

Regional Affordability Committee Meeting Transcript – 08/17/2015

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[3:10:37 PM]

>> Garza: I think we'll go ahead and get started. Good afternoon, I'm Delia Garza and I'm the chair of the regional affordability committee. We're meeting in the boards and commissions room at city hall and it is 3:11 and I'm going to call our meeting to order. I think we have a quorum because there's -- now there's 14 of us and we have 7 so I'm going to go ahead and the first order of business, item 1 is approval of the minutes. So if -- I'll entertain a motion. You now have a chance to look through those.

>> So moved.

>> Seconded.

>> Garza: All right. So motion from trustee saldonia, all in favor please signal by saying aye. All opposed? Passes. Everybody aye. I don't think we have any speakers. No speakers, okay. So before we -- we just have two presentations today. And before we kick off into those presentations, I just want to thank vice chair saldonia for running the meetings while waste gone on maternity leave. I appreciate that. And I look forward to digging back into this. Austin has become a little less affordable -- affordable for me because I have day care so this conversation matters more to me.

[Laughter] I want to welcome Chad, joining us from Round Rock ISD. Thank you for being here.

>> Thank you having me.

[3:12:37 PM]

>> Troxclair: I wanted to atake this moment to thank trustee saldonia for stepping in after the passing of trustee Schneider, blessings go out to his family. It's been I know a really difficult time for everybody at the school barred and everybody at the district, in the district who isn't sure how to move forward and I know y'all are face wad lot of difficult positions and you've done a great job of reaching out to the community and stepping into that local and trying to understand -- roll, and trying to understand where people's thoughts are as far as what the next steps are and I really appreciate that. So thank you.

>> Thank you very much and I do want to acknowledge trustee Ted Gordon from our school board. Thank you so much. Appreciate that, councilmember.

>> Garza: We're going to go ahead and move to item 3, and we have a couple presentations. This one is going to be on affordable housing opportunities and public-private pips, we have man did Mandy, Ted Tisdale, and our own is going to join the group. It's mainly about affordable housing and these three folks are very familiar with the issues. With those issues. And this is going to concentrate more on solutions, solutioned based, as opposed to a lot of times we have presentations and it's just what the problem is. So excited about this conversation. There's -- we're going to talk about I think the affordable housing bonds and the next -- in the next presentation but one thing that's really an issue that's really

important to me is of course affordable housing for families who can qualify for subsidized housing bonds, but then there's also that missing middle of folks who can't qualify. And if terry -- there's a lot of media about the -- is it home-based?

[3:14:37 PM]

If you can just talk about that a little bit, I'd love to have a little conversation about how that happened. But I know y'all have a set presentation but I just wanted to know if you could comment on that development in south Austin.

>> Okay. Thank you, chairman. Home base partnered up with neighborhood housing as part of the city of Austin bonds, housing bonds, and committed to build at least 50 in the first phase and at least 48 in the second phase of some affordable housing, 80% mfi in southwest Austin off of west cape boulevard and they asked my company if we would get approvals and help build it, and that's what we're doing. So today the first phase is 61 units that provides housing from the 150s to about 190 in an area where the average sales price is 260 to 280, puts people in a good school district, relative close to the core of our city and the housing affordability will be preserved for 99 years and be a great investment.

>> What was that range? I'm sorry. I was reading.

>> Home prices, first phase are from the 150s to around 190 for the homes. In an area where the average sales price is from 260 to 280 in terms of house pricings. So quite a bit of reduction and that value gets captured and preserved if it's solid and the next homeowner will receive that same benefit. Much like the affordable housing in Mueller. So that price -- we have our first closing this month and we're excited to get started.

>> How do folks -- is there -- are there still homes available that people are applying for?

>> Yes, there are.

>> How do they apply.

>> Contact home base. Home base prequalifies them, makes sure they do in fact have the appropriate income, check their credit this, work with a mortgage company and then they go through the process and we build the homes for them.

[3:16:46 PM]

>> Okay. Thank you. I'll go ahead and hand it off to y'all's presentation.

>> Hello, thank you for having me. I am not -- there. Am I on?

>> Just hit it one time. There's no light.

>> There's no light, yeah, I can hear myself. Hello, Mandy, executive democracy housings Austin, thank you for having me. I'm delighted to be part of this panel discussion, particularly as chairman Garza said to focus on solutions rather than problems. We spend a lot of time putting data out there for decision makers, detailing all of the problems we have around household affordability and the truth is we probably all know that it's a huge challenge and issue and we need to start focusing on solutions so I'm glad terry Mitchell is here, joining me, as well as ward Tisdale. I wanted to talk a little about, first of all, housings, 501c3 nonprofit organization, we've talked to you before. I brought props. I have old-fashioned props, our latest booklet, which I will hand out both sides. That's five steps to keeping Austin affordable and really does focus on solutions solutions from a policy perspective which I think is particularly important as we have multidifferent decision-making bodies represented here. So I'm thrilled 1 that we have a regional affordability committee because oftentimes this is the first time these different bodies are talking to each other about something as important as affordability across the spectrum. My other props, just wanted to raise this up, one is imagine Austin, which really is foundational for us as an organization. You know, a lot of folks, we do -- our focus is on affordable

housing, but it's also on household affordability. And when I say household affordability that's one of the priority programs the imagine Austin, adopted by city council unanimously in 2012. And that priority program is so important because it really shifted the way we think about affordability.

[3:18:50 PM]

When we used to talk about affordable housing we were thinking about kind of the walls and what somebody made and making sure that they didn't make more -- you know, that they didn't have to pay more than 30% of their income for rent or housing expenses but we weren't thinking in terms of a broader text. When we shifted that conversation around imagine Austin to instead of affordable housing to household affordability we were really looking at it in terms of where is this housing located? If we look at a map and look at housing costs, just housing costs alone in a vacuum, it's more expensive in the central city. That's also where the jobs are, though, and where right now in terms of public transit term, where the most robust public transit. When we look at just housing, yes, housing is more expensive in the central city and gets cheaper the farther out we go, one of the challenges we have in the affordability housing world, when we talk about drive to qualify, people who want to buy a home, they go out further and further without thinking of really the total cost of their housing, which includes housing, utilities, so your rent or mortgage, utilities, but also transportation. It's -- we need to think about this more holistically, where jobs are located, where housing is located, where transportation is located. And we need to make that connection, and we need to make decisions based on all of those things. So we need to make kind of a -- kind after line those silos we've historically had. In spring 2014, city council created, and I was thrilled, the housing transit jobs action team, which is still functioning. And that's a cross-departmental team that was charged with -- it was really in anticipation of an urban rail vote in November of 2014. And the fact that in order to build out that urban rail we were depending on federal dollars that had rules around how you could tap into those federal dollars. For the first time the federal government, fta, started thinking about not just transit, they started thinking about jobs and housing as well.

[3:20:56 PM]

So they kind of aligned those different policy areas. And in order to be competitive for federal funding what we realized is we really had some rules around affordable housing, in terms of the alignment of the rail line. It wasn't just about where you put the rail line but where your jobs were for low and moderate wage workers and where the housing was that was income-restricted for those folks. So we started shifting people who always talked transit, started talking to people who just talked housing, it was two different languages and we really started having these conversations. Despite the fact urban rail not pass those conversations continued because we are dependent on federal dollars and they take into consideration more than just transit, they're taking into consideration our investment in affordable housing and our planning around household affordability. So I think this is all kind of going in the right direction in terms of having conversations outside of your strict policy area, whether it's transit or jobs or housing, those are all incredibly interrelated. My other prop that I bought -- brought with me is this document that one of the people on the codenext advisory group, our rewrite group and Jim Duncan is always giving me information he gets -- he's a planner by training and he brought me this that I hadn't seen before, regional approaches to affordable housing. And I got to read it this weekend, which I was thrilled. It's case studies. And, you know, we've been on a lot of top ten lists recently and the vast majority are good. They're a lot of we've got jobs, we're hip, we've got young folks moving here, environmental factors, good -- a lot of good things are going on in Austin but two things really popped up in the last year that were startling and I'm sure you all know them. One was our ranking in terms of the

suburbanization of poverty which without a doubt is factual.

[3:23:03 PM]

When we looked at the latest census data and it showed a decrease in our poverty rate was fabulous, we're on the road to solving poverty issues. Ryan said not so fast. Really what I think this means is that we're pushing people farther and farther out and I think that would be correct, you're probably getting them in the Round Rock school district and it's something you probably, my guess is, you haven't historically dealt with as a school district and we're dealing with that with social service agencies as well. It's a huge, huge challenge. Social -- our infrastructure for social service is really built around kind of the urban core and these historic areas of poverty as folks move farther and farther out one of the challenges I've heard from folks particularly in Travis county is one of the biggest -- I don't know if it's a complaint but the sense of isolation, poor people who move farther out may be dependent on public transportation, don't have's to public transportation, services. It's incredibly isolating. So the first thing we popped up on was suburbanization of poverty and that's not something to celebrate but it's factual and the second was inequality, when you look at income, job creation, it's no longer just about race and ethnicity, it really is about other factors. We need to figure out how to tackle those things. And one thing all of these top ten lists that I see, I'm constantly looking where Austin ranks in top ten, Minneapolis, St. Paul is always up there, but when you look at income quality and whether we ranked Minneapolis was at the bottom in the good sense. They were one of the least segregated areas in terms of income inequality. I thought what are they doing right? So then Jim Duncan handed necessity book on regional approaches to affordable housing, and it was interesting because it was case studies from all over the country.

[3:25:04 PM]

And one thing that I think Minneapolis, St. Paul, there's plenty of things not perfect I'm sure, I've only been there one time, but they -- I'm sorry?

>> Really doled in the went.

>> Yes, that would be number 1 on my list. I didn't visit in the winter. But they have a regional -- what is often called a fair share program where they look at affordable housing from a regional perspective and they determine what their needs are and how they can best meet those needs regionally. So that one area, typically the urban area, is not absorbing all of the subsidized housing so that the housing is connected to both transit and jobs. And so that it is a regional issue that requires a regional solution. And that is something all of the cities -- there were no Texas cities highlighted in here, I should mention. All the cities and states highlighted in this book have done -- it hasn't been completely successful, but they have started down the approved looking at affordability from a regional perspective, which I think is critical because all of us know that, you know, our job issues are regional, our water issues are regional, our transportation issues are regional, well our affordable housing issues are regional as well. So I will distill down this entire book into the seven recommended things that they state. Which I thought was really sounded simple?

>> H, it's not going to be simple 37 the recommendations for regions just starting out, which I would say we are a region just starting out, looking at talking about affordable. The city of Austin has been talking about affordability for a long time. It's kind of bubbled up to the surface. Travis county has been talking about affordable. We really haven't approached it from a regional perspective yet. So the recommendations -- this, again, is from the American planning association, first was around political will and leadership.

