

AFFORDABLE HOUSING: STRATEGIES FOR A SUSTAINABLE FUTURE

Presentation by:

- City of Austin
- Economic & Planning Systems

Austin City Council Presentation: June 18, 2013

TODAY'S OBJECTIVE

Follow up to Resolution No. 201301177-061

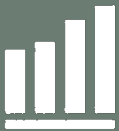
Directs staff to present on a series of topics to address the full spectrum of affordable housing

PRESENTATION HIGHLIGHTS

- Elements of a sound Affordable Housing Financial Strategy
- Housing Market Data: the need for affordable housing
- Affordable housing regulations and policy outcomes
- Dedicated revenue: funding strategy for affordable housing

ELEMENTS OF A SOUND AFFORDABLE HOUSING STRATEGY

Best practice strategies to address household affordability
Three Key Components:



Accurate, Relevant
Data to Set Local
Goals



Innovative
Zoning/Regulations to
Facilitate Lower-Cost
Housing



Dedicated Revenue
Sources

AFFORDABLE HOUSING STRATEGY



Accurate,
Relevant Data
to Set Local
Goals

- Up-to-date knowledge of needs & inventory
- Define Sub-population and sub-geographic goals and targets through upcoming Housing Market Study (2014)
- Housing – Jobs Balance / Data



Innovative
Zoning/
Regulations to
Facilitate
Lower-Cost
Housing

- Create opportunities for affordability through the Land Development Code rewrite:
 - Incentives for inclusion
 - Reduced regulation that impedes affordability
 - Expedited process with single point of contact for dedicated affordable developments



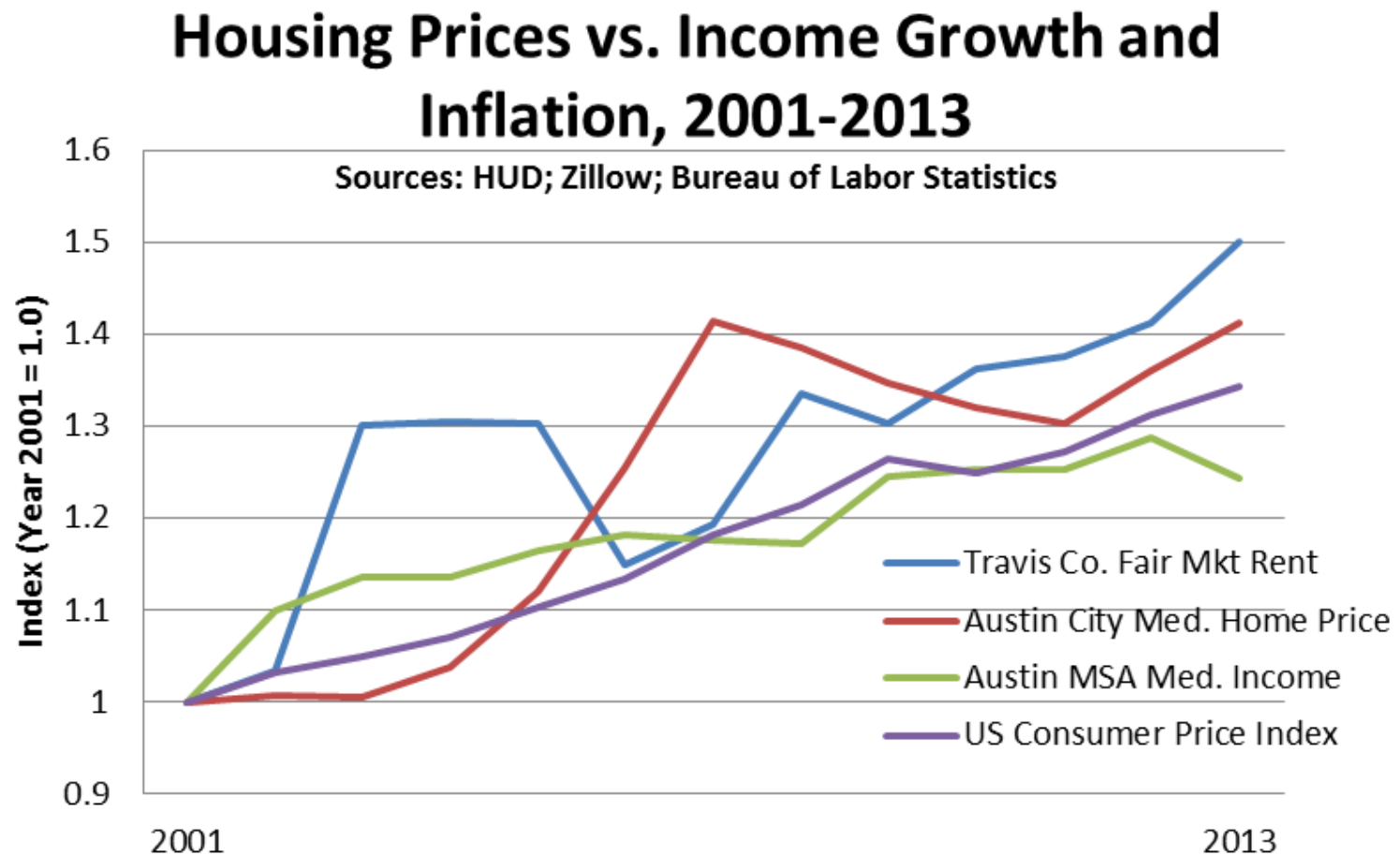
Dedicated
Revenue
Sources

- Increase dedicated revenue for the Housing Trust Fund (HTF)
- Provide Return on Investment data
- Develop a sustained capital funding strategy to support household affordability as infrastructure
- New Dedicated Revenue Sources
- Redevelop public land to prioritize household affordability

