

Accessory Dwelling Units

City Council Planning and Neighborhoods Committee

August 17, 2015

Neighborhood Housing and Community Development

Subject: City programs that could support more affordable development of ADU's

The City of Austin's Neighborhood Housing and Community Development office administers two programs that could be accessed by property owners to support the development of secondary or accessory dwelling units. The Rental Housing Development Assistance program and S.M.A.R.T. Housing program support the development of affordable housing units in all parts of Austin.

When RHDA funds or S.M.A.R.T. Housing fee waivers are used to assist rental projects, income and rent restrictions apply to the assisted units for a defined period of time called the "affordability period." A project's affordability period is enforced using a legally binding document, a "Restrictive Covenant Running with the Land" that will be filed for record in the Official Public Records of Travis County, Texas.

S.M.A.R.T. HOUSING PROGRAM SUMMARY (2008 Resource Guide)

The S.M.A.R.T. Housing program could be a good option for property owners who are interested in building a second unit on their property to reduce overall development costs. In exchange for meeting the S.M.A.R.T. Housing requirement, including the affordability requirement, property owners are entitled to fee waivers and expedited development review services.

S.M.A.R.T. HOUSING REQUIREMENTS:

- Affordable to a households at 80% MFI or below (give example for a 1 bedroom)
- Maintain affordability for a minimum of 5 years for rental units
 - Unit will be monitored for compliance with the affordability requirement annually.
- Visitable and Accessible unit
- 1-Star Austin Energy Green Building rating
- Within ½ mile walking distance of a transit line

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA) (2014 Program Guidelines)

The purpose of the Rental Housing Development Assistance (RHDA) Program (the "Program") is to:

- A. increase or maintain the community's supply of affordable rental housing for low-income households;

B. increase the availability of transitional and permanent supportive housing for low-income households and persons with special needs; and

C. assist the City of Austin in meeting its stated affordable housing goals and objectives.

The RHDA program primarily supports the creation of multi-family style developments where the funding source can have maximum effect and be leveraged to develop multiple long-term affordable units through a single development. However any development of one or more housing unit may be eligible for RHDA.

RHDA FUNDING AND FINANCING MECHANISMS

Subject to the requirements and limitations of RHDA Program funding sources, the Program is expected to provide financing for the acquisition, rehabilitation, new construction, debt relief, or rent “buy-downs” for affordable rental housing projects. Financing is provided to both for-profit and non-profit developers, including CHDOs. The RHDA Program is administered on behalf of the City of Austin by AHFC using a variety of funding sources, including:

A. Federal Funds

1. HOME (Home Investment Partnership Program);
2. CDBG (Community Development Block Grants); and
3. HOME or CDBG Program Income funds

B. Local Funds (or Non-Federal Funds)

1. General Obligation (G.O.) Bond Funds
2. General Fund;
3. Housing Trust Fund; and
4. Other local funding that may be available from time to time.

C. Other Financing Mechanisms

1. Private Activity Bonds issued by AHFC, typically used in conjunction with non-competitive Low Income Housing Tax Credits awarded by the Texas Department of Housing and Community Affairs.

RHDA ELIGIBILITY CRITERIA

Minimum requirements for projects are as follows:

1. Located within the corporate City-limits of Austin.
2. Units must be used for residential purposes only.
3. New construction projects must be certified for and meet the City of Austin’s S.M.A.R.T. Housing™ requirements.
4. As determined applicable by the AHFC, assisted units must be made available to households with

Housing Choice Vouchers from the Housing Authority of the City of Austin.

5. If applicable, projects must meet HUD Environmental Review requirements.

The following project types or characteristics are preferred:

1. “Housing First” Permanent Supportive Housing and other Permanent Supportive Housing Projects or Transitional Housing Projects as defined above.
2. Projects that address Geographic Dispersion of affordable housing, particularly those in Very High Opportunity areas or High Opportunity Areas according to the Opportunity Map.
3. Projects that meet the requirements of the City’s Vertical Mixed-Use (VMU) Ordinance, or are in a Planned-Unit Development (PUD) or a Transit-Oriented Development (TOD).
4. Rehabilitation projects that preserve existing affordable rental units as described by the City’s “Preserving Affordable Housing in Austin: A Platform for Action” completed in April 2008.
5. Projects that specifically reserve units for persons with disabilities above and beyond normal requirements.
6. Projects that will have affordability periods of 99 years.

RHDA AFFORDABILITY REQUIREMENTS

All RHDA funds must be used to serve households at 50% MFU and below. New Construction of Rental Housing using any amount per unit – a period of not less than 20 years. If General Obligation Bond Funds are accessed there is a 40-year minimum affordability period. The majority of developments that receive RHDA funds are required to maintain affordability for 40 years.