

Housing and Community Development Committee Meeting Transcript –12/9/2015

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>> Renteria: Good afternoon. I'm councilmember Renteria. A quorum is present so I will call this meeting of the housing and community development committee of the Austin city council to order on Wednesday, December 9th, 2015. We're meeting in the council chamber, Austin city hall, 301 west second street, Austin, Texas. The time is 3:10 P.M. The first item on the agenda is to approve the November 18 meeting. >> Gallo: So moved. >> Renteria: Motion has been made. By councilmember Gallo. Seconded by councilmember kitchen. All in favor? It's unanimous. Okay. Now we move to the next item, which is citizens communication. All speakers have three minutes. Stuart Hirsch. And you are signed up to speak on item 2 and 3. >> Yes, sir. Chair and members of the committee, my family name is

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Stuart Harry Hirsch and like most in Austin I rent. I wanted to give you a highlight today on what I'm going to suggest tomorrow. There are three basic changes from the staff recommendation that I have problems with. The first is a posting issue. There are some suggested amendments to the local amendments to the property maintenance code which probably nobody carries around but me that haven't gone to the building standards commission so I don't think you can act on them so I'm always suggesting that you follow the law on that and hopefully the commission will have a recommendation that you can act on at some point. Secondly, just a couple weeks ago you took action on putting a pause on type 2, and I'm hoping you won't do any amendments until 2017 until you figure out whether you are going to continue that pause or get rid of it so we can end all the controversy for at least a year on type 2 and have a happier holidays than we might otherwise have. And then the third is some suggested changes that cause the code department to actually go out either at initial application stage or at renewal to verify that every property that we license, whether it's a 1, 2 or 3, is in compliance with both

the okay occupancy standards because I think it would be fairly rare an owner would fill out an affidavit that would tell you they are in violation of the code so that seems inherently stupid to me. Certificates of occupancy, they now cost \$12 per piece of paper. And they don't tell you anything other than several years ago this building was in compliance. It doesn't tell you whether it's in compliance today. So that shouldn't be an alternate method of compliance. That's what I came here for,

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and I also brought up a present to show what you the current occupancy amendments are in the property maintenance code and on the back side hopefully you have what was in the code in 1977, which is not altogether that different except that we didn't think a 2 year old was an adult in 1977 like we think today in the property maintenance code and I'm hoping at some point Austin will be smart enough to not call 3-year-olds adults. Thank you very much. >> Renteria: Thank you. Any questions, members? Next is sunshine. >> May we swap? >> [Inaudible] >> Renteria: Okay. Go ahead. >> Councilmembers, I'm Mandy Demayo with housing works Austin and I am here not on a specific agenda item but on a general issue that's facing the affordable housing community. Back in October, sunshine communities and I had a conversation and it has just turned into reality, so we're a little anxious about drainage fees. With the last city council passed the new drainage fee regulations, the whole new fee schedule, I don't think we had anticipated the impact that it would have on nonprofit affordable housing providers. And sunshine brought this up to me. He said, hey, we just went to the new drainage fee calculator under the water utility and realized one of our properties was going to be hit with this enormous increase in drainage fees because it's now calculated on impervious cover, but because of rent restrictions on our properties, we can't actually pass along the increases like most traditional private market properties would pass along the increases to our tenants. So I did an incredibly informal survey of four

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providers, both for lost and nonprofit providers with small properties up to larger properties and found that the new drainage fees on an annual basis were going to cost them between 10,000 and 20,000 dollars a year. Which may not sound like a whole lot for a developer or a property owner, but the truth is these properties operate on such an incredibly slim margin that \$10,000 when you can't pass that along to -- these are low-income renters, is an incredible burden. So I thought, well, there must be some sort of olympics, some waiver provision and I wish we had been involved in the conversations a year ago when the whole drainage fee conversation occurred, but unfortunately we were not. There are I believe four different waivers under the water utility and the closest waiver we can get to, it's incredibly prescribed and for religious organizations providing housing for the homeless, and most of those properties are -- they range from housing for elderly, housing for people with disabilities or low-income families. It's a range there. And they didn't fit within that sort of waiver provision. We wanted to bring this to your attention. We are trying to figure our next steps and sunshine can kind of provide you with a real world case study to give you an example of what this is and how it's impacting folks as we scramble to figure out how we're going to deal with this. So thank you. >> Renteria: Thank you. >> Good afternoon, councilmembers. Sunshine maythong, design director of sunshine communities. Mandy stole most of

my thunder. But the bottom line is that -- and we're still trying to assess how much of an impact it is, but a fairly large scale affordable developer, in aggregates we are probably going to be hit between 100,000 and 200,000 dollars in