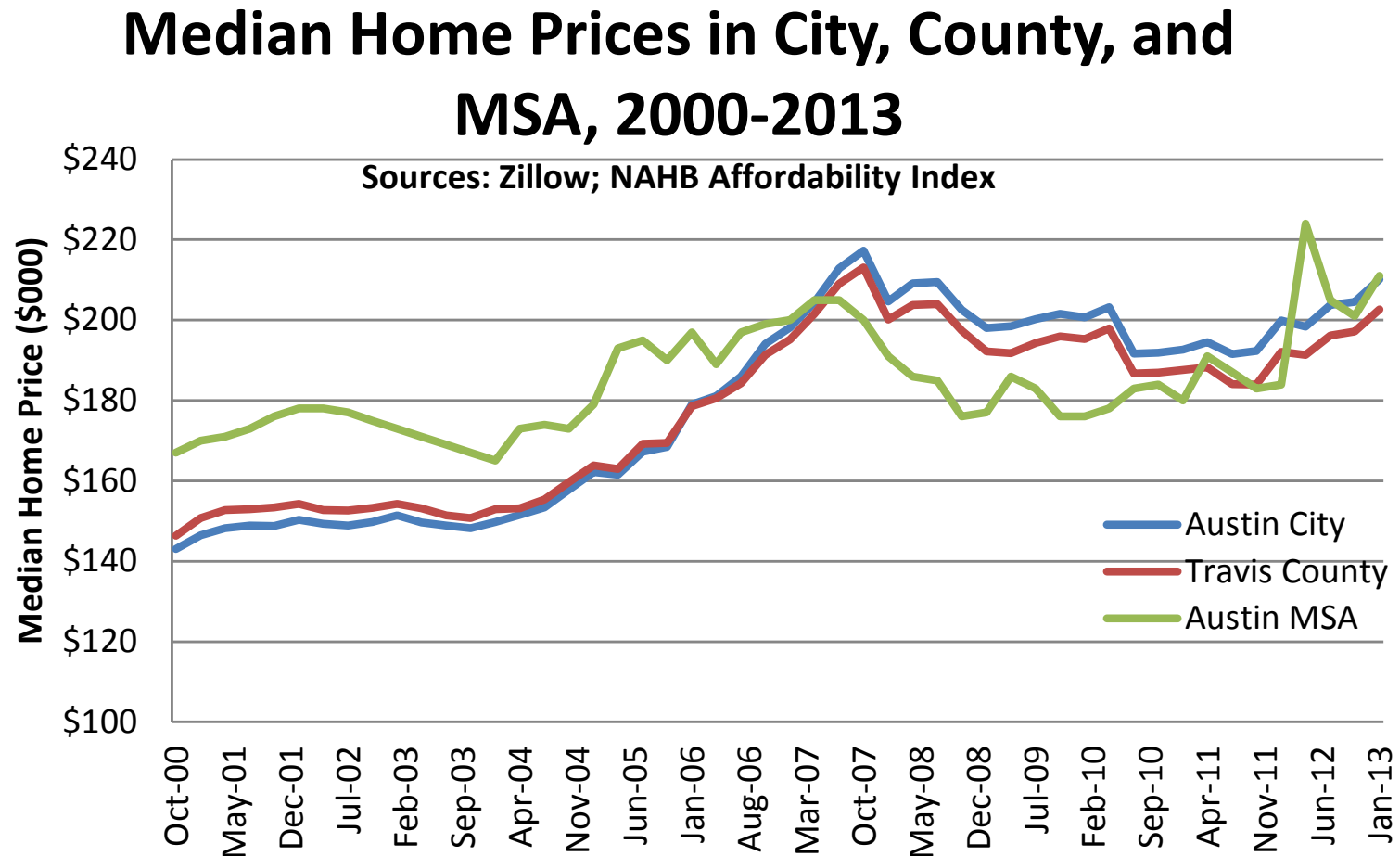


HOUSING MARKET DATA

HOUSING PRICES HAVE RISEN FASTER THAN INCOMES, INCREASING COST BURDENS



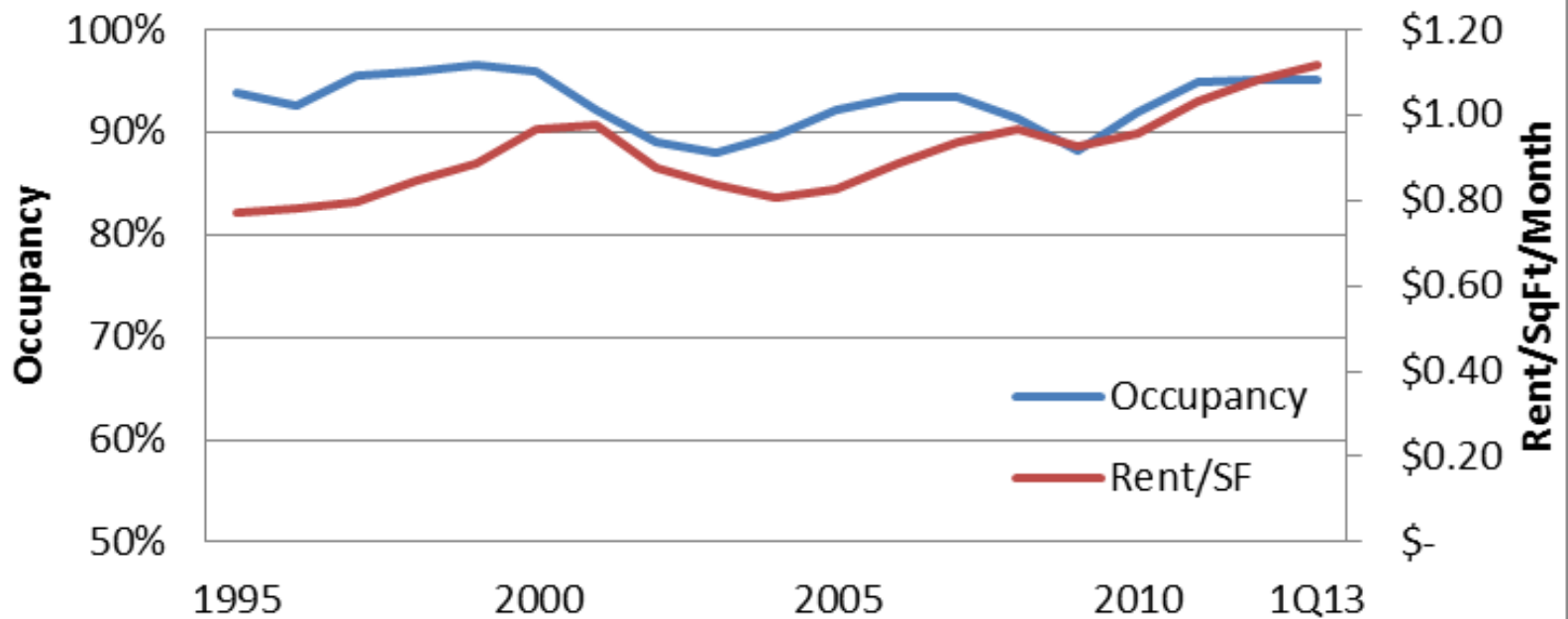