[3:27:06 PM]

We need to have a champion, we need to have a recognition that this is an issue, and we need to champion that. It doesn't have to be the public sector, necessarily. Some of the examples they gave really were the business communities stepping up to the plate, which I thought was fascinating. And it was when these regions hit that tipping point, a lot of the examples they use are of course from California or the bay area, where they reach that tipping point where they can no longer hold, they can't retain. They can neither attract nor retain low and moderate wage employees. So, again, political will and leadership. The second one was reframing? The message. That affordable housing isn't about charity, it's a necessity. It's a critical part of our infrastructure if we want to have a thriving community we need affordability as part of that. Again, there are the business arguments, there's moral arguments but it's more than just charitable, it's more than just charitable activity. It's really critical. The third thing was having a regional institution to kind of hold this effort, and I'm not saying what that regional institution would be. I don't know here locally. But rather than having sprat efforts unaware affordability what's the regional institution that's going to champion affordability, identify the needs and move it forward into an action plan. The fourth was being able to respond to the market. They talked about some of the problems that some of the regions have had where they have said what we need is rental housing. And so they only focus on rental housing at 50% below median family income. They get very focused, well these regional plans, as we all know, the housing market changes. So we may have a saturation of rental housing. We don't have it now but we may sometime down the road have a saturation of rental housing in which case we need to focus on home ownership. There are a variety of reasons we need to tweak what the different demographics that we're focusing on.

[3:29:06 PM]

The fifth, which is probably more of a challenge in the state of Texas, was recognizing that the state plays a major role in terms of affordable housing policy. And the reality is, in the state of Texas, we have a lot of different challenges and affordability, we're an incredibly diverse stayed with diverse needs and affordability, other than in the urban areas, hasn't risen to the top issues that, you know, the legislature has wanted to tackle. The sixth and I'm sure ward can speak to this more eloquently than I, is removing the regulatory barriers to affordable housing. And they talk a lot in -- this is the planning association. They talk a lot about diversity of housing product, something that we in the city of Austin are really tackling through the land development code as well. It's something that has been recommended from as far back as I can remember but at least 2009. That was only six years ago. In terms of diversifying our housing stock. We can't only build large single family homes on large lots and expect to noted have an affordability crisis. The seventh item, which is possibly the most challenging of all seven, is developing reliable resources, money for affordability housing, particularly if we're talking about deeply affordable housing, whether it's partially subsidized home ownership, like down payment assistance or very affordable workforce housing, low income and very low income folks. That does require some sort of subsidy. Now, some of the recommendations are around like a housing trust fund, local. These are things we all have and I think Betsy expense ser going to talk about more -- expense ser going to talk about this in terms of local resources.

[3:31:06 PM]

These are things we have locally but haven't aligned or coordinated regional from a funding perspective. All of our dollars, we're very jurisdictional, part of that, the funding restrictions and requirements but how can we broaden the way we fund it, plan for it, and ensure that affordability is spread throughout

the region with connections to transit and to jobs so that we can increase opportunity for all phone Numbers in the region. So that -- all folks in the region. That's kind of my intro. I will say that our little booklet five steps to keeping Austin affordable, we do talk about policies that I think are -- while it's focused on the city of Austin, I think it can be expanded regionally and, again, it's around preservation of affordable housing. So preserving what we've got, investing, and I think that speaks -- that's from a regional perspective, but certainly locally as well with our general obligation bonds in particular. Leveraging, which is incredibly critical. We can't just rely on the federal government, can't rely on private. We're responding to a need that the market will not address in and of itself. So we need to look at creative ways to invest and leverage additional sources. Partnering, which is fabulous, y'all are around the table because these are all our partners. We've got school districts here. We've had preliminary conversations with the school district about excess land that school districts, you know, you certainly do not have -- I know you are strapped for resources but one thing a lot of even jurisdictions that are strapped for resource do's have is land. Could that be partially dedicated to affordable housing? Are there opportunities for partnership there? Then include the fifth step, including affordable housing, and some of that is through our density bonus programs, as well as our land development code. Can we ensure that we have inclusive policies so that we can ensure that we have a diversity of housing types across the city, across the region, so we can respond to a diversity of households that singles -- families with children, seniors, the whole range, and so really focusing on that inclusive aspect I think is critical.

[3:33:27 PM]

So --

>> Thank you.

>> I'll hand it over to ward.

>> Well said.

>> I'm going to --

>> Oh, sure.

>> Stop and see if anybody has any questions for you. Councilmember Casar councilmember kitchen.

>> I think it was the third item, regional institutions. I don't know if you've had a chance to think through that. I'm just wondering what kind of examples there are from other places.

>> So the bay area -- I'm going to get the name wrong, but the bay area had a consortium of about 300 business leaders in the bay area that led that effort around inclusive housing and a regional approach to affordable housing. We also have what is the equivalent of, like, a capcog, the coalition of or consortium of different levels of government jurisdictionally. We have private nonprofit organization that's seem to be focused more kind of in the northeast smaller states, one in New Hampshire, one in Vermont, and that may work in kind of smaller areas, nonprofit organizations. The primary one I would say are regional planning entities, whether that's around transit or regional associations of governments.

>> Kitchen: From your perspective, has there been any thought here about that particular recommendation? I mean, you know, we have different things acting in transportation but I'm talking about from a housing perspective.

>> From a housing perspective, there hasn't been much movement in those conversations.

>> Okay.

>> We've been historically focused on the city of Austin, and I think that's been narrow-minded of us. From an advocate perspective. You know, some of that is capacity, and some of that is where -- there is the bulk of the jobs are, again, this is where the bulk of the transportation is. But I think it's probably time for us to take a step back and look at this broader because it's something that's hitting all of the different, as you mentioned, it's hitting the school districts, it's hitting the cities, the municipalities.

[3:35:35 PM]

We're not alone in this struggle.

>> Kitchen: Thank you.

>> Question.

>> I've got a question, actually a couple comments as well. Thank you for putting this together. Very interesting to see how all this kind of fits in. One I would say, there is kind of a -- you mentioned day care, and I think that is something in the school district because our teachers have to arrive sometimes at 7:30, depending -- they have to arrive and drop off their children, a lot of times they drop them off at day care. A lot of times that's a hidden tax people don't see. I'm glad brought up that. Every time there's an extra stoplight added or stop sign, they have to leave five minutes earlier and from work they have to leave five minutes earlier to get to the deadline or they leave at the same time, normally school let's out at 4:00, 5:00, it takes them five minutes later, every few nos goes up. Also in Round Rock, Williamson county there's been a huge spike in evaluation of properties. Even if you lower -- if you don't adjust the tax rate at all, if it goes up 10% you've got a 10% big erbil. Being we're on the school board, guess who the largest taxing entity is, we get calls what are you going to do about my tax rate? What are you going to do about my rate? They don't care about the rate. It's how big a check do they write every month or year. I'm glad to see you mentioned transportation, housing and jobs. We have people who commute back and forth from hut dough sometimes to Round Rock, ISD, our employees, they have people who live in Round Rock and commute to amd and they drop off their children at a middle school or something, that can be an hour commute down mopac, that's a huge factor in oak hill. It's not something you get a build in every month in the paper, saying this is what you paid in time and gas, whatever, but it's a factor so I'm really glad to see that it is being brought up because a lot of times people just see the number that they get when their water bill, tax bill, electricity, oh, my gosh it's gone up but it we can have some sort of --

[3:37:47 PM]

>> I think it's a shift in thinking not just here locally, but I know from census data historically we look at housing cost burden, who is paying, how many people are paying more than 30% of income toward rent and utilities or mortgage, taxes, all of that, or 50%. You know, what is your cost burden and we've shifted that conversation to H + T, housing plus transportation costs and H.U.D. And federal government started calculating that at the local level. One thing that's interesting is when you look at the less -- the top ten, most expensive places to live, of course it's San Francisco and New York City and, you know, we haven't quite risen to we're -- although we're the most expensive in the state of Texas but when you shift that conversation to housing plus transportation actually new York City is one of the more affordable because they spend so little on their transportation costs. So, you know, we really need to shift how we're thinking about it. Because really what we're talking -- when we talk about cost burden, the real crux of the conversation, it's not how much you're spending on housing, it's how much do you have left over at the end of the month for other things that are critical. Healthcare, you know, for your -- healthcare for your children's education, how much money is really left over? If you're spending it all on housing, housing and transportation, the less and less you have. Of course the problem is exacerbated the lower income you are.

>> Can you just say briefly how the codenext process is addressing affordable housing?

>> So in June of 2014 was the first time we had kind of the code diagnosis so the consultants, after pouring through our land development code, and identifying the top ten problems with the code, one was lack of housing choice.

[3:39:49 PM]

And we had heard this back -- starting back in 2009 from our housing markets study. The consultants there out of Denver were really surprised at the spectrum of housing that we offer, again, focused on the city of Austin, not necessarily the larger metro area, that were very good at producing single family homes, with do a good job with that, also larger multi-family developments, a lot of those, 50 -- really it's probably 150 plus rental complexes. Like the code kind of supports those and the development of that and facilitates it. But what we don't do is what's in between. And so our consultants out of Denver, one thing they recommended was you've got to figure out how you can get more accessory dwelling units, more duplexes. That's not solving the problem and often the push back is instead of a \$500,000 house you're giving me two \$400,000. It's not the solution but by increasing the supply and increasing the diversity of housing stock is it smarter apartment complexes? That's one thing, those haven't been developed since the 1970s, really. Those smaller -- and, I mean, less than ten units. Those are kind of dotted around, incorporated into neighborhoods really throughout central Austin but we don't facilitate that through the land development code anymore. We really make it too complicated to push that through. So that was part of the -- that was only one of the ten, excuse me, ten identified problems. The other were about how we have an auto centric code, we made it easy to develop a drive-through fast food restaurant, yet doing anything that's either walk-up or denser mixed-use project is more complicated. So the land development code right now, we're in the process, this fall we'll be doing what was originally conceived as kind of shrets but identifying different areas of town and testing the draft code, which we haven't seen yet.

[3:42:01 PM]

So taking different areas of town and looking at how tweaks to the code would actually look to those of us who are not -- I'm not an architect or planner or developer or any of that. So when we talk about different setbacks and different passing, it kind of means something to me, but until I can actually see it and kind of feel it and know what it would mean to my neighborhood or an area of town that I know, I'm not sure how I would react to it. So the idea is to kind of test it, tweak it, let the public have some input and see, you know, what the public reaction is and then further refine the code. So we're in kind of the - in some ways the preliminary phases of really drafting the code right now.

>> Garza: I was curious about the seven elements. Is there, like -- are they ranked by importance or was that just unique to the seven? Okay.

>> They were just out there as recommendations for communities that are starting out.

>> Garza: Okay about.

>> And want to get to a solution. It was interested. They kind of divided it into you could do this, which is just talk about it. That's good, talking about it, setting some sort of goal may be even would be good. But if you can do these seven things in cargoes then you'll -- coordination, you'll actually start producing affordable housing, which is of course -- we can talk about this forever.

>> Yeah.

>> But the goal is to produce something in the end.

>> I appreciate the -- your opening comments about how these overlap housing, transportation, I think one great thing about this committee here is the three of us sitting on this committee are also on cap metro. That's a way to make sure we're not thinking in silos. When I'm at cap metro meetings I'm thinking of affordable housing and vice versa and commissioner Shea is on campo as well that's a great - so that's a great we we've unintentionally -- maybe intentionally --

[3:44:04 PM]

>> I think that's critical. Cap metro is an integral part of the housing team solitaire there at the table for all of the conversations, which is important as cap metro starts thinking about where will we put bus routes and tap into this funding. We need to understand about the affordability and workforce so it's really led to interesting conversations because before this we all talked different, we all have different lingo, depending on what our background is.

>> Real quick, you mentioned, councilmember kitchen, it was the affordability -- affordability institute. And at the reca discussion with -- was it Jared walker?

>> Yeah.