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fees we can't pass along. The reason we can't pass them listening, tdhca as forgive even a procedure ruling they seem to be a -- in that context a mandatory fee means that if we choose to pass on, which we could actually build the residences for that equivalent, but then we have to lower the rent by that same amount. So in effect the residents would see no fiscal impact, which is good for them, of course,, but obviously impacts our ability to plate the properties on an annual basis. -- Operate the properties on an annual basis. There is the slim possibility tdhca will come back and say it is not a mandatory fee. If that's the case, that will give us about a year reprieve until haca realizes it does impact utility costs and they then raise their utility allowances which then have us reduce our rents. So no matter what, unless we figure out some sort of waiver process, it's going to be a burden, an unanticipated burden that kind of caught us all unaware just in the last few months. Certainly willing to stand here for questions. And again, as Mandy mentioned, the intent of this is -- obviously it's not on the agenda today, but to start the conversation so we can figure how to resolve it. >> Renteria: There might be some questions so if you stay there. >> Casar: May perhaps we could move to the future agenda item section of our agenda so we could be a little more free in our speech. Since it's not posted on our agenda, I don't want us to cross the posting line so maybe we're saying we are discussing a future agenda item on this. >> Renteria: Sure. The will of the council. We're going to be moving to agenda item 5 to discuss future agenda items.

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>> Gallo: So I have a question of your citizens communication, actually. So in the past was that not an issue because the tenants actually paid that as part of their utility bill? >> Correct. >> And it was much smaller. Significantly smaller. >> Gallo: Two components, but the accounting component it's now moved as a single bill. So I know that in some of our town home communities the homeowners associations can choose or I think are going to be able to given the option to choose for the city to actually divide the bill between the owners, the individual owners and the city would actually bill them and put it on their bill again. I don't know that that is an option for multi-family, but it seems like although we're still dealing with the increasing costs, it seems like maybe we Snead to carry the conversation along that route to be able to give management companies and the situation that you are dealing with the ability to request. Now, I think my understanding is the city is not able to prorate it in different ways that it would be taking the bill and dividing it by the number of units. So the complication of the division is in there, but that might at least, if we can have that conversation and talk to staff about that, that might be an option that at least gets it pushed back to the residents. >> The -- the upshot of that, however, would be that that will show up in actual utility costs for those residents, which means it will ultimately in the next year affect utility allowance in the city which will then have us reduce our rents no matter what. No matter what scenario, it's going to impact not the residents directly but impact us on our bottom line. >> Gallo: So the issue really isn't how it's being billed. >> Correct. >> And that there is no

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exemption provision. There were other provisions made, but affordable housing was not one of those provisions. >> Gallo: For example, what were some of the other exemptions? >> It's in the drainage, in the Austin water utility and there were four different provisions in the ones I recall. The closest we could get to was a nonprofit religious organization providing housing for the chronically homeless. It was very prescribed. And I think schools were another -- schools and churches maybe were the -- >> Kitchen: I think public entities or certain kinds of public entities. >> So this really was just to bring to your attention. >> Gallo: Thank you. Thank you. >> As we kind of figure out -- >> Gallo: The unintended consequences as we move forward. It's really helpful when the community brings those forward to us as we right work through the second -- try to work through the second face. >> Honestly, we weren't involved in those conversations. We didn't think about the impact. >> Didn't think to be involved. >> It wasn't that we weren't invited to be involved, but -- >> Gallo: And I think that happens sometimes. And we were legally required, it's my understanding the city was legally required to change the drainage billing procedure program. >> Right. >> Kitchen: I have a question. So can you -- not to get into too many details, but could you explain again the relationship about how that still ends up having you to reduce the -- >> So the basic gist of it is that when we have a taxpayer property, and this is true for not just taxpayer property but anywhere you have utility allowances involved -- >> Which would be any hud assisted property.