THE CITY ONCE HAD BELOW-AVERAGE PRICES, BUT NOW IS ABOVE AVERAGE



THE REGION'S APARTMENT RENTS ARE AT AN ALL-TIME HIGH

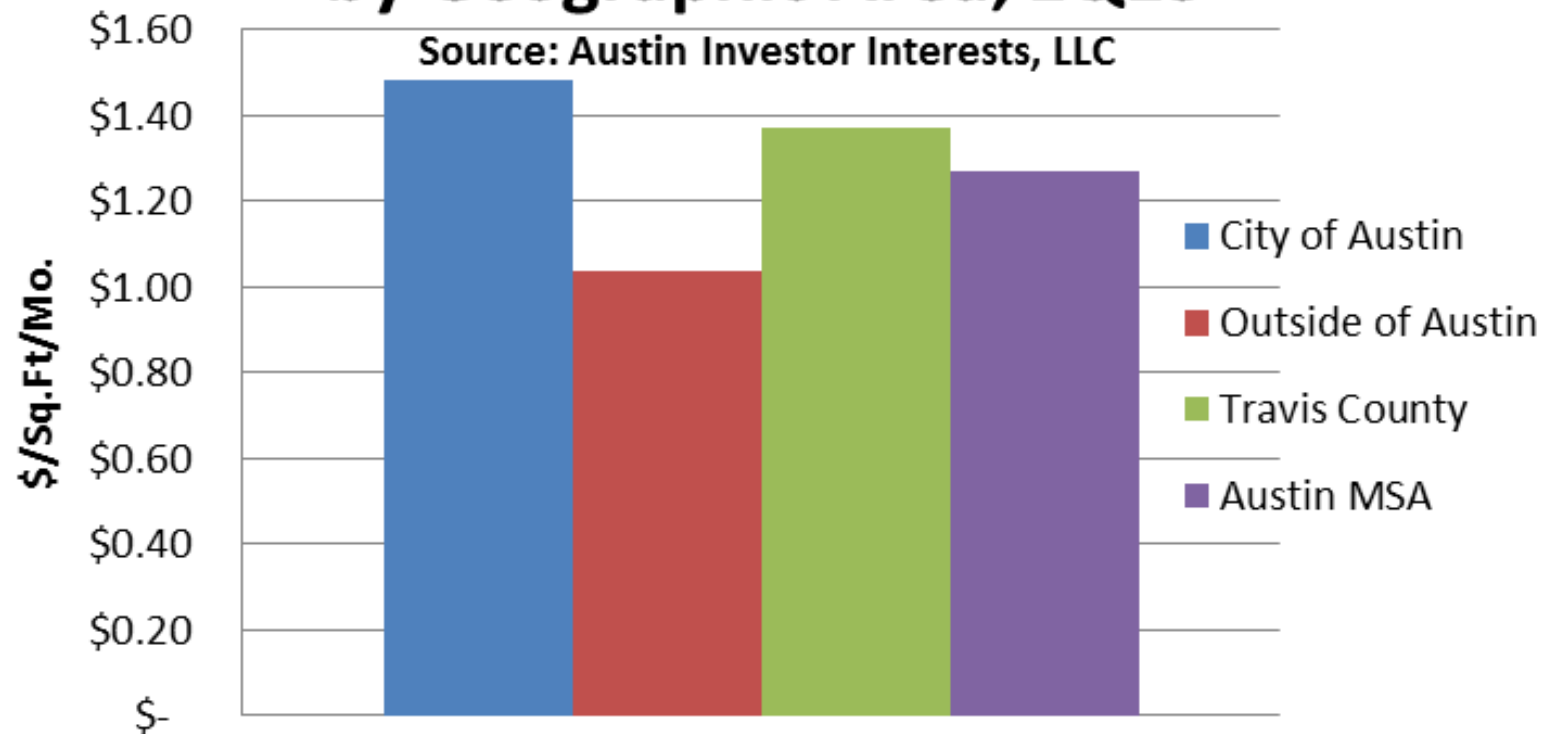
Austin MSA Apartment Occupancy and Average Rent, 1995-2013

