Community Development Commission

P.O. Box 1088, Austin, TX 78767 *www.cityofaustin.org/housing*

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Date: July 18, 2011

To: Mayor and Council Members

From: John Limon, Chair JL (by KSho)

Subject: CDC 2011-12 Action Plan Recommendations

The Community Development Commission met on Tuesday, July 12th and voted to approve recommending the Draft Fiscal Year 2011-2012 Action Plan for your approval with the following additions:

1. Inclusion of the CDC Housing Trust Fund Working Group recommendations for the Housing Trust Fund (see attachment).

2. Inclusion of a recommendation to extend continuing the Holly Good Neighbor Program until the Holly Power Plan is demolished, and to expand the Program area to IH-35 to the west, East Caesar Chavez to the north, Pleasant Valley Road to the East and Lady Bird Lake to the south.

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

Attachment

The City of Austin is committed to compliance with the American with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.

REPORT OF THE HOUSING TRUST FUND WORKING GROUP OF THE COMMUNITY DEVELOPMENT COMMISSION

The Housing Trust Fund Working Group of the Community Development Commission received the following information:

1. The City Council adopted both an ordinance and a resolution governing the creation of a Housing Trust Fund in 2000.
2. The Housing Trust Fund was funded at $1,000,000 initially to replace the HOME match of $1,000,000 that was required for every $4,000,000 of HOME funds that the City received from HUD. This allowed the City to stop writing $1,000,000 to HUD each year.
3. Under the original Council actions in 2000, up to $750,000 each year would be allocated to rental housing for those at or below 50% of the Median Family Income under the same guidelines that governed federal funds, so that the HOME match standards could be met.
4. Housing Trust Fund resources were devoted to different housing programs in different years.
5. From budget year 1999-2000 through budget year 2008-2009, the allocation for the Housing Trust Fund was at least $1,000,000 annually for every year except 2003-2004. The allocation that year was $800,000 because of a City budget shortfall.
6. The infusion of money from City property taxes for properties that were not on the City tax rolls on June 1, 1997 but that subsequently paid City taxes (a policy directive for 40% payment from the 2000 Council resolution) began in 2008-2009.
7. The total investment in the Housing Trust Fund dropped to $302,593 in 2009-2010, but there was a $2,007,957 carry-forward that year.
8. By December, 2010, all Housing Trust Fund new allocations and carry-forward had been spent or committed.
9. This is occurring at a time when General Obligation Bond funds are being depleted, and HUD funding for CDBG and HOME activities are being reduced by Congress.

Based on this information, we recommend the following to the Community Development Commission and the City Council:

1. That the 2011-2012 City budget include funding for the Housing Trust Fund of at least $1,000,000.
2. That any property located in the Desired Development zone that is generating City property tax revenue currently or generates City property tax revenue in the future be included in the 40% City property tax calculation if that property was not generating City property tax revenue on June 1, 1997.
3. That the City manager be directed to develop a plan for funding the Housing Trust Fund at $1,000,000 annually in any budget year when the 40% allocation does not generate at least $1,000,000 in revenue.