

Update on Affordable Housing Goals and Targets

Presentation to the Austin City Council Housing and
Community Development Committee

September 23, 2015

Proposed Community Housing Goals and Targets

From June 2015 Housing and Community Development Committee Meeting

Proposed Community Housing Plan for Austin - Goals & Targets					
Goals:	Estimated Gap	Annual NHCD Target	Annual Community Target	10 Year Community Target	Methodology
1. Create New Permanent Supportive Housing					
Permanent Supportive Housing (PSH) Affordable housing linked to a range of support services that enable tenants, especially the homeless, to live independently and participate in community life.	1,889 ^A	50	100 (400 over 4 years - 200 Housing First, 200 PSH)	1,000	Target set by Council
2. Create New Affordable Rental Housing Opportunities					
At or Below 30% Median Family Income (MFI) Less than \$22,600 annually for a 4 person household Approximately 20% of Austin Households	48,000 ^B	100	866	8,700	4,330 = the average annual multifamily production in Austin from 2007-2013. Source: U.S. Census Annual Comm. Target=4,330x20% (percent of population at this MFI level)
30 to 50% Median Family Income (MFI) Less than \$37,700 annually for a 4 person household Approximately 14% of Austin Households	*B	100	606	6,000	Annual Comm. Target=4,330x14% (percent of population at this MFI level)
51 to 80% MFI Between \$37,700 and \$60,300 annually for a 4 person household Approximately 19% of Austin Households	*B	100	823	8,200	Annual Comm. Target=4,330x19% (percent of population at this MFI level)
81 to 120% MFI Between \$60,300 and \$90,480 annually for a 4 person household Approximately 15% of Austin Households	*B	Provided through innovative regulations & code revisions	650 Provided through innovative regulations & code revisions	6,500	Annual Comm. Target=4,330x15% (percent of population at this MFI level)
3. Create New Affordable Ownership Housing Opportunities					
51 to 80% MFI Between \$37,700 and \$60,300 annually for a 4 person household Approximately 19% of Austin Households	*B	25	397	4,000	2,088 = 50% of average annual single family production in Austin from 2007-2013. Source: U.S. Census Annual Comm. Target=2,088x19% (percent of population at this MFI level)
81 to 120% MFI Between \$60,300 and \$90,480 annually for a 4 person household Approximately 15% of Austin Households	*B	Provided through innovative regulations & code revisions	313 Provided through innovative regulations & code revisions	3,100	Annual Comm. Target=2,088x15% (percent of population at this MFI level)
4. Preserve Existing Affordable Housing Opportunities					
Multi-Family Rental At or Below 50% MFI Less than \$37,700 annually for a 4 person household Approximately 34% of Austin Households	25,226 ^C Affordable Units to be Preserved	200	1,000 ^C 20,000 Units over 20 Years	10,000	Target set by Council
Single-Family At or Below the Poverty Line through G.O. Repair Less than \$24,250 annually for a 4 person household Approximately 19% of Austin Households	9,675 ^D	250	250 ^D	2,500	Target set by G.O. Repair Coalition
5. Create/Preserve Affordable Family-Friendly Units					
Affordable Housing units created or preserved with 2 or more bedrooms	C	25% of units	25% of units	25% of units	Goal recommended by Families with Children Task Force
6. Create/Preserve Affordable Units Near Transit					
Affordable Housing units created or preserved within 1/4 mile of high frequency transit	C	25% of units	25% of units	25% of units	Goal recommended by City Council for Transit Oriented Developments
7. Geographic Distribution of Affordable Housing					
Goal of 10% affordable rental units at 30% MFI; 24% affordable ownership units at 80% MFI in each zip code	B	Goal of 10% affordable rental units at 30% MFI; 24% affordable ownership units at 80% MFI in each zip code			Goal recommended in Housing Market Study

Sources:

^A Permanent Supportive Housing Program and Financial Model, *Corporation for Supportive Housing* (February 2010)

^B Comprehensive Housing Market Study, *BBC Research and Consulting* (July 2014)

^C Taking Action: Preservation of Affordable Housing in the City of Austin, *HousingWorks Austin* (July 2014)

^D Housing Repair Needs Assessment, *Austin Housing Repair Coalition* (February 2011)

* Data demonstrates that there is not a numerical gap; households often rent or purchase homes less expensive than they can afford per HUD's definition of affordability, thereby constraining the supply for others. Affordability restrictions are necessary to reserve units for households in need.