Source: Austin Investor Interests, LLC



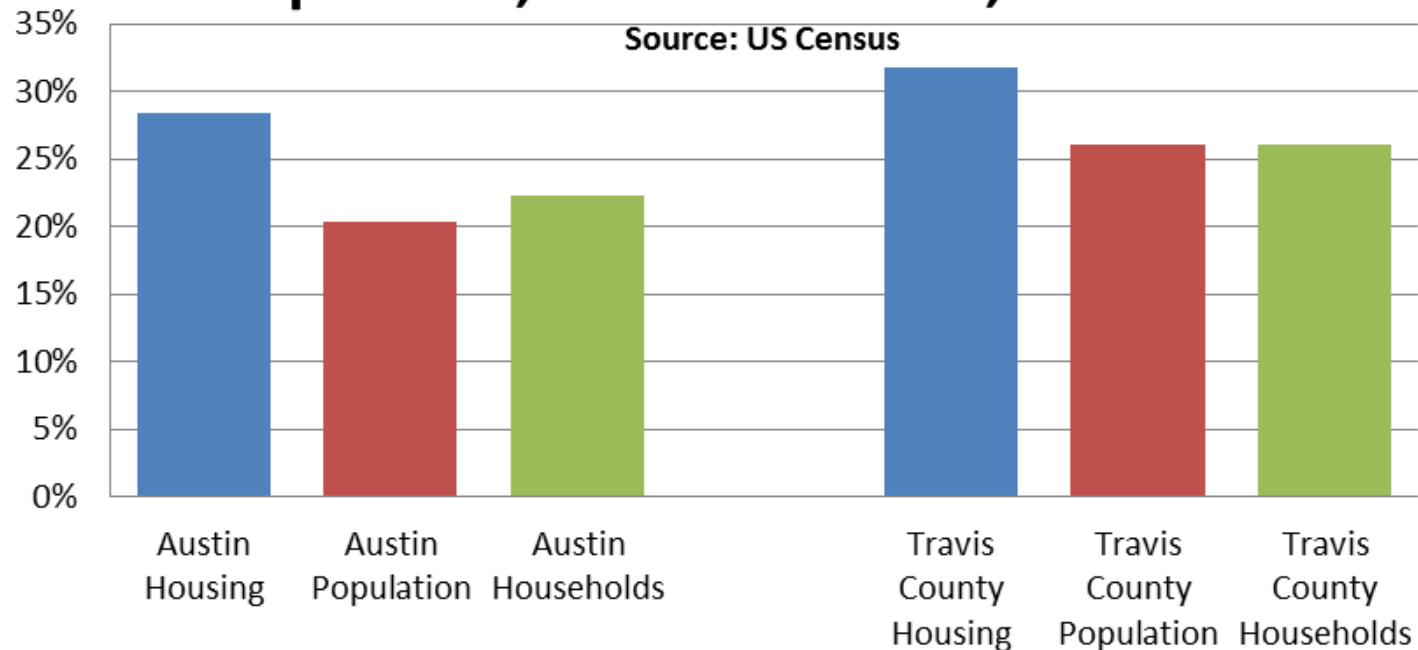
RENTS WITHIN THE CITY ARE MUCH HIGHER THAN REGIONAL AVERAGE

Average of Class A Apartment Rents by Geographic Area, 1Q13



PRICES HAVE RISEN DESPITE GREAT ADDITIONS TO HOUSING SUPPLY

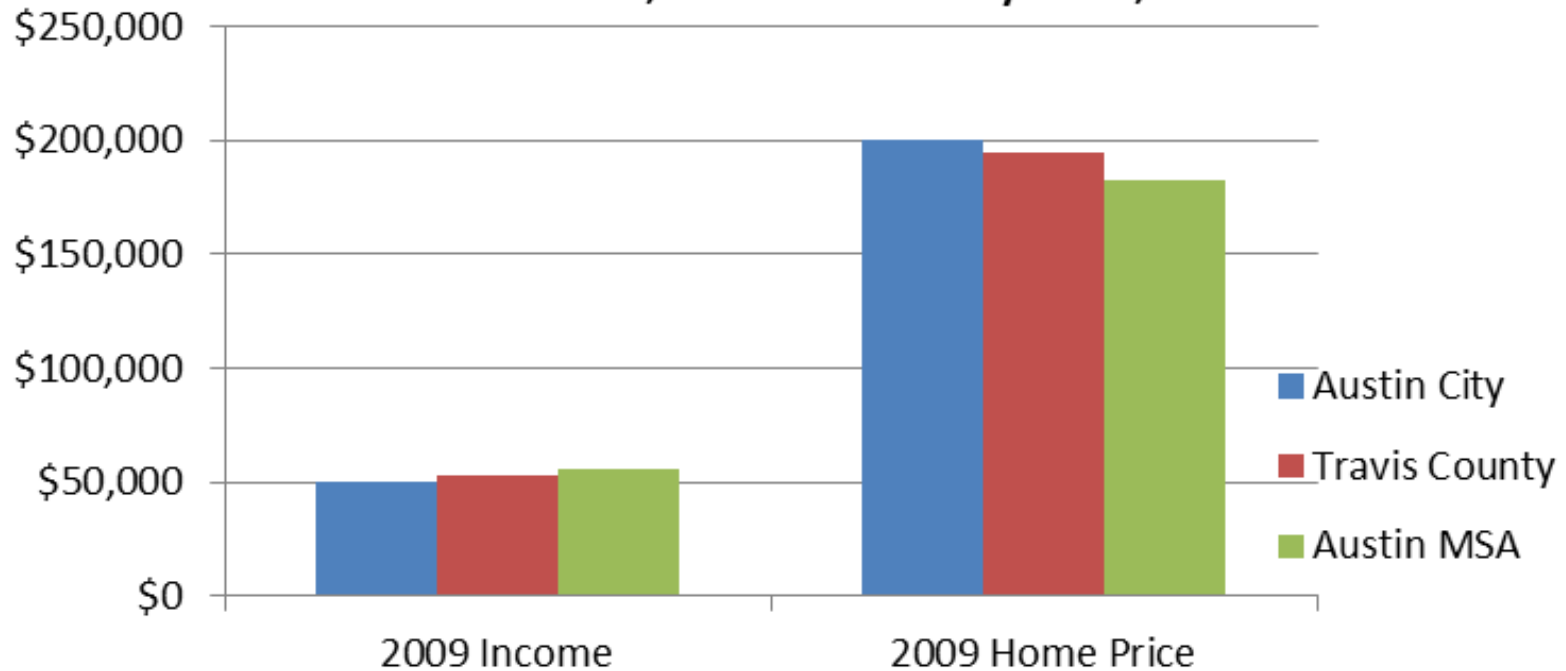
Change in City and County Housing Units, Population, and Households, 2000-2010