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Section 202, section 811. When I did my scan I included tax and hud properties. >> So it's certainly a much broader impact than just foundation communities. But the bottom line is that there is a total cap on rent plus utilities for those residents. And if utilities go up, rent has to go down. >> Kitchen: I see. Okay. Okay. So I don't know if we want to take this up as a future agenda item, we could. >> Renteria: We could. And have the drainage department come -- >> Kitchen: Yeah, we could do that or we could do it in public utilities. Public utilities is the committee that dealt with the drainage fees, so we could do that. >> Renteria: That would be fine. >> Kitchen: Okay. So we'll talk to councilmember Garza about putting it on the public utilities agenda to talk about. >> And at that point we could also bring -- we would have a couple months of experience with the actual increase and be able to present some sort of case study or a range of nonprofits and kind of the impact that we're seeing. >> Kitchen: Yeah. Okay. >> Renteria: Thank you for bringing that to our attention. >> Thank you. >> Renteria: Councilmembers, let's go back to item 3, consider a draft ordinance that would establish a homestead preservation district tax increment reinvestment zone in district a. >> Casar: Chair, can I lay out some of the ideas we discussed on this or do we need staff first? >> Renteria: Yes. Let's get our -- I think we have Greg canally here. To present the item.

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>> Good afternoon, council. Greg canally, financial services. You have before you an item that was here

as a request of council action back in may or June to come back for this committee and ultimately council to have the ability to implement a homestead preservation tax reinvestment zone. And so what you have before you is a draft ordinance to create that zone, and as part of that not only do you have the ordinance, what the ordinance does is it creates a base year, which would be tax year 2015, our current base year. It also names the zone as the homestead preservation zone number 1. And it lays out some other requirements under state law, chapter 373a of the Texas local government code. There are two areas in there that would need your attention. One is part 6. Looking at the tax increment that would be set. And then also part 7, and that would be the year to set it at and then part 7 would be the percentage increment that you would want to set and part 8 would be the termination date. Also included in the backup as part of this ordinance would be adopting an actual zone. Exhibit a is the homestead preservation reinvestment zone district a. This is more or less entirely homestead preservation district a except for I believe we took out one parcel -- two parcels, Jesse, two parcels that were not more than 50% within the -- out of a total of 8,000 parcels, two not in there because they are not entirely in the district and are in the southeast corner along the lake. Finally also a requirement of

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chapter 311 of the -- of the tax code under the tax increment financing zone act. We have prepared a preliminary, a draft preliminary tax homestead reinvestment financing plan, and what this financing plan, it lays out some history about the homestead preservation districts and gives you some ideas about what funding would flow. What I would say in terms of financing is that unlike an infrastructure tif that we have done with our other tifs, there in essence is no financing involved here in terms of issuing debt and having to structure payments around a debt issuance or infrastructure project that needs to be laid out. This would be treated as an operating tif where annual funds, again depending on any percentage that you set, would be collected and then set aside into this new fund that would be created and then annually the neighborhood housing and community development department would bring that forward for appropriation and a spending plan as part of their overall action plan, I would believe. So there are the three elements of the ordinance that you have in front of you. >> Renteria: Thank you. Do you have a question? >> Casar: No, I'll let other folks answer questions or I can lay out some of the proposals. >> Renteria: I think we do have one person to speak on citizens communication. So I'm going to call him up and then we can question -- ask questions afterwards. Stuart Hirsch. >> Chair and members of the committee, Stuart Harry Hirsch and like most in Austin I rent. I would like to talk about creating flexibility so you could use this to create a city voucher program that is less restrictive than France the

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federal programs to underwrite the rents for extreme low-income tenants who otherwise stand in a long waiting line for section 8 and other kinds of vouchers. If the law allows you to do that so if on an annual basis you want to do that as part of budget you are able to do that. The second thing I wanted to talk to you about is a conversation we've been trying to have with the previous council and y'all for a year and a half over creating additional resources for these preservation districts by reexamining density

bonus programs like Rainey street. And we had suggested perhaps we could create a fee that could be used in adjacent homestead preservation districts. I haven't got a public hearing on that. In a year and a half either the planning commission or the council, so instead of making you listen to my singing, I thought I would para phrase Bob Dylan about this problem. How many Rainey street lots must we lose to one day of affordability? How many bars and hotels will we have instead of an in look fee? How many homes will be preserved -- the answer, my friend, is blowing in the wind. The answer is blowing in the wind. Thank you very much. >> Renteria: Thank you. Okay. We have the item here. What we're really looking at is setting up the tax increment, and that's the percentage, and I believe you all got handouts on there. And my recommendation is to go for 100%, so that's my