>> The mayor gave the opening remarks and he said he spoke about the ordinance that the legislature basically reversed, the voucher ordinance and how -- he made a call that day to a bunch of, I guess, the real estate community had said you don't have to force us to do this, we'll do it voluntarily and he made a call to say now let's see if you can do this voluntarily because we need this so maybe the affordability institute is something that reca would like to do.

>> Maybe.

[Laughter]

>> You're on the spot.

[Laughter]

>> We'll take a look at it.

>> Okay.

>> On that note.

[Laughter]

>> Let's see, do I have to push this?

>> One more time.

>> Just one time.

>> Great. Okay, thank you for that, councilmember Garza. So who is reca? Real quick, most of you know, we are an association of about 1700 plus members, developers, builders, engineers, architects, the ecosystem around the commercial real estate community. Terry Mitchell is one of our former board chairs, and, you know, we've got 24 years old, the affordability issue is something our members deal with everyday. That essentially is -- Mandy sort of Teed it up, electrician, regulation does -- regulation does cost money.

[3:46:07 PM]

You may argue it's worth it but we can't dispute when do you add regulations to the development process you are creating extra costs and those costs typically, if not always, get passed onto the consumer so that's one of the issues we fight for on a daily basis to come up with reasonable regulations that make sense and are not intrusive or overbearing to really the end user. On this -- that's sort of a day to day level. Reca also -- this year we decided to take a more proactive approach on the affordability issue and step back and do some research and come out with some not only diagnoses of the problem but some solutions. And fortunately Mandy went before me because she also Teed up some of those basic issues and I think if bill Clinton had done this job he'd say it's the supply, stupid. That really is what is the problem. We don't have enough supply. There are reasons for that that we can get into later, but we need policies at the city level, county level, other levels, that encourage supply because supply is the only long-term market-driven way we're going to have any kind of impact on the affordability issue. Again, what Mandy mentioned as well is the missing middle, the diverse types of housing. That, as also she mentioned, used to be pretty prevalent in central neighborhoods, somehow apartment complexes, duplexes, townhomes. Interesting that isn't happening anymore so we need to get back to the future, if

you will, and get those things out in the market. Codenext is definitely the hopeful pan see yeah for that but there's no reason we can't today do that and that's a literal today because I know in the planning, one of the committees right now that part of the Adu ordinances is going on and I think if that's just one little example of kind of about the issues we have that, was June of last year the city council was directed -- or directed the city manager to come up with an ordinance and, you know, we're about 15 months legislature still don't have an -- 15 months later and don't have an ordinance.

[3:48:23 PM]

That delay, lack of urgency is something we need to address and change. So that was the essence of our first white paper and we did call for at least 10,000 units per year to 2025 as a way to stabilize the market. We're not anywhere near close that. So we can always say we need more supply and different types, but we need a way to track that and that's something else we'll be coming out later this year, is a dashboard to see how are we doing in that area? How many units are we coming up with and what is stopping that from happening? Of course the other issue we're very much involved in is the Zucker report, the findings that he came up with. This year, that pretty much map what he came up with almost 30 years ago, which is a little troubling, but we're waiting for the city manager and development services to come up with some strong metrics that we can track and be a -- somewhat of a watchdog to make sure there is significant reform in that area, which was really sort of the basis of our second white paper that we released last week at our reca exchange event. Kind of getting into a little bit more detail on some of the issues, in fact Megan Shannon, a grad student that actually works for terry came up with her thesis, I believe it was her thesis, that really quantified the effect that regulation and delays have on rental prices and came up with a number of 4% to 5% of rents be attributed to that. That's really money, not just theoretical ivory tower kind of stuff. I want to point out the two articles I shared with you, and they happen to be on two cities in the west coast, 11.5689, one San Francisco. In a nutshell it shows that actual decisions by city councils in those communities have limited the supply and have greatly attributed to the affordability problem in those two cities.

[3:50:26 PM]

One example from the L.A. Story, in 1960, L.A. Was zoned two absorb 10 million units. Today it is now -- it's been down-zoned to 4.2 million. So those were decisions that the councils out there made to limit the amount of supply and no surprise that prices have gone up and it's a very unaffordable city. I think they're there are 3.9 million people in L.A. So they've artificially created a crisis and those were actions taken by elected officials there and these kind of scenarios that we've seen on the west coast we don't want them to happen in Austin, but there are many parallels happening today. Last thing I'll mention is we do an annual report called the cost of government index. We've done it 24 years. Essentially -- and there's no subjectivity here. It takes the taxing under the six major taxing entities, how much the tax rates have gone up or down in the last 24 years and then we compare that to incomes. And, for example, last year, the combined taxing entities, taxes went up 5.5% and income went up 3%. The tax burden for a family in the area was 9.7% of their money. So those aren't very positive Numbers and in fact each year since 2002, the rate of government has gone up beyond income. So those are -- you know, those are issues. This is just straight number that all taxing entities in this community need to be aware of because if you're -- your tax rates or tax burden goes up every year, surpassing your income that's going to add to the affordability issue. And that's my opening remarks. Thank you.

[3:52:28 PM]

>> Garza: Any questions?

>> Not a question. Just a comment. I'm not at all making an excuse for the Austin independent school district which represents 40% of your tax bill. However, we are chapter 41, recapture district so for 2016 we'll be looking at forfeiting \$268 million, for 207 that will be \$348 million, by 2018 it will be \$398 million at least. So I'm hoping part of our conversation and action plan that we develop is that we can collectively, as a city and stakeholders in this process, look at other alternatives. Certainly visit the ledge in the future about this. That's a huge issue, 40% of your tax bill is supposed to be going to public education but actually goes to the state of Texas general fund. So I'm hoping that this will further inspire all of us to come together to try and address that big issue.

>> That's pretty much unsustainable trend, if you look at it. I agree.

>> Did you attach a figure to what you calculate the regulations add to the cost of housing? I've heard varying estimates over the years, and I didn't recall if you had a percentage or a cost figure on development.

>> On -- not on all regulations. I mean, I will say -- terry may have a better handle on Megan's thesis but I believe that with a a general --

>> Her thesis was on the cost of declaring simply the delay in the approval process. And her -- the delay was 5.5 to six months, adding about 5% to the rents of the 14 or 20 projects that she looked at.

>> I'm sorry, I missed the last part of what you said.

[3:54:29 PM]

>> She surveyed -- I don't remember the number, somewhere between 14 and 20 projects and the delays in the approval process, when you ran through those calculations, added between 4% and 5% in rent costs.

>> One of the things we've been having similar discussion in Tarrant County and we -- at the county and we have a unified review process between the city and county. One of the things we're looking at -- and I don't recall where the city is at on this, but we're going to be looking at a policy that would both expedite and reduce fees for affordable housing projects. And depending on the level of affordability, the fees would be essentially rebated back. That would be sort of the prove-up, once you've sold the units and demonstrated the level of affordability, the fees would be rebated back. But I agree the delays are a concern and the whole, you know, permitting issue is obviously under pretty intense review -- intense review but if there's a way to expedite the affordable housing projects in particular, I think that helps us put our money where our mouth is, and really do everything we can to lower the cost and help bring affordable housing online more quickly.

>> Was the extra costs just the delay itself? Like the backlog? Or was it the actual, I guess, development restriction or was it both?

>> I don't know.

>> Okay.

>> I'll have to -- her paper is online, university of Texas published it. It's online. I think it had to do with the fact that part of that delay is you're paying for your capital already, and so you're paying that and you have to -- that gets passed along. I also think in a -- I'll talk about it in a little bit but in a rising cost environment, if you bid your project January 1 for \$1 million, if it's in September, it may be, you know, \$1.1 million or something, so those costs get -- because of the increasing costs -- we're in an increasing cost market.

[3:56:38 PM]

It's flattening out, not near as bad as it was in 2013 but estimates are we're increasing about 6% a year

so if you delay, you bid the project at that time, it's going to be a higher price. And the affordable housing project we're doing with the city with home base, we released 12 houses or so, but we don't release the future ones and I just got a price increase on Friday. Few hundred dollars but it was because of those sorts of things that are beyond our ability to control.

>> Could you send us a link to the study? Pass it along?

>> I can do that.

>> Okay, perfect.

>> As well as the information that you cited. We can probably investigate on your website -- get that on your website, about the comparison between income and --

>> Yes, I will be happy to -- I think I gave you a handout or maybe I didn't but -- I think I may have omitted that. I'll send you the link. It's on our website.

>> Thank you.

>> Sure.

>> Go ahead, terry.

>> Okay. What I'm going to try to do, we're going to take a different tact and talk a little about, kind of go up to the 20,000-foot level to understand the pressures causing things to happen, if that makes any sense, then some practical solutions and the solutions that I'm thug about are not you have to do this, you have to do that. It's a menu of options that might -- what might be -- what might be right and, you know, unincorporated Travis county may be different than urban Austin, maybe different than Round Rock, may be different than Leander so we'll talk about ideas to think about as we -- so, okay, here's what the pressures are, and here's some menus that we might look at. And then lay on the wonderful work that neighborhood housing is doing, for example, and the savings that I show you and the product types, then add on if it's -- if the city invests a little bit it will bring you down that much lower.

[3:58:41 PM]

What I mean by that is I've seen affordable groups in the past go in and they'll say we're going to build ten projects, how much do you need? \$150,000 a unit, \$1.5 million, \$10,000 a unit, you could do 150 units. So the idea is to think about the type of product and what you can do to bring it down to a certain distance and if you can't quite make it then neighborhood housing could come in and fill that gap, if that makes any existence. So why is there affordable housing crisis? These guys talked about it. I'll give you my simple take and we'll talk a little bit it and what can we do about it and we'll go forward there. So one of the questions is why is there an affordable housing crisis? The number 1 issue over the last five years is supply and demand and I'm -- doing the wrong damn thing. Wrong deal here. Let's go here. What can we do about it? Supply and demand. What that really means is Austin is probably the most acute example in the united States, the housing market in general, if you the housing in general, from the mid 60s to mid-2000s, built somewhere around a million housing units a year. Because of the housing bubble, it climbed some but when the bubble burst in 2007 and 8, it started in 2007, then the financial markets collapsed in 2008, it just shut down. 2009, 10, 11, by did about 300,000 units a years, give or take, meaning 70% off.

>> What's your region?

>> For the United States. For the United States as a whole. So when you stop building 70% of your product, that means -- and I'll give you one example. There was an article in may of 2013, and I, for lack of time, didn't bring it with me. It was talking about lumber mills, a small town in Oregon that good times were here. And the reason was is, they were a lumber mill town and the lumber mill shut down in 2009 or 8, I don't remember which and they gave some statistics that in 2006, at the height of the housing market there were 150-some-odd lumber mills across the country, primarily Oregon, Washington, northern California, Georgia, northeast Texas, those areas, and as the writing of that

article, there were 14.