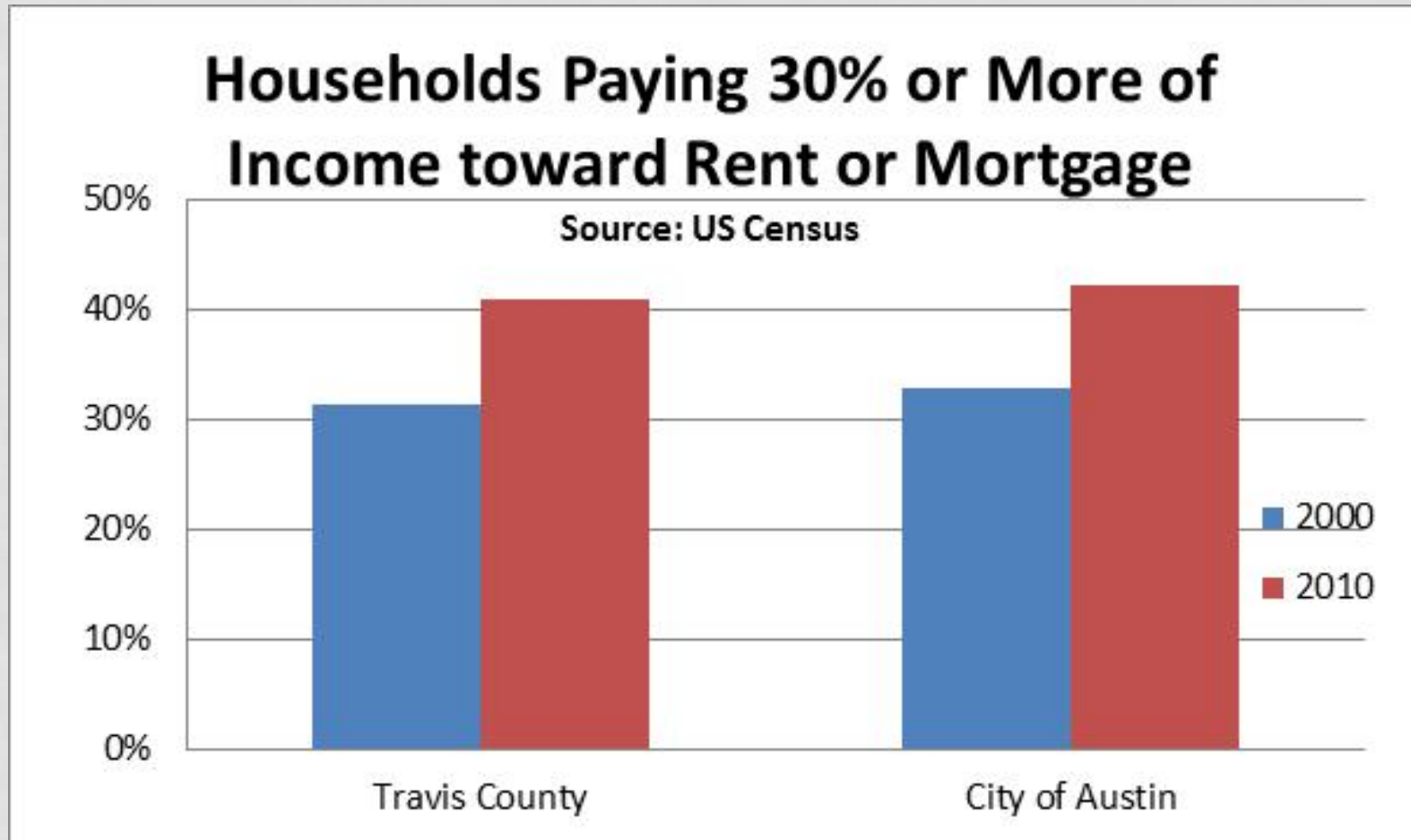
THE CITY HAS LOWER INCOMES THAN REGION BUT HIGHER HOME PRICES

City, County, and MSA Median