the Median Family Income ("MFI").

WHEREAS, although the BEAC has specific percentage recommendation requirements for "Rental Housing Development Assistance" and the "Acquisition and Development Program," the Affordable Housing Bond language permitted a much more general use of the General Obligation Bond funds so long as the funds were used for affordable housing purposes.

(Bond language follows):

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The issuance of \$55 million in tax supported General Obligation Bonds and Notes for constructing, renovating, improving and equipping affordable housing facilities for low income persons and families, and acquiring land and interests in land and property necessary to do so, and funding affordable housing programs as may be permitted by law; and the levy of a tax sufficient to pay for the bonds and notes.

WHEREAS, on November 7, 2006, Austin voters approved a \$55 million dollar issue of General Obligation bonds to increase the supply of affordable housing over the subsequent seven years.

WHEREAS, the City of Austin (the "City") has approved projects that will create almost 1,800 units of rental, homeownership, and transitional housing as a result of the General Obligation monies.

WHEREAS, the City recognized the success of the 2006 Bond Program and wanted to continue its momentum in helping to develop affordable housing in Austin and asked the City's Community Development Commission (the "CDC") to identify a policy to address funding of projects as they came through the City's application pipeline for Affordable Housing (hereinafter defined) support.

WHEREAS, the Affordable Housing funding policy (for the purpose of this resolution) contemplates programs using Rental Housing Development Assistance ("RHDA"), Acquisition and Development ("A&D"), and General Obligation ("GO") funds.

WHEREAS, the CDC suggested a three month pause of accepting applications to the City's Affordable Housing Programs, with the pause terminating on or about March 2010, to create a policy to address future funding requests.

WHEREAS, the CDC met on six different occasions in an attempt to create a policy to address the Affordable Funding requests but did not finalize a policy recommendation: These CDC meetings occurred on December 8, 2009; January 7, 2010 (Special Called Meeting); January 12, 2010; February 16, 2010 (Special Called Meeting); February 23, 2010 (Special Called Meeting); and, March 10, 2010.

WHEREAS, the Neighborhood Housing and Community Development Department ("NHCD") has halted the processing of applications requesting funding from the Affordable Housing programs and continues a moratorium on expending or allocating Affordable Housing funds for all projects requesting the City's support through its Affordable Housing programs at the direction of the Austin City Council.

WHEREAS, it has come to the CDC's attention that numerous private and non-profit applicants seeking to leverage City funds from the various Affordable Housing funding programs, who have already obtained matching government funds, request the City's consideration for funding support through its Affordable

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Housing funding programs to develop projects which will serve populations below 50% MFI.

WHEREAS, the CDC wishes to rescind the “pause”/moratorium and allow projects which have already leveraged outside government support, or a funding source which is not the City, to be processed and considered for Affordable Housing program funds.

NOW THEREFORE BE IT RESOLVED, the CDC recommends rescinding the “pause”/moratorium and encourages the City Council to direct staff to resume processing applications that have been received as of March 25, 2010 with the balance of funds remaining for Fiscal Year 2009-10.

BE IT FURTHER RESOLVED, the action requested herein is to facilitate NHCD to resume the processing of applications for the creation of affordable housing and not to supplant or supersede existing NHCD application processing requirements for the Affordable Housing programs, other than the moratorium.

Please contact me if you have any questions or if I can provide additional information.