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recommendation for part 6. I know there's two items and I want to just take it one item at a time. So do I hear another recommendation or discussions? >> Gallo: Chair, I'm not sure how you want to handle the discussion, but I do have -- as we move into this, I do have some questions of staff so do you want to lay out yours and then I can ask questions or would you prefer to kind of model the conversation? >> Renteria: I would just -- I would -- since my recommendation is going to be 100% and at least 10 years that it should take and terminate in 2025. >> Casar: And chair, if I can perhaps lay out what I've handed out, then we can discuss any differences between the two and maybe councilmember Gallo, your questions can be -- I don't want to sound too anxious to lay mine out, but I already do sound anxious to lay it out. I've handed out a couple of sheets of paper down there across the dais and had them up on the projector. I think that some of the limits to -- we have some great parts about tirz and I tried to shape a proposal that could achieve our goals while maintaining flexibility. My recommendation is going to be that we establish the tirz, recapturing at 10%, but also increase the percentage of the tax revenue dedicated to affordable housing from previously owned city lands from 40% to 100%. And that by doing both we actually increase the amount of dollars we're dedicating to

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affordable housing from about \$30 million at a 50% capture rate in hpda, which really is \$60 million in capture in hpda, but under this proposal that I just laid out, we actually get about \$73.7 million. So more dollars than even the 100% capture if we do this hybrid where we do a recapture in hpda that's a little smaller, but a larger capturing from our previously publicly owned land. That gets us about \$73.7 million generated over 10 years, and we could actually dedicate that money to all four of the HPDs and use our money as strategically as possible to make sure we're targeting where we have the highest opportunities. So -- and the third part of my proposal is actually to recommend a change to our financial policies. Right now there is a financial policy at the city that says no more than 5% of the city's value should be in a tif or a tirz zone. That does not take into account whether we're capturing 100% of the value in the tif or one tenth of a percent, which doesn't seem to make lots of sense. So I went back and asked Betty Dunkerley who was there writing the policies and she answered the arena it's that way is because -- I can have her testify to this, but my para phrase is back then there was no such thing as tifying or tirzing at less than 100% and it would make sense to modify our policy so that we aren't overcounting

what it is that we're tirzing. I know I've talked a lot and we'll need to have discussion, but I think the benefits -- I've handed out a second piece of paper that has the benefits of what I think the hybrid proposal is compared to, for example, a 50% tirz. One, we get more funds for

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affordable housing, 2, the funds can be spent in any homestead preservation district instead of just hpda. But in 10% we have some money directed to hpda. Instead of pushing our tif capacity all the way up, this gives some flexibility to be keep on using -- we do use tifs to issue debt and structure financing. That has some benefits that we don't want to foreclose on. By only tirzing at 10% and changing, our tif caps would be 1.8 out of 5% instead of 3.8 out of 5%. If you need more explanation on why that is, I'm happy to discuss it because there's a lot that I just laid out here, but the idea is we can be more flexible if we take the dollars from public lands and tirz at a bit of a lower rate and we can work on you are on financial policies in the interim in the coming year to see if we can tirz more. >> Kitchen: I have questions, but -- no, you go ahead and go first. It's probably the same. >> Gallo: So questions I have of staff. One of the proposals or the number 1, which is changing the percentage of tax revenue dedicated to affordable housing for previously owned Austin land from 40% to 100% and dedicate that 60% increase towards affordable housing in homestead preservation districts, where in the city of Austin are the homestead preservation districts located?

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I was going to say that probably -- I've got another question of you but I this that one would be helpful first. >> Casar: As they put them up, I forgot to lay out my last piece, stipulate the funds should be used strategic strategically in gentrified areas, not put them in hpdas or a way to mitigate existing or coming gentrification. Which I think you will see by the map that's important. >> [Inaudible] Neighbor housing. So very generally, the HPDs are located in central east Austin. There's a second one just south of that, southeast Austin. There's a north Austin one that has predominantly councilmember Casar's district. And the fourth, I believe, is a little farther southwest. But we'll find the maps for you. And those will be the districts that the council will consider taking action on December 17th that we held the public hearing on last month. >> Gallo: Okay. Thank you. So here's my concern with the part of that language that takes -- I have two concerns with that. One is going to be a financing question or a budget question, which is what the 40% can currently be used on and where the remaining 60% that's not tied to that 40% goes. So let me ask that question first. We'll kind of do this step by step. >> Certainly. As we get a map up. The -- just as a little bit of background, back in I think 2000 as the city was pursuing some economic development projects in the downtown area, I think the idea at that point was to capture some of that