Incomes vs. Home Prices, 2009

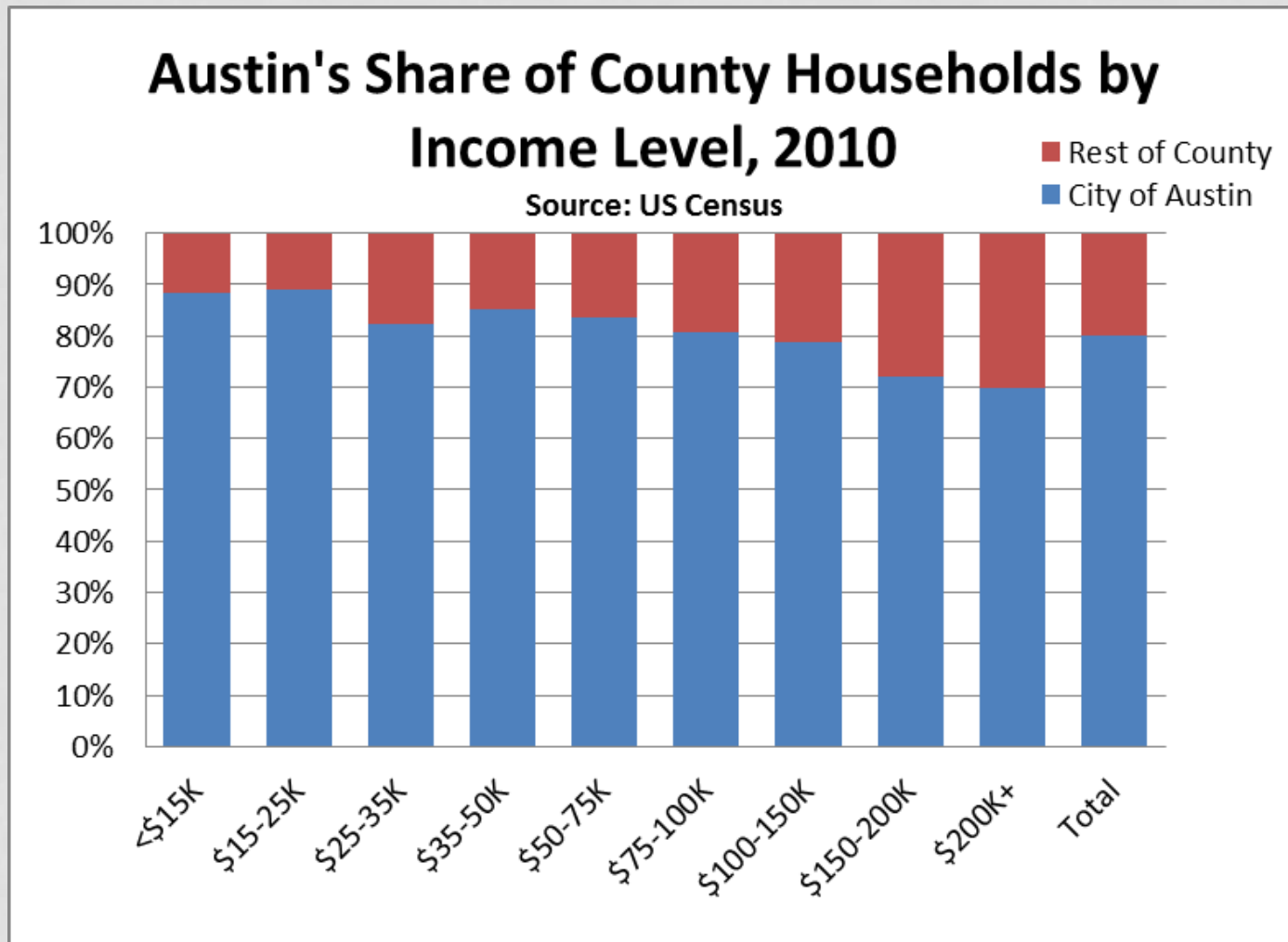
Sources: US Census; NAHB Affordability Index; Zillow



