



# Community Development Commission

P.O. Box 1088, Austin, TX 78767

[www.cityofaustin.org/housing](http://www.cityofaustin.org/housing)

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Date: September 7, 2012

To: Mayor and Council Members

From: John Limon, Chair, Community Development Commission

Subject: Budget for Neighborhood Housing & Community Development Office  
(NHCD)

The Community Development Commission (CDC) at its, August 2012 meeting, voted to object to using capital funds from the Housing Trust Fund to pay administrative costs, as proposed in the City Manager's budget. The Manager's plan would cut funding for direct housing assistance to citizens by over \$600,000. We instead request the Manager be directed to use other funds to maintain current NHCD staffing levels, to augment the funds for direct housing services, and to carry out HUD requirements.

We are facing draconian federal budget cuts for housing under the current budget. CDBG has been cut 18 percent from 2010-11 to 2012-13, while the HOME block grant will decline 40 percent in fiscal year 2012-13. In addition, proceeds from the sale of the 2006 General Obligation bonds have now been allocated. This leaves critical needs un- or underfunded. NHCD staff is to be commended for their very proactive work to win new funds, even with one third fewer staff. Yet they have not been able to make up for the dramatic federal decreases in funding.

The consequences of allowing such a decline in funding for our housing programs can be seen in the City's Action Plan for 2012-13, which projects 47 fewer families will be assisted in transitioning out of homelessness, while only 13 units of rental housing will be produced in the coming fiscal year. At the same time the need for affordable has dramatically increased with Austin rents escalating to all-time highs.

In addition to the vital work of NHCD in producing and preserving affordable housing, NHCD has proposed preparing two reports which relate to fulfilling important goals set by Council including, development of a strategy for geographically dispersing affordable housing, and Permanent Supportive Housing. Without additional resources, NHCD is budgeted to use our local Housing Trust Fund dollars to cover administration costs, instead of dedicating these funds to the production of affordable housing, as Council intended when it established the Trust Fund.

**The Community Development Commission recommends that the following actions be taken to maintain our commitment to meeting Austin's affordable housing needs:**

- Use Housing Trust Fund dollars (\$600,000) to fund housing programs not staff salaries.
- Increase funding for the Housing Trust Fund up to \$1,000,000 (as explained in our July recommendation to Council on the Annual Action Plan. See attached.)

*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.*

- Re-allocate Housing Trust Fund dollars to home repairs and other direct housing production and preservation programs in keeping with the original mission of the Trust Fund.
- Re-allocate CDBG funds currently designated for the GO Repair program to Permanent Supportive Housing. The strings attached to CDBG funds would make it difficult to serve as many families.
- Use other revenue sources such as the Hotel Occupancy Tax revenue generated by the F-1 race, the extra \$1 added to the Solid Waste Fee (renamed the Clean Community Fee), the predicted increase in building plan and permit review fee revenue, and revenue from the new Short Term Rental registration fee and/or city sustainability funds to:
  - Cover NHCD's administrative shortfall of \$557,000;
  - Provide level funding for social service agencies affected by federal cut to CDBG;
  - Fund planning and policy studies needed to support for the affordable housing siting working group, and to assess the effectiveness of our permanent supportive housing efforts,
  - Provide additional funding for home repair to get the funded amount to at least level funding

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

Cc: Marc Ott, City Manager  
Bert Lumbreras, Assistant City Manager  
Betsy Spencer, Director, NHCD