[4:01:06 PM]

And so as housing demand started coming back, we had had the capacity to fulfill that. And that's one of the reasons -- I heard some statistics recently that said that construction costs have increased 40% in Austin, Texas, since 2011. I think it's between 30 and 40. The project that I'll show you at the end of this presentation, our cost went up in 26 months, 32%. And by the way, we have investors, and they don't say, well, I'll accept less. They say, you raise it. You know, that's what -- so that's what causes these increases as you go up. That is now leveling out as the expansion of suppliers and subcontractors as come back, but that has been a major problem. Now, couple that with, since 2008 or 9, unhas grown 200,000 people. We set fire to the demand side and what happens in economics 101, if you tighten the supply and increase demand, prices go way up. So that's what's happened. And this has been the biggest price increases that have ever -- as a percentage, have ever happened in Austin, Texas, over the last several year or two. Unfortunately, I'm sad to say, it doesn't drop back down when things get stable, it just stays flat. So it's something we'll have to deal with. So that's the number one reason why we've had such an increase since 2011 or so. I'm going to -- whoops. I forgot. Incomes are flat. This is a map and it shows Houston, Austin, and Dallas. The bottom line are incomes between the relevant period, and it's so small I can't read it, but I want to say it's over one, two, three, four, five, six, seven -- six or seven year period. The top Numbers are median and average home prices. So if you see the graphs going way up and income staying flat, this issue we're facing in Austin is happening across Texas. Incomes are flat and house prices have been rising because of this constriction on the ability to deliver housing, if that makes any sense.

[4:03:12 PM]

So it's a nationwide phenomenon. Everybody is feeling it, everybody is talking about affordable housing. If you'll notice, the graph in Austin, we're worse than the others. You know, we are the ones suffering the most. So -- and I can give any of you a copy of this presentation later if you want to. But anyway, just the point being is, this issue has become very acute. Why is there affordable -- I did talk about the construction industry rebuilding. Now, this is another reason that costs are gp, and it's an issue that cities and governments face, and it's sort of back doors a little bit. So let me explain. The picture you're looking at is a typical suburban community, in fact, it's one I built in about 2000. And the reason I picked 2000, it's just one I could find the picture easily, but, two, I could show you, that's about three, three and a half units an acre. The developer, my old company, paid for all the roads, all the infrastructure, all the off sites, put in the streets and utilities. You could say, for -- you know, with the exception of -- I think gas and electric no in those days were installed by the utility. Now they're not. You pay for that. But they were all installed in that time period. And you say, okay, the developer paid for it. But I want you to look at those roads, and every road you see in that community has a water pipe, a wastewater pipe, a drain pipe and some ponds that they flow to. And the design life of those -- that infrastructure is 20 years. I will tell you on average they'll probably last longer than that, but there's some of them that last ten years. And what happens is, is that your general tax revenue has to go -- start going back in, whether you're -- if you're in the county, it's the county doing it. If you're in the city, it's the city doing it. You have to go back in and start repairing and maintaining that. And there's -- I'm going to -- this is far beyond the purposes of this -- of this talk, but you can along an organization called strong towns.org, and they talk about this a lot. And they have some examples where certain cities are look at at their analysis and they realize that the percentage of their taxes that are going toward the repair and maintenance of those -- that infrastructure doesn't get close to paying for it.

[4:05:22 PM]

Then you start asking for commercial businesses like Round Rock has been so good at generating, you hope to offset that, then adding more houses, you're in the cycle of doing this understand a it becomes this big challenge. Now, think about Austin. We are less dense than Houston. We are less dense than Dallas. We're half the density of Seattle. We're very low density and we've been in a high growth mode for 30 years. So those challenges of maintaining infrastructure and adding new water sources and adding new wastewater plants and adding cost count interceptors, we're struggling to of to pay for those things. I was on the bond advisory task force in 2012, and the requests were all valid, but there was a huge amount of them. And we couldn't take care of them. In 2012, we had a request for 260 million-some-odd for road repairs and maintenance and we gave them 30 because that's all we could really afford, given the constraints that we wanted to save, given the tax pressures, that we didn't want to raise it. These are the challenges we face. But what happens is, you say, as ward says, we want development to pay for itself. That's the right thing to do. I don't have a problem with that we need to pay for it, it shouldn't be the existing residents but that doesn't take into account what happens 20 years from now. Does that make sense? And secondarily, and I'll give you a graphic -- I keep forgetting --

>> Want me to do it?

>> Nah. I give a talk about this issue in other areas, but this is a graph, and what it represents, each square represents 116 square amusements in 2010, Austin was expected to grow 580,000 people. The brown square on your right, if we -- and by the way, our average household size in our metro area is 2.6 million people. So if we add 580,000 people that means we'll have 223,000 housing units.

[4:07:25 PM]

That means you develop that entire 116 square miles at three units an acre. And we're denser than that, but that's one end of the book end. If you do it in the middle, averaging ten units an acre, then you develop 35 square Michael's around there's 83 square miles or so -- 81 square miles left open. If you do it at a downtown density, you develop 1.7 square miles. That is a big indication, which infrastructure do you think is going to be easier to maintain? Then I'm going to go to the next -- I remembered. If you go to the next slide, at that example I just showed you, if we did it all low density, we, as developers, would develop somewhere around 2500 square miles of roads, pipes, utilities, that we would then build, hand the keys over to you, the cities and the counties, and say take care of it in perpetuity, we're done. If you do it at a medium density, it's 700 miles. If you do it at high density, it's 40 miles. I'm not advocating one or the other but this is the consequences of what we're having to pay right now. So the second thing is, this comes from mayor Winn, when I showed him this presentation, he said, terry, you're only thinking about half the cost because every city has to have police stations, fire stations, libraries, -- ems, all within a certain travel time, the more you go out the more the burdens go out, and those are real cost killers. My point being, that's one of the reasons it's hard for cities to say, yeah, I'm just going to subsidize affordable housing. You've got challenges you need to pavements you've got -- you need to face. All valid, so you say, what can you do? It's a rock and hard place hitting each other. So what are our options? And so we talked about doing the missing middle a little bit. I've been developing a long time and I'm going to suggest to you that an example I'm using here, I'm using a little consistent example. Let's say let's just assume that a loss was \$75,000, that you're going to build a house on it. If you billed a \$75,000 lot in Round Rock or any other place that means that house is going to be wonderful \$350,000.

[4:09:30 PM]

If you build a duplex, one looks like a house, one like a temporary home product, you've cut the cost in half and lowered the price a little bit by just reviewing a land costs. The product on the right is a product that we hope to build soon. That's why that drawing is there. We did one door on the front and on the side so it would fit within a single-family community we're planning. If we go to the next slide and look at a triplex, the one on the left -- the one on the right we've actually built before. You try to make it look like a house. You have cars coming off the rear, it looks like a large mansion, but you're making the unit smaller and putting them together. But now you've taken that \$75,000 land cost understand a made it 25. So, therefore, that can be passed along to the homeowner. And you're also probably making it small. You're not going to build three 2000-square-foot apartments there, it's starting to get smaller. If you go to fourplexes, these are examples of four plexus in and around the country. You've now dropped it to \$18,000. If you go to a six-plex, which the bottom right we actually have in Miller, you can take that land cost and drop it even further. Now, by the way, it's not beyond the market to increase the price of that and then say, wow, these are really essentials I'm going to raise the price, all of a sudden benefit we have starts coming back the other direction, but this is a way you can do that and try to fit within the context for an appropriate area and say, well, that looks good here. These are just tools for you to consider. These are two projects that I built over the last ten years, our company built. The upper left one is about 11 units an acre, the right one is 14. But trying to do in a residential field, slide in and fit within an area and not feel like you're just changing the character of the community. There's also townhomes. Townhomes typically range from eight to 12 units an acre. That's just one example. There's millions of them. And then this is an eight-plex, and I don't have any elevations because I'll fighting with my architect about it right now.

[4:11:37 PM]

It's a square box that has units that are probably designed for couples, singles, and maybe families with one child, but it's a simple construction. It'll look like an urban townhome. Four urban townhomes connected on the outside, but it's that same example of taking that price and lowering the cost, you're going to lower it a lot. You're getting about 18 union to the acre with this product but it's two-story. It doesn't feel like a big, massive apartment project. It's very small buildings. I made a mention earlier about small apartment complexes. These are examples and there'sness the of them around the country that have 12 to 18 units in a building, and they are just -- they're put in, run a little larger than a single-family lot, but they're just tucked in and you hardly notice they're there if they're done well. I have an architect out of Albuquerque who is trying to get me to do some. And they're just -- you think they're beautiful homes. So it's just ideas for you to think about. All right. Let's talk a little bit about -- this is an example of a project we did in 78704. And if you'll look a along the bottom, and if you can't read it, once again I'll share the Numbers with you later. This was done in 2008 as we were planning the project. If we were going to do single-family, we'd be able to do 54 units. The income with interest rates at that time needed to buy a home with minimum with down payment would have been about \$173,000. We ended up doing in the middle where we were doing 123 homes and incomes needs were in the mid '60s. That was simply just the benefit of density and making it smaller. We finished our average incomes, the prices went up because of construction costs and stuff, and instead of averaging 240, we probably averaged closer to 300. Interest rates dropped down so I'm going to guess our average income was in the -- this is in an area where the average home price today is a half a million dollars. Be probably were 75 to \$85,000 is who we were serving at that time. But that's an example of what would happen with different product types on a piece of land.

[4:13:37 PM]

That land was costing five million dollars an acre, by the way, not total, \$500,000 an acre. This is that project, and you can see, we ended up clustering it and created a lot of what we would call common backyards where people would play and good out and enjoy the outdoors. So ...

>> Where is this located? Cumbelland and fifth.

>> Can you go back to the previous supplied? Why is there no change between these two?

>> The last one as 300 units, that's about as high as you can get and still surface-park it. If you'll notice, the land cost dropped from like 35,000 to 15,000 because you add the more units, but when you get above 30 or 35 units, you start having to build parking garages. And so you're, in essence, paying to the land twice. And all of a sudden the benefits of density don't go as far.

>> Okay. Anybody have any questions?

>> Any questions?

>> How do we get you to build more units like that? They look great and affordable.

>> Give me time.

[Laughter]

>> But on the law of supply and demand, since there's such a crazy demand for housing here, aren't we also seeing some of that effect in the market, that you've got such a great demand, there's so many people moving here, we are seeing tons of cranes all over the place. Do you think we're going to get closer to equilibrium or maybe even have a situation where we've overbuilt and housing prices will start to come down?

>> In the rental market, rents have stabilized over the last year. They're high. They haven't gone down, but they're not going up as rapidly as they were.

>> And there's still a lot more rental units coming online, aren't there?

>> Right.

>> So would we expect potentially -- I know for a while we were seeing free move-in for the first month.

>> You're seeing that free first one and two-month rents, which lowers the rent for the year in doing that, but you're seeing that in the marketplace today.

[4:15:43 PM]

The for sale product, that happens if there's an oversupply. There's not presently that but it's certainly possible, yes.

>> I just heard today there's been a drop off in condo construction because it's easy to do class action lawsuits against condo developers if there is a window leak or something like that. I have no idea where else that's showing up in the marketplace but I'm wondering if there's anything else to that.

>> That is true. This last legislative session -- by the way, let me back up a little bit. That started in California in the mid-2000s and it shut down condo development. And in a high-cost area, condos are the way that you provide more affordable housing, is to do some form of attached housing. And it shut down. They passed some legislation that freed it up again. Same thing is going up in Colorado. They've gone from 40th% of their homes being condos to two percent. The last legislation, the Texas legislature passed some legislation that hopefully will mitigate that risk. I'll give you an example, I'm about to start a 182-condo project, and the insurance policy for that project is a million two.

>> How does that compare to like a compartment complex or something else?

>> Apartment complex would be 300 grant Sunday 300,000, and a condo is a million two?

>> Right. So it is true, we hope it will flatten out and come back down because of the -- what it will prevent are frivolous laws. They don't prevent lawsuits or claims, it just prevents frivolous lawsuits.