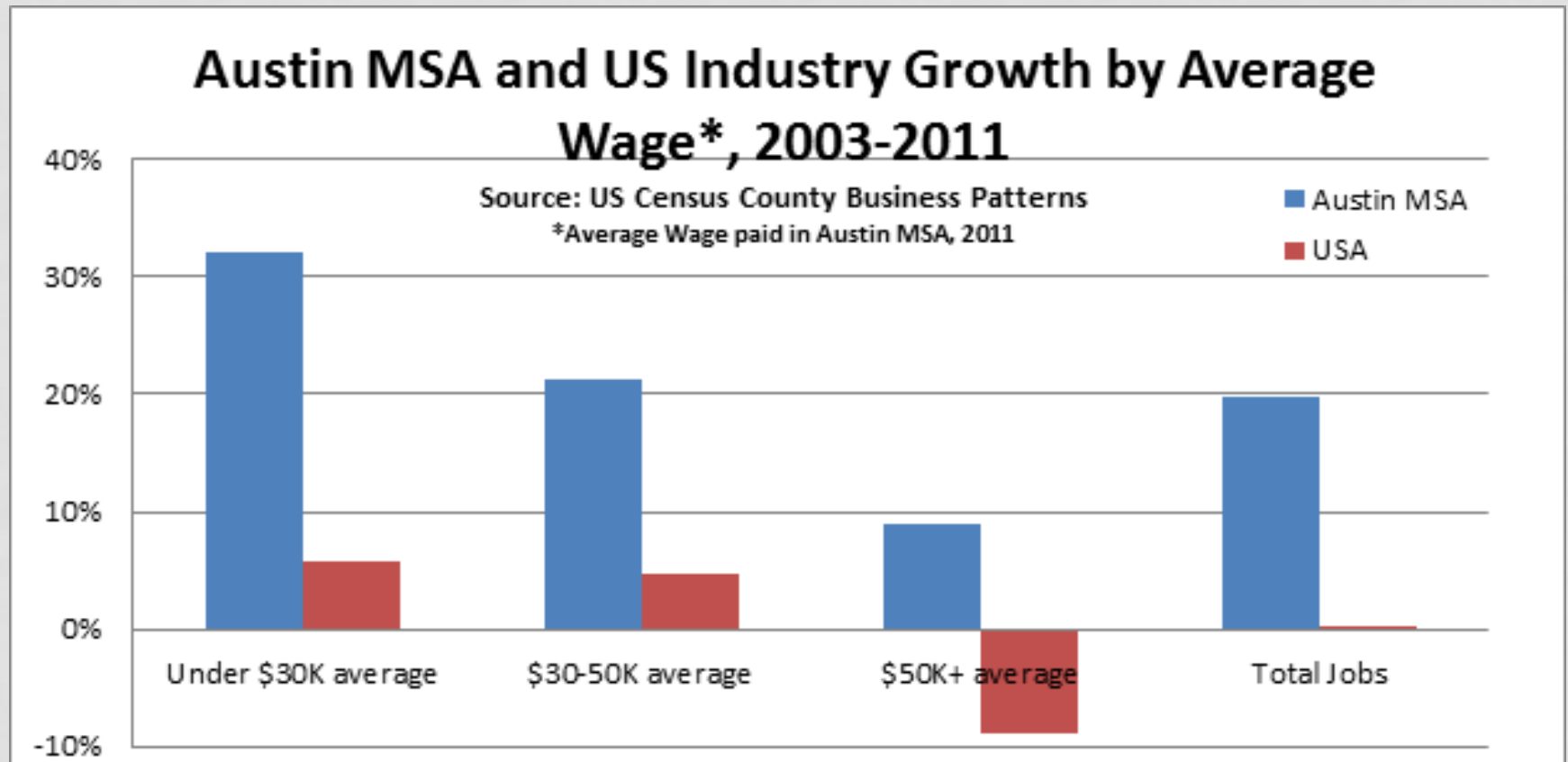
HOUSEHOLDS WITH HOUSING COST BURDENS HAVE INCREASED GREATLY



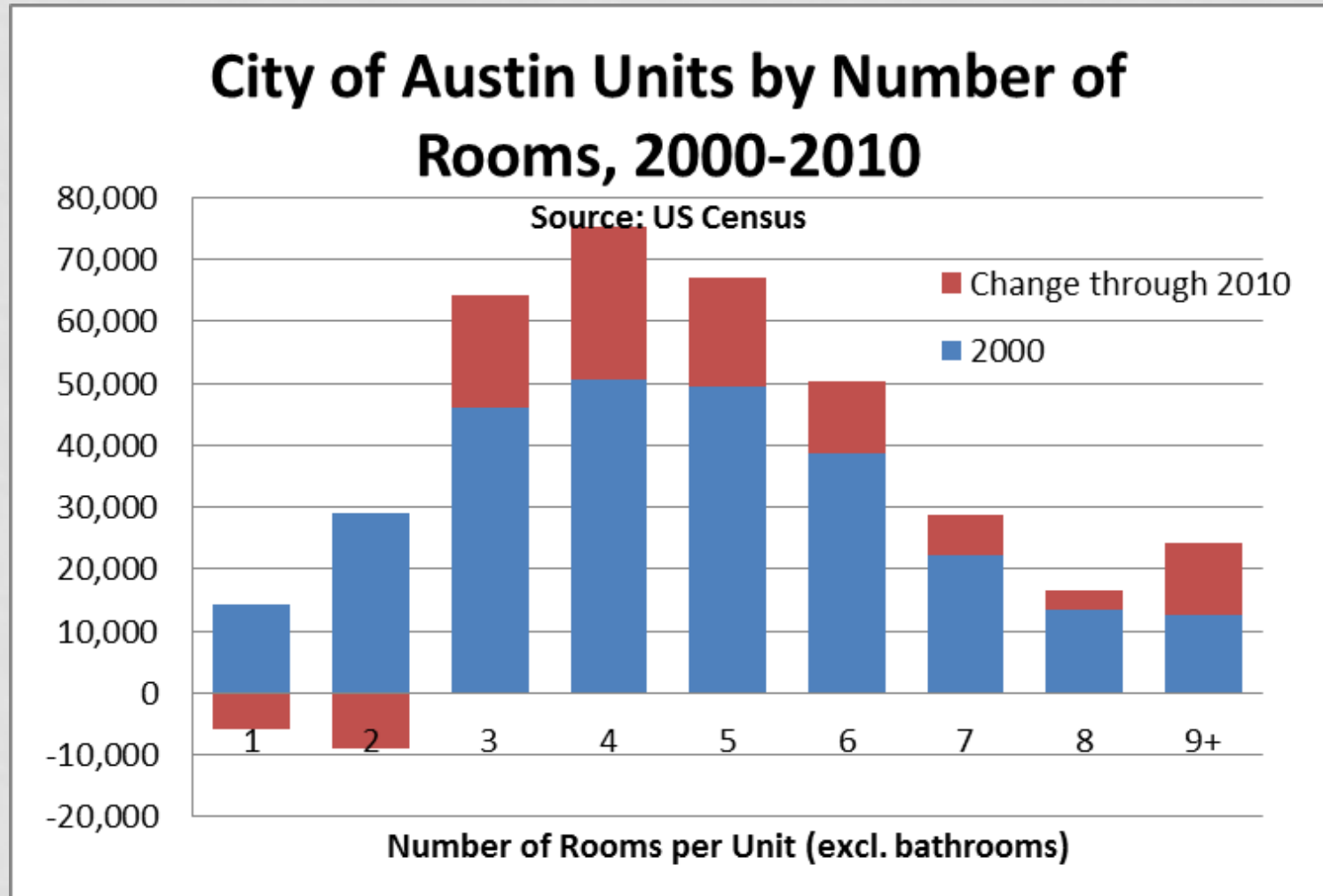
THE CITY HAS A HIGHER PROPORTION OF VERY-LOW INCOME HOUSEHOLDS



THE REGION'S JOB GROWTH HAS LARGELY BEEN AT LOWER-INCOME LEVELS



THE CITY HAS LOST MANY SMALLER, *DE FACTO* AFFORDABLE UNITS



IMPLICATIONS OF MARKET TRENDS

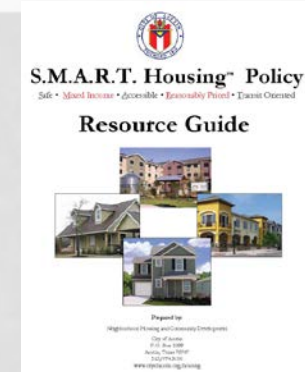
- NEED FOR MORE AFFORDABLE UNITS:
 - Increasing housing cost burden among existing residents
 - Growing population of lower-income workers
 - Surplus market-rate unit production has not improved overall affordability
- WITHOUT MORE AFFORDABLE UNITS:
 - Less household income available for other uses
 - Potential economic displacement of lower-income households and workers
 - Increased jobs/housing imbalance, in-commuting



REGULATIONS TO FACILITATE LOWER COST HOUSING

REGULATORY & POLICY HIGHLIGHTS

- S.M.A.R.T.TM Housing Policy
 - Uses expedited review and fee waivers to stimulate production of affordable homes.
 - Program develops: **S**afe, **M**ixed-Income, **A**ccessible, **R**easonably-Priced, **T**ransit-Oriented
- Imagine Austin Comprehensive Plan
 - Further opportunities through the Land Development Code Revision



DEVELOPER INCENTIVE PROGRAMS

| Program | Number of Affordable Units Created or in Pipeline | Fees in Lieu Generated |
|---------------------------------------|---|------------------------|
| S.M.A.R.T. Housing | 6,150 (estimated) | N/A |
| Interim Downtown Density Bonus | 0 | 0 |
| UNO (University Neighborhood Overlay) | 574 | \$1,242,991 |
| VMU (Vertical Mixed Use) | 247 | N/A |
| TOD (Transit Oriented Development) | 139 | 0 |
| North Burnet Gateway | 0 | 0 |

DEVELOPMENT AGREEMENTS: OCCUPIED/CONTRACTED

| Project | Number of Affordable Units Created or in Pipeline | Fees in Lieu Generated |