Stakeholder Engagement on Community Housing Goals and Targets

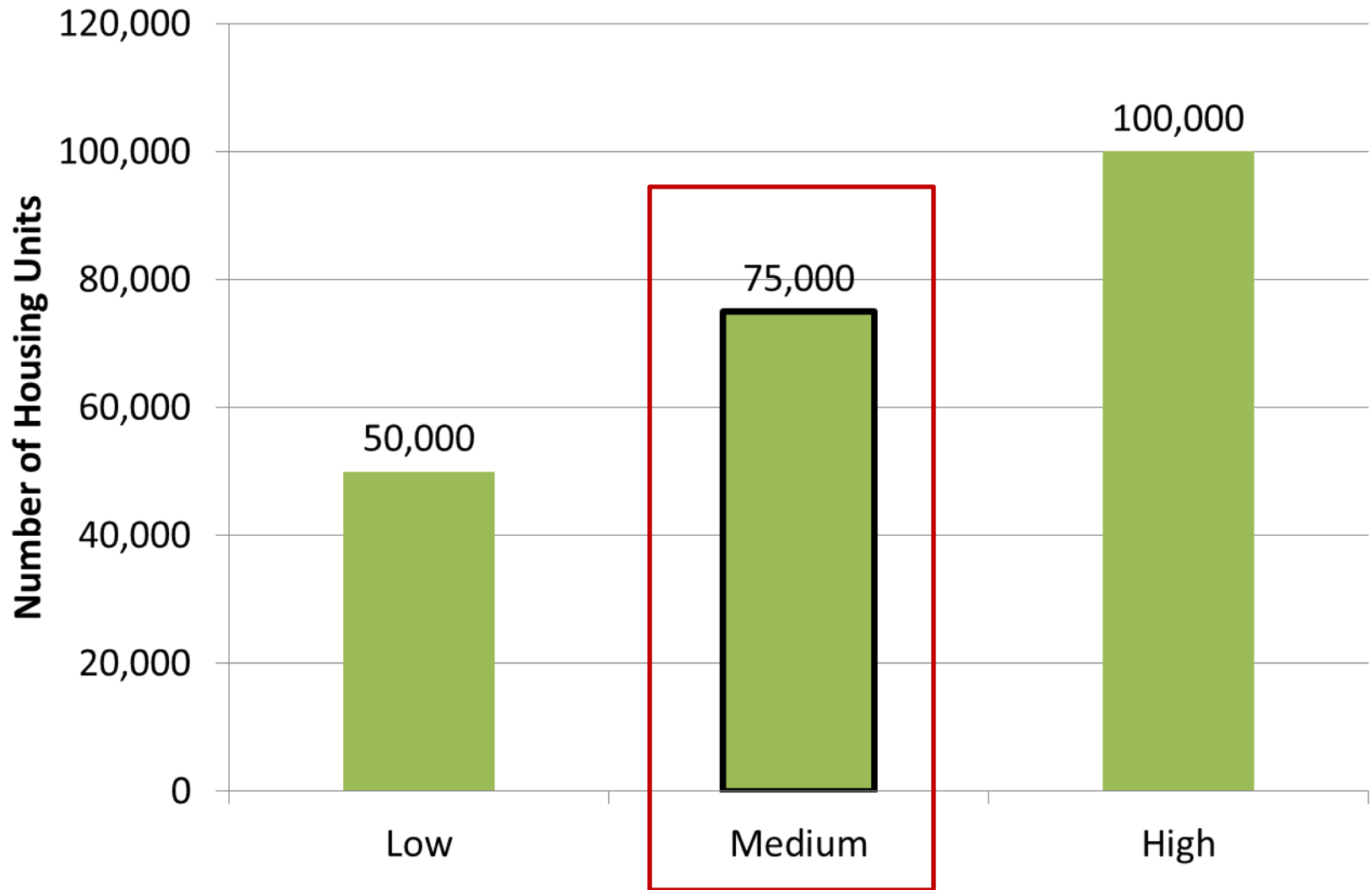
NHCD reached out to stakeholders to seek feedback on the draft Community Housing Goals and Targets. Stakeholders that provided input included:

- Permanent Supportive Housing (PSH) Leadership Committee
- Community Development Commission
- Austin Housing Coalition (AHC)
- City of Austin Demographer
- Real Estate Council of Austin (RECA) Policy Advisory Committee
- Austin Chamber of Commerce
- Austin Board of Relators (ABOR)
- Accessible Housing Austin (AHA!)

Major Themes from Stakeholders

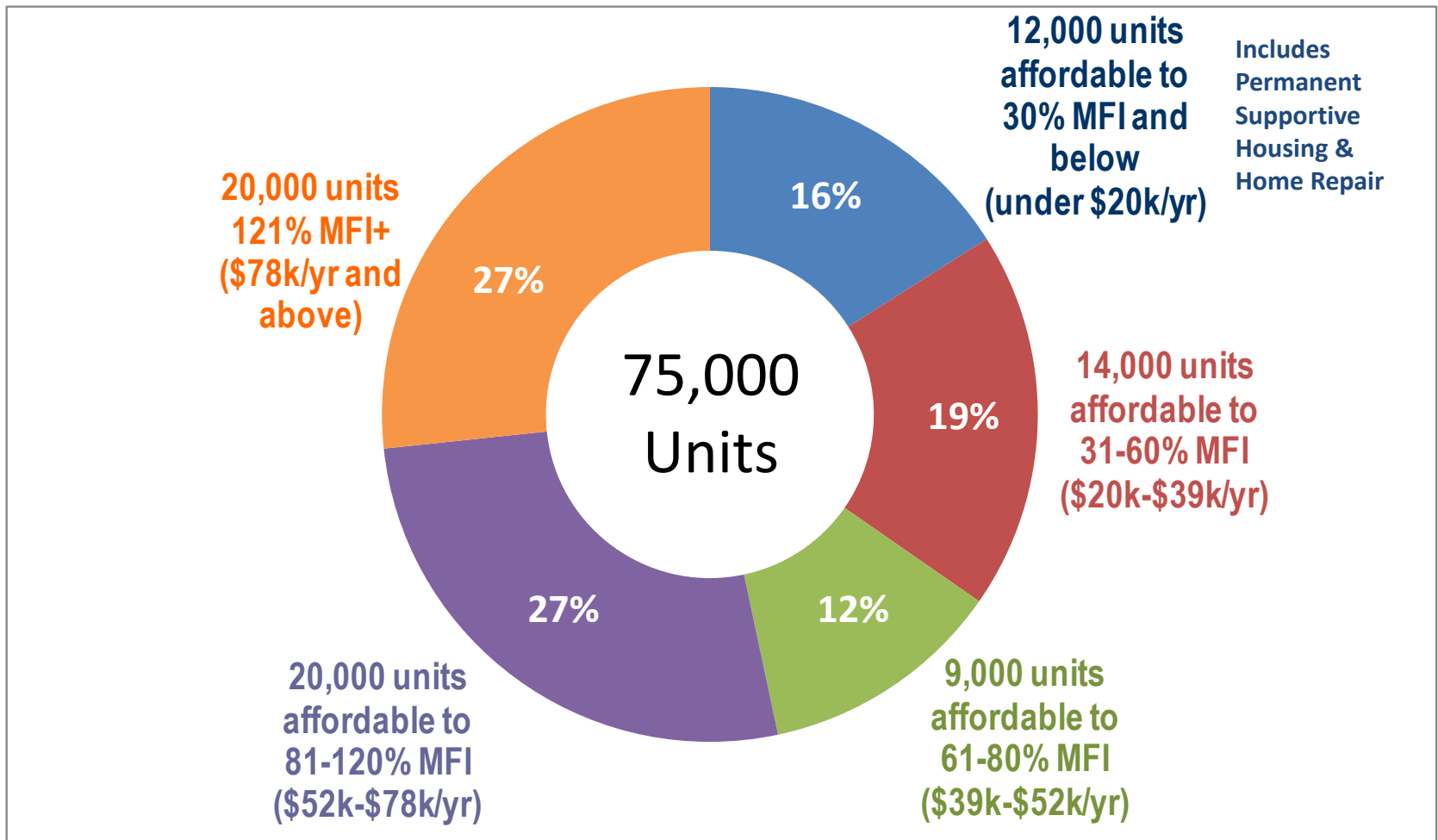
- Consider revising goals so that they are more succinct and easily communicable
- Consider higher and lower goals based on feasible scenarios in the Austin housing market
- Use historical housing production numbers from the last 3 years (versus 5)
- Consider Council District goals rather than zip code-level goals
- Examine how peer cities have set similar goals and targets
- Consider regional demand for housing
- Consider smaller household size than 4, as the average household size in Austin is 2.4
- Consider additional subpopulation goals based on needs
- Account for students in the gap analysis
- Coordinate with the disability community and stakeholders to explore the measures & tracking systems for integrated housing