>> Thank you.

>> I'm not sure if you addressed it in the presentation or if we've spoken about it previously, but can you

talk about how implementing alleys can address, like, parking issues?

>> If you'll notice, the products that I showed you, if I were to show you though some developers, they said you didn't show any cars. That's because I hate looking at them. I -- a personal pet piece of peeve, I think a lot of times we have negative to projects and development because all we see is cars.

[4:17:53 PM]

So we hide the cars. Alleys allow you to more efficiently park off the rear and keep the opens front for sidewalks and shade and those sort of things, and so it's what I do when I'm doing one of these communities. You know, in most cases, I try to hide the cars. Can't always do it, but in most cases, I try to.

>> And as far as what public policy we could address to help with the affordability issue, is it -- my assumption is, most of us it's in codenext, in changing the way we plan our communities, really, and taking a -- possibly taking away some of the restrictions that the developers feel. Is that right?

>> Can I jump in? I think that the code -- I don't want people to be under the illusion that we change the code, and suddenly we are going to get deeply affordable housing or rents are going to drop back down to \$500 a month. The code is going to, hopefully, if all goes according to plan, make housing more affordable, but in terms of -- when we think about be affordability it really is a spectrum. For low wage workers and low income families, it's going to require some sort of subsidy. The code isn't going to solve that. Hopefully what the code will do is help us create greater diversity of housing product so that we can serve a greater diversity of households so that we can have some attached products, some smaller products, help also speed up the development and review process, which gets to the -- the cost of regulation and the cost of delays. So I'm hoping by a more simplified code and a code that facilitates greater diversity, we'll be able to get to more affordability, but not necessarily deeply affordable housing. That's going to take a whole slew of policies and -- and resources.

>> I also think you're greatest tool as a government is planning, putting it in the right place so that a family only has to have one car instead of two, putting it in a right place where somebody can get by without a car.

[4:20:08 PM]

Putting it in a place where they can get their services and, you know, get to work without having a vehicle. I mean, those are -- that's a \$10,000 raise right then, and makes ability to afford housing quite a bit better. Taking advantage of the transit options we have. For example, in capital metro, if I were czar, I'd be putting a lot of density around those trainizations, so you can plan for -- not just housing, but jobs, so if somebody lived in round Rock, you know, I'd make amd be at station number 3, so rather than fight an hour, they could drive five minutes over to the train station at lakeline or whatever it is, and then, you know, work or read the paper down to the place where amd is and walk off and get off. I have an example of my partner in the fifth and Cumberland project was out of Philadelphia. They changed managers in the middle of the project, and so he came down to meet him and so we're having dinner and talking about families and that sort of stuff, and he said -- he made the remark that he lives in Connecticut. I said your office is in philly. He goes, yeah, it's an hour and a half train wide one way. And I'm like, what do you do? He said he gets on the train at 6:30 in the morning and that's his time to answer e-mails and do work or whatever. I said how long is your commute after you get off the train? He said about 50 steps to the office. I get back on the train 4:30 and I'm home by 6:00. I keep an apartment there if I need to spend the night but that's my desk time, most cherished time, so I can return phone calls, get done what I need done. I love riding a train. His commute literally is zero even though he lives two states away. So ...

>> I just want to add one comment on -- yes, codenext is going to be a wonderful opportunity but there are things you can do now in the meantime, and I think Adu is a great example.

[4:22:09 PM]

That's easy low-hanging fruit to get supply in the market so I hope we'll get a good ordinance out of that.

>> I've got couple comments or questions about -- so a lot of this -- your discussion has been about new developments, new houses. So there's been some in the paper about the enforcement of existing apartments, and some of the low income, sagging walkways and plumbing and things like that. Is there any plan or is there any affiliation working on taking an existing apartments, that maybe are 20, 30, or 40 years old, and that are ways to upgrade those, bring them up to code but still keep them affordable.

>> Let me tell you, from a private development standpoint, the way that's typically done is, somebody buys the old one, spends 20, 30, \$40,000 unit, rehabs it, then raises the rent, so it's no longer affordable. Understand, housing project, it doesn't matter whether it's a two-million-dollar house or a \$75,000 trailer, they all last 20 to 50 years and they start having major upkeep and repairs. So we need to plan for that because that is a huge challenge. We have a lot in Austin, for example, and Round Rock, too, has units that have been there for 20 years, have been there for 25 years or more, whatever, and they're about to convert, if nothing else happens, if that makes any sense.

>> Oh, yeah. We see that in our community in Round Rock. I've been there 31 years, and -- 30 years in round Rock, and it was great on the way down here, I drove ten minutes to the capital metro, then took Uber over here. So going back I'll walk or whatever. It's nice to have that it's a 30-minute very isolated, and of course a great commute. I'm fortunate I only live five miles from the Howard station, but I would love to see that more. But, yeah, I do know that there are life limits to most facilities, most buildings, apartments, things like that.

>> Yeah. And I did want to jump in to say that we did a study for the city of Austin preservation -- developing and preservation strategy because one thing we do know is that in the city of Austin -- I'm going to assume in other communities as well -- the vast majority of affordable housing is affordable housing, when I say with a little a.

[4:24:24 PM]

It's not subsidized, it's just class C and D apartment rental housing stock that's been around for 30, maybe 40 years, it needs some capital improvements, it needs some investment. So we did identify all of those properties across the city of Austin, and we're working with kind of a cross sector collaboration to develop what we call a strike fund. And that's resources, laying public and private dollars, in order to -- in order to acquire those apartment complexes, do the necessary upgrades, but preserve some of the built-in affordability. Because our comprehensive housing market study from 2014 looked at rental housing stock, both subsidized and unsubsidized, and noticed that between -- over a year period, from January 2014 looking back to January 2013, we lost 7,000 units of a affordable -- again, that's little a -- affordable, private, unsubsidized housing over that year time period. And that's folks purchasing apartment complexes, sometimes doing really minor repairs and upgrades, and then raising the rents.

>> Paint, carpet, no major infrastructure.

>> Sure.

>> Because when you do the plumbing and electrical, that's huge, goes way up.

>> Expensive. Absolutely. So we're looking at that and hopefully approaching it from our regional perspective.

>> Well, thank you so much, unless anybody has any questions. Appreciate your perspective as we delve

into this. This is exactly why I wanted to start a committee like this where we can -- with our busy schedules, it allows us time to have these discussions, so thank you.

>> Thank you.

>> Garza: Item 4 is a presentation on the status of affordable housing projects in and around the city of Austin and discussion on potential interlocal agreements and use of public land for affordable housing.

[4:26:25 PM]

And we have Betsy Spencer who's the director of neighborhood housing. I don't think Lorraine was able to be here, but that's okay, from real estate. So go ahead, Betsy.

>> Am I on? Hello? Very good. Hi. I'm Betsy Spencer. I'm the director of neighborhood housing community development. Our presentation is relatively Austin centric. We're going to give you a little information about our department and what we do to put into context for you some of the tools we currently have, what we do. Couple of you have seen this before a couple months ago when we did this. Some of it maybe redundant for a few of you. We want to put into context what our department administers and some other information. Are we up? Okay. So real quick, the neighborhood housing community development department, our objective and mission is to provide housing, community development and small business development services, to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency. The majority of the work we do is for low and moderate income families. We also have what's called the Austin housing finance corporation. It is a subsidiary underneath, within the department. It was created as a public non-profit corporation to act as the city's housing production arm. The city council serves as the finance corporation's board of directors. Our mission is to generate and implement strategic housing solutions for the benefit of low and moderate income residents in the city of Austin. And our primary function is to issue single-family and multifamily revenue bonds for the financing of reasonably priced housing and assist the city in the delivery of reasonably priced housing programs, using a variety of funds, federal and local. What is affordable house housing? This is important, and obviously, some of the things we're going to talk about you heard in the previous presentation.

[4:28:28 PM]

But it's always important, I think, for folks to understand the difference between affordable housing and household affordability. So in our terms, in our world, affordable housing really is very specific, it's housing that has somehow been restricted and/or subsidized, so when we talk about that it is a legal somewhat definition. HUD, U.S. Department of housing and urban development has a definition where an individual won't spend more than 30% of their income on their housing. That's real standard for anyone who has a mortgage, same sort of thing, you're not going to get a mortgage for more than 30% of your income for your mortgage payment. Household affordability. Couple years ago, and through the imagine Austin process, there was a tremendous need for us to really turn that term around. I'm assuming in your communities it's similar to our community. Sometimes there is an image that folks have about affordable housing. And so it comes with an image, often, at times it can be a negative image, people have an impression what it looks like, what they think it is, that it may not be well maintained, type of people that live there, things like that, so there can be an aversion to folks. He that's been a challenge for us in trying to cite appropriate housing. One of our core values is geographic dispersion. When you flip the two words around and call it household affordability, that becomes very relevant to each and every one of us. Does not matter how much you make but how much it costs for you, the primary cost drivers being your housing expense, your transportation and utilities, all of us struggle with that same issue, and so it's very important in this larger affordability conversation that we

take all of those things into account for all the residents. But the imagine Austin -- and we're a big priority in that whole concept, and so this is one of the things you'll see. And then based on Medina median family MC. That's another terminology in how we sort of categorize folks' income by median family income.

[4:30:35 PM]

A lot of work we do in our department is specific to folks mostly at 30 to 50 percent of median family income, being very low income folks, and up to 80%. Affordability requires diverse approaches. You heard a lot about that from the folks ahead of me. And so I won't take too much time on this, but obviously there's market rate affordable housing. You heard terry Mitchell talk about that you heard Mandy talk about Africa housing with a little a. That's when the market maintains the affordable housing. Income restricted, that's primarily what our department does a great deal, where there's a restriction tied to the property because we have contributed funds. Affordability through regulations and incentives. The density bonus programs that the city administers is an opportunity for market rate development, when there is a -- an incentive to have higher density, then there's something that we get back, and oftentimes it can be in the form of affordable housing. And subsidized affordable housing again is when there's restrictions. Need for diverse housing types. You did hear a lot about that. Because there's a lot of different folks that really do need housing. When you look at this chart, this is a wonderful depiction of types of families at the different income levels. It's another part of that perception about affordable housing. Oftentimes, people assume they are individuals who may or may not have a job. They often have an image of who they may or may not be. And many, many of the families that we serve are the working -- are working families, working very hard to make ends meet, which she talked about a lot, and still are really struggling to have a place they can afford. Also, we have folks that are disabled on a fixed income, and they're really strapped and struggle because their income doesn't go up. But this is a great picture of the different types of examples of folks in the different categories. So a little bit about some of our programs. We really look at entire continuum across all housing types, which I'm sure you're very familiar with, all the way on the far left, supportive housing.