|-----------------------------|---|---|
| Mueller Redevelopment | 567 contracted and/or occupied | - |
| Gables West Avenue | 12 occupied | - |
| AMLI on 2 nd St. | 12 occupied | |
| Gables Park Plaza – Phase 1 | - | \$200,000 |
| The Domain | 42 occupied | 5% of annual sales tax generated from development (\$169,716 to date) |
| Robertson Hill Apartments | 29 occupied | - |

DEVELOPMENT AGREEMENTS: PROPOSED

| Project | Number of Affordable Units Proposed | Fees in Lieu Anticipated |
|--|-------------------------------------|--------------------------|
| Mueller Redevelopment | 853 proposed | - |
| Green Water Treatment Plant /Seaholm/Energy Control Center Redevelopment | 95 proposed | \$2.7M |
| Municipal Utility Districts/Public Improvement Districts | 2,808 proposed | \$9.8M (maximum) |
| Planned Unit Developments | 13 proposed | \$2,073,890 |

\$ DEDICATED REVENUE STRATEGIES

AFFORDABLE HOUSING STRATEGY: RECOMMENDATIONS/ACTIONS

Accurate / relevant data to set targets & goals

- Define sub-area goals/targets through upcoming Housing Market Study (2014) & the City's future Consolidated Plan – 5 year planning document.

Innovative zoning/regulations to facilitate low cost housing

- Create opportunities for affordability through Land Development Code rewrite:
 - Incentives to increase affordable housing
 - Reduce regulation that impedes affordability
 - Expedited processing with single point of contact for dedicated affordable projects
- Redevelop public lands to prioritize affordable housing

Dedicated Revenue & Financial Plan

- Seek Return on Investment -\$55M GO bonds leveraged \$196M
- Develop rental preservation program
- Expand Shared Appreciation Model & Community Land Trust
- Funding strategy for affordable housing
- General Obligation Bond Election – (Nov 5 2013 Scenario)
 - Aug 26th: Last day to call for the Nov. 5, 2013 ballot