Potential 10 Year Scenarios for Austin Housing Development – Affordable and Market Rate



Proposed 10 Year Housing Goals by Affordability Level

Based on the percentage of households* in each MFI range
assuming production of 75,000 housing units over 10 years



* Assumes 2.5 persons/household

Objectives for Affordable Housing Produced by the City of Austin



Measures to address the needs of persons with disabilities (Note: in process of being defined with stakeholders)



Family Friendly: 25% of affordable housing units created or preserved with two or more bedrooms



Transportation Choices: 25% of affordable housing units created or preserved are within $\frac{1}{4}$ mile of high frequency transit



Geographic Distribution: In each zip code, 10% of rental housing units and 24% of ownership housing units to be affordable

Comparison of Affordable Housing Goals

City	Current Housing Units	Annual Avg. Housing Production (3 Yr. Avg.)	Annual Affordable Housing Goal	% of Average Housing Production to be Affordable
Denver	293,222	5,802	600	10%
Boston	273,113	2,393	435	18%
Seattle	314,880	7,140	2,000	28%
Austin	375,441	10,495	3,500*	33%
Portland	268,056	3,690	1,500	41%
San Francisco	381,001	3,425	2,000	68%
New York City	3,394,486	16,252	20,000	123%
Chicago	1,183,908	3,588	8,000	223%

* Austin's proposed annual goal includes up to 80% MFI

How Do We Get There?

Potential Funding and Strategies to Achieve Affordability Across the Housing Continuum

Create and Preserve Affordable Housing Opportunities	Funding/Strategy										
	Federal Funds	Local Funds	Public Land	Preservation Strike Fund	Community Land Trust (CLT)	Tax Increment Financing (TIF)	Homestead Preservation Districts (HPD)	Density Bonuses	Public Private Partnerships	CodeNEXT	Streamlined Development Process
At or Below 30% Median Family Income (MFI)											
31 to 60% Median Family Income (MFI)											
61 to 80% Median Family Income (MFI)											
81 to 120% Median Family Income (MFI)											
At or Above 121%+ Median Family Income (MFI)											



Indicates may need to be used in conjunction with other strategies and funding,

10 Year Funding Estimate for these Goals

3,500 affordable housing units/year =
\$56 million annually

10 Year Funding Estimate for these Goals

- City of Austin's 2006 General Obligation (G.O.) Bonds preserved/created housing units for an average of \$16,096/unit.
- Development costs and land values have continued to increase since then.
- Regulatory mechanisms, partnerships and other mechanisms to create/preserve affordable housing cost less than subsidizing units.
- Locational advantages (being near a transit line, services, jobs and educational opportunities) help households reduce their second largest monthly cost after housing— transportation.

Questions?