[4:32:39 PM]

That's the type of housing that's going to require the greatest deal of subsidy because these are going to be folks at your very lowest income and your most vulnerable. And so these -- this type of project or property requires a great deal of public subsidy because these folks just don't have a whole lot of money, all the way up to home repair or home ownership where there will be little public investment and great deal of private investment, if not all, everything in between from rental and home ownership had restructurally try to invest our money in the seven categories. You can see the different programs we administer. Some of them we administer in-house. Some we do through subcontract and/or application. Just real quick for those of you who don't -- have not heard the wonderful federal lingo, we are a participating jurisdiction. That means, as a participating jurisdiction, we administer the federal funds from hud for the home funds, the cdbc. With that comes obligations, strings and responsibilities. One of the most important ones that I think folks need to understand, in addition to all the rules and regulations that we have to comply with is the fair housing requirements. We have some very, very important fair housing requirements, and you alluded earlier to the legislature reversing the source of income. That was a real hard hit for us because that was going to be taunt for us to include source of income as a protected category. We have an obligation and a requirement to do our very best to ensure that families and individuals have their choice of where they want to live, and it is our responsibility to identify those barriers and then work to eliminate those barriers. So last year, along with our housing

market study, we also completed the analysis of impediments. It is a requirement of anyone who receives these federal funds to have the analysis and then now we have a very strategic work plan on how we're going to reduce those barriers.

[4:34:42 PM]

This opportunity is a wonderful opportunity for all of us to begin because by the very nature of the fact that we don't have enough housing, that is our number one barrier, as for affordable housing within our fair action plan, fair housing action plan. So housing choice is obviously one of the biggest barriers that we have because folks don't have a lot of choice. That was the whole impetus behind the source of income. Folks with a section 8 voucher holders are literally being told that they just can't -- a landlord won't except accept them. But individuals and families should be able to live where they choose without barrier, protected under the fair housing act. There are seven federal fair housing, seven federally protected categories. Here in Austin we have 11. And then the ability to achieve fair housing choice given legacy of segregation, ongoing discrimination, and residential patterns that offer different levels of access to community assets. So it isn't just having a house, it's also having access to appropriate amenities.

>> May I ask a question?

>> Of course.

>> You said the federal requirements, there are seven types of protected --

>> Seven protected categories.

>> And in Austin we have 11?

>> That's correct.

>> What are the additional four?

>> You knew you were going to ask me that.

>> Students.

>> Students. We've had students, students actual orientation. I apologize, I don't have it off the top of my head. We can certainly get that for you, though. I know that I should have that. Can you get that? Yeah. We'll get that for you. Austin's high priority, as I said earlier, the lack of affordable housing, disproportionately impacts protected classes with lower incomes and higher poverty rates. The lack of affordable housing citywide exasperates segregation created through historical practices.

[4:36:42 PM]

The city is limited in its ability by state law to use inclusionary zoning as a tool to broaden housing choice. Information is not widely available in languages other than English. And complaint driven -- I'm sorry, complaint data signals non-compliance of property owners and builders with accessibility requirements. This is just a real quick chart on -- to demonstrate that over the last couple years, we've actually lost a significant amount of federal funds, as most communities have. And, again, real quick, I'm not going to read through all of this, but the home fund, since we administer the home funds, and I believe all of you in other jurisdictions also have federal funds, home funds are very specific for housing activities. For families and individuals at 80% and below. So we can't use those funds for anything else. The community development block grant funds again have some -- it has a much broader use, but has very stringent rules as well. But we can also use it for some housing activities. And then hopwa and esb, housing opportunity for persons with AIDS and esg is emergency solutions grants. Both of those are a lot of homeless prevention for either chronically homeless and/or persons with AIDS. Our local funds, we have a housing trust fund many of you are familiar with that was established in 2000. But council resolution. It's a wonderful source of funds that council at the time created. It is funding that is

approved by the council on an annual basis. And the housing trust is funded by a transfer of 40% of property tax revenue, excluding any tax increment financing or tif districts, generated from developments built on city owned land within the defined development zone. This next year we'll probably get about 900,000. The general obligation bond program obviously has been our most successful and most significant contribution of capital into this community. We have three main investment areas, the rental housing development assistance program that Terry spoke to or alluded to earlier.

[4:38:48 PM]

Home ownership programs -- I apologize, it's the home ownership program you alluded to. Rental housing assistance is for rehab projects or new construction. Then we have a minor home repair program. And our core values have been since 2007 deep affector R affordability. The general obligation bond funds are targeted for families or individuals at either 30% or 50% median family income. Long-term affordability, sometimes as long as 99 years, then geographic dispersion. We have a significant goal to cite the housing all across Austin.

>> I want to jump in and ask a question.

>> Of course.

>> Housing trust fund.

>> Yep.

>> Can you give an example of like a city owned land with a development on it, where the property tax revenues go and --

>> [Inaudible]. It was. Used to be. That property on second street, a lot of stuff in this.

>> That's what the W sits on?

>> It was originally. Once it's converted, once it's on the tax rolls, then it contributes toward the trust fund. But a lot of stuff on second street --

>> Thanks.

>> Uh-huh.

>> We have an application process with the general obligation bond funds. We have an underwriting and screening process. Those applications are brought forth to the board of directors of the finance corporation to approve those transactions. We also put out a notice of fund availability for our minor home repair program, that there's a coalition of non-profit organizations that manage those funds. This just shows you a chart of how the funds were expended and the different -- the different areas in which we invested the funds. Rental housing. Roughly 75% of the funds were invested in rental housing activity. About 25% for home ownership. As Mandy alluded to earlier, the market -- it's incredibly important to be fluid and flexible was the market.

[4:40:55 PM]

When the bonds were first passed, there was a sense that they would be split 40% for home ownership and 60% for rental. But the applications in what came in and what developers presented, the need was really there more for -- to invest in rental property. So that the way it has played out for now. I think it's always important that as the city administers those funds, it should maintain the flexibility, should something change and we suddenly get a whole ton of home ownership applications, more so than rental, we would want to maintain that. I've never wanted to be so strict with how we schedule the capital investment that we would lock ourselves in if the market would change. This was -- this is an amazing opportunity. This is actually probably the most amazing story other than when you hear the stories of people who actually benefited from the units that were created, preserved, or retained, is the

return on investment. Housing works actually employed a group, civic economics, that did this long-term investment on the general obligation bond funds, and over the course of the next ten years, it is estimated that this community will see a return of \$865 million. That's an all-in return on jobs created, the units, all the people spending money all around the area, it's a very comprehensive study. We've got it on the website if anyone is interested in it, in addition to the jobs and the units and all the stuff that are easy to quantify, it is the larger return on investment that I'm not sure -- I'm not sure if the other capital general obligation bond funds -- I mean streets and bridges are huge and they're important I'm not trying to did you understand, but I don't know if you can -- I don't know how they quantify that. I think that this investment was a tremendous investment, and afforded leverage for every dollar spent, there was almost four dollars leveraged on the project. So I believe it -- the proof is in the pudding that the program really can work.

[4:42:57 PM]

So this is our 2013 general obligation bond spending plan. Again, this is -- because it's capital funds, we have to plan out. So we've gone based on trend with roughly 75/25 split, but certainly we will go with where the market takes us, as far as what developers bring to us. These are highlights of some of the projects that we currently have on the books with the 2013 general obligation bond program. And then this is -- these are some maps. So this first one is, these are projects that the city of Austin has invested in. That's all the little blue dots. So you can find 35 in there. You can see that while -- I know there's a fair amount east of 35. I think we've actually worked pretty -- pretty well to cite and invest north, south, east, and west all across the city of Austin. This actually shows you where we've been able to achieve units 3,000 our density bonus programs. Again, this is -- density bonus programs, we are not investing capital, we're waiving revenue through fee waivers, through the planning and development process, and so we have a very, I think a very well-rounded investment with our -- the units produced out of our density bonus programs. And then, finally, this is where -- the siting for affordable income restricted units, this is going to be the housing authority and other entities, tax credits where we did not invest in them. You will see there is a significant concentration on the eastside of Austin. For a long time, you know, that's where land didn't cost as much. So back in the day, that's where we all -- you know, I used to work, I was a developer, you bought where people live and you bought where the land was cheap. Not necessarily the best way to do stuff but that's what we did. And so -- and, unfortunately, there was forces beyond all of us that actually encouraged development here.

[4:45:00 PM]

But all the more reason with our obligation to affirmatively fair housing, it is exceptionally important we work very hard to achieve affordable housing all across the city, in good school districts where the jobs are, where the amenities are. It's a lot cheaper for us to invest in a unit that way than to be able to do all the other work. And then this is just -- I mean, we've talked a lot about how we can utilize public land for affordable housing. The Miller project, obviously, is the best example that we've got. I mean, that's been a tremendous opportunity. We soon hopefully will be investing in our colony park project. We own 208 acres on the Eades of town. The Austin energy site at crestview, it is in a transit oriented development. It would be ideal to be able to partner in that particular project. We've had -- well, had one conversation with the real estate department, with aisd, in the hopes that maybe there's some way that, through surplus property or even if we just got some land on the side, we don't need big tracts of land. Just a couple houses on the side; right? There's big playgrounds and stuff. You could do townhomes, you could do a row of townhomes on the side, do a few here and a few there. I'm all about just -- you know, give me five here, I'll do five here and five there and whatever. So I think there's tremendous opportunity

anywhere we can. Density is the key. I mean, right? We need the supply, but we've got to have all kind of tools. Little ones, big one, all kind of different ways to skin this because it's a huge issue. And we're available for questions.

>> Councilmember kitchen.

>> Kitchen: Could you just speak to -- I know you all are -- you're working on a -- I'm not sure for a I'm using the right words --

>> [Inaudible]

>> Yes. You knew I was going to ask you about that. I think it might be helpful for this group to understand that you all are working on that because at the point where you -- you know, you finish or you get further along, you know, there may be some opportunities for partnership with our -- okay. Right.

[4:47:12 PM]

Go for it.

>> I'm Erica leak, policy manager with neighborhood housing. So once that we have been working on recently is setting goals and targets for affordable housing across a range of median family incomes and for a whole range of different folks in different places. So just very quickly -- and we've taken these goals and targets to the council housing committee. We briefed them about those in June.

>> Uh-huh.

>> And right now we're actually seeking input from various stakeholders on these, and we'll bring them back to the council housing committee this fall to talk more about if we're on the right track and whether the city would like to officially adopt these goals. So some of the goals have been set by council in the past. An example of that is a goal related to permanent supportive housing. So council -- previous council set a goal to create 400 permanent supportive housing units over the next four years. And so that's something that is included in these goals. And I don't know if you want me to go through them.

>> Kitchen: No, no. Really, what -- I'm talking about it from the perspective of what we talked about in the housing committee was that it was important to understand the universe in terms of what the need is. So that -- what we'd be doing is looking at a more comprehensive housing plan where, instead of -- instead of saying this is as much as we can do right now, the first question is, what is -- what is the need from -- you know, and then look at setting our targets and then have the potential to look at setting our targets from a community perspective.

[4:49:13 PM]

So that what we're doing is not limiting our universe by saying we only have the resources to do X, so that's all we're going to talk about, but what we need to do is talk about the universe, what we need in each one of these areas, understanding that's going to be more than we can do, but if we don't, as a community, identify our -- what the lay of the land is, if we don't identify what our needs are, then we're never going to have any chance of getting anywhere near them. So I just wanted this group to understand that that's the task we're on and I think we've had some conversation, and that was the conversation at our last housing committee, that we really wanted you guys to look at this -- along with the community, to look at this from the perspective of what is the need. Not what can we do, given what we think we have in resources, but what is the need. So -- and I think it will be helpful when we get further along to bring that back to this group.

>> And, you know, we are looking at it more from a city of Austin perspective, but, you know, if perhaps a group wanted to broaden it to a regional perspective, that would be a great concept.

>> Yeah. The geography is from --

>> Yeah.

>> Maybe this is what you were talking about, Betsy, when you said what drives the percentage of rental units versus homeowner repairs is you said it was applications that come in. So is that how -- is that what determines --

>> Our perspective, this is what I was speaking, very specifically about when we administer the general obligation bond funds. So when the first allocation was originally passed, there was -- there was sort of an inform understanding that probably 40% of the money would be spent for home ownership activities and 60% would be for rental activities. But early on in the process, the department had -- we'd always done it through an application process, maybe not the first year, but they pretty quickly snapped that an application process would be best.

[4:51:19 PM]

It was all applications for rental property. There was not as much applications for home ownership. Because there was a sentiment that there was supposed to be this 40% prop to the home ownership, there was sort of an expectation that we should sit on that money, although we had a lot of rental applications, and so it did not feel prudent to me to reserve our sit on money, hoping there would be a punch of home ownership applications when we had rental housing applications that far exceeded any money that we had. Signed we decided to so forth steer away from holding onto money, hoping that there was home ownership applications, and invest in the rental applications. We always have invested in the home ownership, but I didn't feel, again, that it was in our best interest to sit on money when there was such a great need. So it sort of played out that when we look at the volume of applications that we get, there's always more for rental housing applications.

>> And our recent housing market study did find that the greatest need was for affordable rental units at 30% mf-I and below, which is around 22,000 for a four-person household.

>> Somebody else have any questions?

>> You go ahead.

>> Well, this is the regional affordability committee, so I can certainly tell you that Travis county has a very deep interest in affordable housing, and we have --

>> On your committee.

>> -- Put forward a number of county properties for sale with the intention that some of them might provide opportunities for affordable housing. And commissioner Gomez is extremely concerned about this as well. I had a couple of questions. One is, I was encouraged to see the map that showed the affordable housing incentive programs like density bonuses.

[4:53:30 PM]

Unfortunately, because of representative Todd Baxter's work, he placed a restriction on our ability to do contract zoning and affordable housing when the city grants the privilege of earning more money off of increased density zoning on your property. We can only do it through these creative density bonus mechanisms. What's the rough tally of units that have been created through the density bonuses, and then how are we managing those? Because I can tell you a little personal anecdote. I was surprised to learn after the fact that an apartment unit in my neighborhood, which is allandale, contained any affordable housing units because my son and I are toured it just out of curiosity and had inquired about the availability of less expensive units, and there was crickets. So I'm not -- I'm not really sure how people can find out about these units that are more affordable through the density bonus program and take advantage of them.

>> So Erica is going to get the number.

>> Just ballpark.

>> She'll get that for us, because there's about ten different density bonus programs. So one of the challenges I believe in the land code is, each one is different. So, again, when I worked for a developer, I liked things simple. I'm a pretty smart girl, but I still liked it real simple. And so the density bonus programs here are all differently, they're not consistent. It's an interesting concept. We've got about ten different types. We've started to get a very good list of what a lot of them are. A lot of them have just started to come online. When the market crashed in 2008 and 9, everything went flat. So it's only been in the last couple years that we've started to see these units come online.

[4:55:31 PM]

So we are notified through the pdr process with planning and development review, we're notified when these things come online, we monitor them. We have a monitoring division. Now, it's a tiny division, so you know, we can only monitor so many each time, but the other wonderful thing is, we just now -- this last year we had a vista volunteer, and the vista volunteer concreted an inventory of each and every unit that we have we have attributed in and it's on our open data portal. The next thing will be, imagine Austin challenges us to have a live on demand system where anyone could go online and find out where there's an opening at an apartment. We're not there yet. That's going to take -- because that takes information. Right? Someone has got to feed that all the time. But we finally have our housing inventory on our open data portal. So that's one way people can find, at least where they are. It doesn't say if they're vacant or not, but now we have a very comprehensive list of what we've produced and/or contributed to.

>> So, theoretically, somebody could go to the city's housing department website --

>> It's actually the broad city's open data portal. So I'd say search for city of Austin open data, and it would come up, if you searched by department, you can search by neighborhood, housing, and it's one of the data sets that we have available.

>> And that's the only way people can find out which of these units have affordable units in them and --

>> We just did it last week, so I'm sensing now that we should link to it, ourselves.

>> Yes. We're finding ways to do that.

>> These people got a benefit. They got a bonus, and in change they're supposed to be providing affordable housing. We should make it easy for the citizens to access it and I can't tell anybody how to find out this information. I couldn't find it out myself when I asked directly.

>> Right.

[4:57:33 PM]

>> We're also -- we work with the Texas low income housing service, and they actually have a search function on their website.

>> Okay.

>> And so we've shared information with them so that you can get contact information from the developers who have these developments through the -- or affordable units through the developer incentive programs. And to answer the question of how many units have been produced, there are approximately 12,000 units that have been built thus far through developer incentives and another eight or nine thousand that are in progress, of some -- some sort. So --

>> So potentially 20,000 affordable units that were created through the density bonus program.

>> Uh-huh. Correct.

>> That's fabulous. And I think that would be -- people would be really eager to find out how they could identify which buildings had those and how they could access them.

>> Many of those or some of those are going to be home ownership through the smart housing program so they're not all rental. Some of them are going to be home ownership homes that were created through the smart housing density program.

>> And if your formula, your percentage split was right, 60% or more would be apartments?

>> I don't know on smart housing. That's for the density bonuses programs, that's not cash contribution from us, necessarily. That's just a fee waiver program. So off the top of my head, that's a great question. I want to know that for next time. I'm not sure of the split on the overall of rental versus home ownership.

>> I'm doing the search now on the open data.

>> Okay. I hope you find it.

>> City of Austin open data, then density bonus affordable housing?

>> Actually, it's called the affordable housing inventory but I'll have to look and see how it's set up. But if you search by department, that's probably the easiest way.

>> That's not going to be just density bonus, that's going to be everything, the density bonus, anything we had a cash contribution or investment in, so there will be a lot of different stuff on there.

[4:59:39 PM]

It's definitely, we have wanted for a long time to be able to put this information out there. It's -- it's unfortunate that it actually takes a while to bring it all together. We're actually kind of a tiny department. And so -- but the open data portal was a wonderful opportunity that forced us to get things together to be able to start to push information out so we can start to refine it, and really have -- the ideal is, again, anyone needs a place, there's a place for them to go. Type that in, and they can find -- not just a bunch of addresses, but what's available. What's open,

>> Just FYI when we both Google city of Austin open data affordable housing inventory, we get an error message.

>> Excellent.

>> Hmm. We get a little city of Austin stuff and when you scroll down it gets to error.

>> We'll figure that out.

>> Great.

>> It says this data cannot be found or has been deleted.

>> Yeah.

>> We will figure that out.

>> Cannot be found or has been deleted. Then I did have a question for -- maybe I'll hold this for future items but it does relate to affordable housing. Thank you. Thank you very much for your work. Thank you.

>> Yeah. Real quick, I want to clarify the other protected categories. The additional ones we have in Austin. Student status, sexual orientation, marital status, gender identity and age.

>> Question I had, it's kind of related, maybe it's a future agenda item, few months ago, Round Rock ISD, we had two chief appraisers, part of the problem was, what we mentioned earlier, the cost of appraisals or the approximately value of so much property has gone up, and therefore the tax burden or the tax obligation has affected that. That may be something -- I know Austin does -- city of Austin, you all have it pending -- a pending is that right with the appraisal and commercial property?

[5:01:49 PM]

We're very interested in making that equitable and fair, the appraisal. A&D, I think it was built for \$2 million and it's on the tax role for 110 or something like that. That's taxable property that is off the tax

roll. That doesn't have anything to do directly with what you're proposing, what you're talking about but I think it would be interrogatory get an update -- interesting to get an update because if there was some legislation or there was more equity in the commercial properties, we're paying more than maybe Austin ISD wouldn't have to send back \$300 million or whatever it is, you're having to do through chapter 41 and maybe that would help some of the property owners and, therefore -- or renters because the renters, you know, they pay through the tenants, as tenants they pay the utilities and the taxes. Anyway, it was just something very interesting and I wouldn't mind knowing a little more about that. Certainly not right now. I just think that's very interesting because the more I learn about it the more I realize they like it the way it is, it's kind of quiet, and they keep it behind the scenes. I know y'all are looking at it.

>> Kitchen: Yes, we can give you an update. You know, at another meeting, I guess because we're still in the middle of the process, you know, we're going to be filing an appeal from the appraisal district level, appeal to the district court. In fact we're announcing that on the 24th.

>> If you -- Travis -- Travis county and Austin have --

[laughter]

[Off mic]

>> Okay. I don't think it was a secret, but in any case, we'll get you more information.

>> All right. I'm just saying it affects all of you here in this --

>> Sorry, Ellen.

>> More than Round Rock and Williamson county, you have all these commercial property, we don't have that in Williamson county.

[5:03:52 PM]

It is much more. I would like to see it affected and I do know you're talking about the cost of development. When we passed a bond in '08 for about \$293 million, we passed one last year, school district for 299, and one of the things we're always trying to calculate, what's the cost of steel, concrete, labor, with all the oil and gas circulating all over the world and certainly in Texas, we don't know if people are being attracted to go down to the oil patch, you know, and are we losing people, are we competing with, you know, concrete workers and mason and carpenters? So, anyway, we're all in a global environment, we're affected by it. Anyway, the commercial property, I think that's easier, something that certainly needs to be fixed I think in the long run. The legislature this last session, 84th, there were several legislators that tried to make in-roads and they did a good job. We got a few things done. I went down several times to the capital and talked to people about it. I would certainly like to see that it gets fixed. So, again, that money is not -- the burden doesn't go on the homeowners or renters.

>> Thank >> There's actually a city report that was issued in the spring that studied the gap between market value and appraised value for commercial property. And it found from 2012 to 2014 a 47% underapproximate of commercial property, and that's -- under-- underappraisal of commercial property. We we tried to pass legislation to address this structural inequity in the appraisal process and got nowhere with the legislature. So the only other path is the courts.

>> Okay.

>> I think the city is being a tremendous leader in this regard and doing something really important for the whole state.

>> That's right. I think the whole state would benefit because the oil refineries down the coast, they take advantage of this loophole as well.

[5:05:59 PM]

>> Yep.
>> Kudos to the city of Austin for driving that.
>> Go ahead.
>> Can you explain to me the -- more about the hafla?
>> Sure.
>> The program, the opportunities for persons with AIDS.
>> It's a formula grant. All of the home, cdbg are what they call formula grants so H.U.D. Has this kind of crazy algorithm, they do formula based on population and so specifically on the hafla grants they're also going to look at the percentage of folks who have been tested HIV positive and/or with AIDS. So the hafla grant, health department, hhsd, administers both grants and so all of the activities under the hafla grant must benefit individuals who have been diagnosed HIV positive and/or with AIDS.
>> I guess -- this is kind of out of your jurisdiction but I'm trying to understand why AIDS in particular? Like, I mean, what is the purpose of the --
>> Oftentimes it's housing activities. It can be also -- I used to do this also before, so we had -- it can be to create new housing. It can be for rental vouchers. It can be to help with short-term medication needs and it's a population that's very vulnerable, and so it's administered through the department of housing and urban development. They've been doing this for probably 20 -- I think at least 20 years. So they dedicate a certain a their funding specifically for low-income individuals who have been diagnosed HIV positive and/or with AIDS because they are such a vulnerable population and they have -- it's a very confidential type of service, in the sense that -- you don't want to -- it's hard for folks to advertise. So you need to have very safe places for folks to live.

[5:08:00 PM]

They're very medically fragile so a lot of times it will be tenant based programs and/or housing activities to make sure they're well-taken care of while they're a lot of times pending a disability. They're often permanently disabled they're pending their disability checks and things like that.

>> Troxclair: I guess you'll trying to understand why that particular disease? Why not cancer or -- is there something --

>> I can't speak to --

>> Troxclair: -- Particular that that population was targeted?

>> Again, maybe even 30 years ago. I was trained a long time ago. I think it's been around almost 30 years ago. It was in the late 1980s. I was trained as an HIV counselor in 19 '78 and so -- 1987 so they've been doing this for a very long time. I can't speak to why the government has picked them over another group, but it's been -- this funding is longstanding funding.

>> And federal funding.

>> Right.

>> Troxclair: That's why I said it was probably a little out of your realm. I'm trying to understand like I said if there was something particular regarding --

>> That was back in the '80s, early '90s when it really first came and so there was a very medically fragile group and so that's really the best that I can say. I can't really explain why they -- the federal government --

>> I think it comes from a history of discrimination against the gay and lesbian community and if it's an older federal program, it was a much more prominent issue back in the '80s.

>> Yeah.

>> Housing discrimination.

>> I wanted to reiterate the points that councilmember kitchen made earlier about specific needs assessments, sort of making sure we have a good understanding of the universe and coming up with

some type of comprehensive plan for the school district, for us, we're specifically interested in -- and we acknowledged in your last slide there about the fact that we own a lot of land and not all of it is used for educational purposes. And so one of the first steps that we've taken as a school district is we've hired actually a land use consultant to help us actually develop a long-term plan for what do we do with land that's not being used for educational purposes?

[5:10:15 PM]

Our superintendent at any time can declare land to be surplus. When I think about things that are feasible or tangible, to me it's a no-brainer. We have the land. What's the delay? So one of the things I'll ask our superintendent and I'll ask certainly for the support from my colleagues, is to maybe try to put together a working group of cities, school district and Travis county staff and let y'all have some combinations and then maybe come back to our group at sometime in the future with maybe something that's feasible and tangible that we could all independently and then collectively work on. For us the needs assessment is the fact we're now the fifth largest employer in the city. I mentioned the recapture rate and our other challenge we have is we don't offer, unfortunately, the most competitive salaries for our teachers. Of the 12,200 employees, half of those are teachers. We rank dead last when it comes to teacher compensation when you compare us to the urban school districts, dead last to other ISDs in central Texas. One of the things we're hearing is teachers are qualifying for public housing and public subsidies. I sense there's a great sense of urgency for us to come up with a plan to develop affordable housing for teachers and all our employees. I think that's feasible for us to do. I know I've shared with the group the inventory list of property we own. Maybe, again, that's something all the staff and the city and school district and county, I mean commissioner Gomez forwarded a similar list as well so to me that's really easy. Another thing, separate and apart from this conversation, as relates to development in the city, I think one thing that we could potentially consider is that as new development occurs in the city, that the developer fees, use of right-of-ways, all of those things typically go into the general fund and perhaps there could be a portion of that set aside specifically to develop affordable housing according to whatever our needs are.

[5:12:25 PM]

I know in the Rainey street area in particular, we have the historic district fund where we were able to use some of those dollars to relocate some homes, and I think we partnered with it -- the neighborhood development corporation to relocate those lands and we're actually, you know, basically for lack of a better word recycling those old houses to help meet our demand. So I think there's a proven model that we can replicate, maybe on a bigger scale, that would help us address more importantly find the funding for us to address the gaps that we have. Thank you.

>> Garza: That's the perfect segue into the next item about interlocal so thank you -- unless anybody has any other questions?

>> I do have a question. I think it's probably on the future agenda but it does relate to housing. I would love for us to get a report on hope housing. I think it's called hope housing, the intergenerational housing where seniors are paired with younger renters. I just heard a report on NPR on it the other day. Mandy, you know what I'm talking about. Am I saying it right? Hope housing?

>> I can't remember what it was called buzz that's not the -- but that's not the only model out there because I think I've read something maybe in a magazine and there were two different areas of the country but the same --

>> Same concept, where you blend basically housing for seniors with essentially affordable housing and intentionally knit those together as a means of social support in addition to just providing housing for

groups that need it. And it's either called housing for hope or hope housing. But I'd love my updates ton because I think it's a -- updates on this. We know our population is aging and one of the greatest areas of increase in our region is he would earlier and we have a huge affordable housing need so it seems like it's a great matchup.

[5:14:25 PM]

>> Two Summers ago we went to New York to see their microhousing unit, one of terry's staff went with us, we went to look for permanent supportive housing. Microhousing units aren't necessarily the cheapest things to build. Where they found them to be most effective was for seniors. There is a large group of seniors in New York City living in very large units. They no longer need them, but then they want to live together. They're okay sharing bathrooms and some certain community space. They just needed small places to live. They very much wanted to stay in the city because they were so used to that environment and the transportation and everything. But they didn't need the very large houses or units they had. So the microunits, very communityial sort of stuff, common space so maybe that's along the same sort of thing. I don't think it was specific to seniors. It could be for different generations but they have a very large number of single women, older single women, who wanted to stay there, and they just needed smaller space and they wanted to stay together. So we can certainly see, era capital metro does a -- E we'll see if we can find it.

>> Kitchen: That's another reason the work y'all are doing on identifying what our needs are in our community will be so helpful for us, because it will help us understand what the demographics of our community is and what those kinds of needs are so that we can target solutions that way.

>> All -- I think we've got a lot of good information on the housing market and I had I know Erica mean with Ryan Robinson's group all the time and if anyone has a pulse on what's happening in Austin, where it's going, Ryan has always got that information. Thank you very much.

>> Thank you.

>> We all searched and couldn't find any of the -- we all searched throughout the city site --

[5:16:26 PM]

>> I'm kind of glad we said that because we're all running around telling everyone we're on the open portal data so we'll figure that out.

>> Great, thank you. The last item is just about future agenda items and I had notes to -- one idea was to talk about interlocal agreements, interlocal agreements about services and facilitates because this discussion focused primarily on housing, but we all know that affordability is a much larger issue than just housing. And so that's just a suggestion, and maybe we could have a presentation from aid on where y'all are in that process.

>> Sure.

>> Garza: And it would also I thought be nice to understand the interlocal -- what exactly it is. So maybe -- or if we could even have someone from the county come explain to us, like give an example, this is one interlocal, how we saved money here.

>> Absolutely. There's a joint subcommittee in existence and they've just compiled, I think as of this spring or updated, probably, a list of all the interlocal agreements between the city and the county and aid. I know there's other kinds of interlocal agreements, but those are the three main entities that meet in the joint subcommittee so we've got that document compiled. And we can make that available electronically before the meeting if people would want to see it. Shall we send that to your office and have it sent around? How do we follow up on that?

>> Is there a chair to that committee? I wonder if we could ask that chair to --

>> Do you recall who the chair is?

>> I know Mel wax letter has been, I think, one of the key staff people and he might be able to --

>> I think, mayor pro tem tovo chairs our joint subcommittee, she kind of shares that. We have our meeting actually in September, another one, but I'm sure we can get that to y'all.

>> Okay. Does anybody else have any -- you said you had a future agenda item suggestion?

[5:18:28 PM]

>> That update on the hope housing or intergenerational housing, and I think Mandy and also the staff people were going to do some research on that and get back to us.

>> Great.

>> Yeah.

>> Because they're really successful models and I think would be a nice follow-onto this discussion to look at some other models that have been really effective.

>> Okay.

>> Kitchen: Perhaps in September we can -- I know we started the conversation but perhaps in September we can talk more specifically about how we might want to come up with a strategic plan, assuming that we -- assuming that that -- we still consider that useful. So maybe we can give some thought about what the process might be to do that.

>> Yeah.

>> Garza: Do the school districts have -- like does Round Rock share -- interlocals with the other school districts? Does that ever happen.

>> I don't think so much with other school districts. I can't think of any off the top of my head. We do a lot with the city of Round Rock and county. We overlap maybe 25% or so of our district is in Travis county. We cover, you know -- we're mostly in Round Rock but we have a lot of unincorporated areas in our Round Rock ISD. Austin ISD is preno, ma'am, inhabitantly in the city of Austin, certainly within Travis county but I could certainly check.

>> Garza: Okay.

>> Unless you --

>> The city of Austin is one of the big population areas in the Round Rock is it?

>> Isn't it.

>> In the -- Westwood high school is a city of Austin --

>> I've heard described as the city of Austin is the third largest city in Williamson county, something like that.

>> Is it? Okay.

[Laughter] We have -- we do have that area, and then idea Leander ISD covers -- so Austin -- the city of Austin may actually go into Leander ISD as well.

[5:20:31 PM]

>> I just wanted to mention, I don't know if it's -- if we need to talk about it at the next hearing if it's just enough to mention now, but we -- the city recently adopted a resolution regarding a taxpayer impact statement originally brought to this committee by bill Oakey and, I mean, it's basically a really simple one-page document that talks about -- that gives a list of property values, somebody can look at what their tax burden is going to be in actual dollar amount, plug that into a chart that includes all the utility rate increases and fees and so a homeowner, any home orientation can kind of see, okay, my tax burden will go up \$230 next year. In our conversations of course that's just the city's portion if would be really great if we can do some kind of standard form for all of the taxing entities so that somebody could easily

add them together. I just thought I'd bring it up. I guess, y'all are in -- doing your budget too?

>> Yeah, I think we're on a similar cycle for the city.

>> Troxclair: Anyway --

>> We've discussed the taxpayer impact statement as well.

>> Troxclair: I know it was too late for ours to get actually published in the paper this year, but that's what we hope to do that next year and like I said if we could have one standard format, it might be really easy for people to really understand their true tax burden.

>> Yeah.

>> Comment on that. I have seen that recently in the paper, in the news, how that would be beneficial, because as we all say, round Rock ISD, we want to raise our bond just a couple dollars a month and everybody is saying just a couple dollars a month and the next thing you annoy you're talking about real money. . .

>> Mm-hmm.

>> Garza: Councilmember kitchen.

>> Kitchen: I was going to say I don't know if it would be helpful but maybe to share what we passed, if that might be helpful.

>> That would be great.

[5:22:32 PM]

>> Yeah.

>> Okay.

>> So who wants to send it? You want to send it?

>> Okay, I'll send it.

>> Great.

>> I wasn't part of the strategic plan conversation. Do you want to -- do we want to discuss that for next month?

>> Well, I think the conversation was simply does this working group want to develop a strategic plan on what it is that's sort of our objectives are moving forward. I don't think we got past that.

>> We all agree.

[Laughter]

>> Right. So I think that was sort of the conversation. We wanted to wait back for you. We didn't want to do that without you, councilmember.

>> You got assigned that in your absence.

>> Why don't we have everyone come back next week with an idea of what they would like to have on the strategic plan and then we'll -- for now we'll -- on the next agenda we'll have the discussion on interlocals and my staff will reach out to different -- to AISD and see if we can get some presentations on examples of those interlocals and feel free to contact me if you would like anything else that -- in a you want to add to the agenda.

>> Do we want to put hope housing and any update on the different models for housing?

>> Garza: Sure, intergenerational so we'll add that too to the agenda. All right. We'll go ahead and adjourn. Thank you all for coming today.

>> Thank you.