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revenue and to assist with our housing needs at that time. Certainly it was a pre-bond programmer are. So the goal -- the idea back then was as city properties were being redeveloped, we would incrementally

take 40% of that property tax revenue and it would go into a newly created fund called the housing trust fund. It's been in place about 15 years. It currently now generates about -- close to about \$900,000 a year and that goes into the housing trust fund, which I'll let Rebecca answer how those funds are allocated. >> Rebecca, assistant director neighborhood housing and community development office. I would say that the funds have a diverse use ability. So we can utilize the funds across the spectrums of our programs. We do utilize those as more small increments for gap financing for acquisition and development which produces ownership programs as well as rental programs. And because the fund is not as large as, for example, the general obligation bonds, the gap financing opportunities are typically around \$200,000 to close a gap on a particular project. However, they are general funds and so it's essentially general fund is directed to a very specific focus, which is housing trust fund does have program guidelines, and so they adhere to those program guidelines. Generally the program bid guidelines read that they are utilized to close the gap noted in the city of Austin five-year consolidated plan which specifies strategies across the spectrum to address different types of needs and along different income levels. So long and short, a fairly

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general and diverse ability to utilize the funds. >> Gallo: So currently they are used for affordable housing, both for sale and rentals -- I'm just trying to summarize this in my mind, and they can be used geographically throughout the entire city. >> That is correct. They are -- again, there's program guidelines for the housing trust fund, but they are general funds so they are fairly flexible in that sense. >> Gallo: Okay. And so then is that the map for the preservation districts? >> This is the map and as Jesse indicated, the green district E, that is one that is not being proposed to be created, but district B, C and D are winding their way through council right now for [inaudible] Of districts. I believe you will be hearing that on the 17th. >> Gallo: The first that's not included is west of I-35, between -- it looks blue to me but I guess -- that one? The -- >> Let's go with blue. >> Gallo: And the other four are scattered predominantly east of I-35. Is that correct? As we continue this conversation, and then I want to talk about where the -- before we do that where the balance of the 60% that the 40% doesn't touch, that 60% goes into the general fund. Is that correct? >> That's correct. You know, over -- correct, councilmember. We have -- in general you are talking about -- there's about maybe ten properties overall that have been included in this part of this port for yes, and yes, the remaining 60% is general fund revenue and that's about the -- it's -- currently this past year it was about \$1.4 million. So that is -- it's just a revenue source as you see your forecast each year and the budget each year, that is part of that property tax revenue

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calculation that you see. >> Gallo: All right. Thank you. I'm sorry, one more, just a comment at this point then. I appreciate knowing that the 40% that we're currently used can be used citywide. Part of my concern is when we start allocating funds specifically to geographic areas. City that it doesn't necessarily address the needs of all of the city. And I want to thank housing works for the amazing job -- Mandy just woke up back there -- the amazing job they do with these communities at a glance publication that takes

all the districts and divides it out. And I just summarized some of their information and I just want to briefly talk about this because there is a real gap west of I-35 and particularly west of mopac with affordable housing. And as we talk about our policy and our desire to make sure that affordable housing opportunities are available throughout our community, I think that needs to be part of our conversation each time we talk about funding to specific areas. So, for example, pulling this from the housing works information, if you talk about the percentage of affordable housing units as a percentage of the total units in the city, district 1 has 21% of the units, district 2 has 10% of the units, district 3 has 27% of the units, district 4 has 18%, district 5 has 8%, 6 has 1%, 7 has 4%, 8 has 1%, 9 has 8%, and 10 has 1%. So if you look at districts 8, 10 and 6, which would be your predominant west of the mopac, you have a total of 1% plus 1% plus 1%. So that whole geographic area only has the opportunity of 3% of the affordable rental units from the city. So this is not to say -- and I am the big proponent of affordable housing, I've

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always been involved in that, but I think we also have to address as we bring the conversation the geographic needs for affordable housing in the other areas of town. So I really want our funding to be flexible enough to be able to continue to do that. I just wanted to kind of give that analysis that's part of my thought process for all of this. >> Renteria: [Inaudible] >> Kitchen: I have questions related to number 2. So should we go on to that or should we keep talking about number 1 first? Are you ready for me to -- number 2 being the tif -- stabbing the tirz. Should I move on to that at this point? >> Renteria: Sure. >> Kitchen: Okay. So I'm wanting to understand the impact of setting the recapture rate at 10%. In terms of the ability to -- to use the value on other things in the future. So perhaps you could just talk some more about why you set it at -- >> Casar: Let me talk about that a little bit. I believe that in this kind of tirz, HPD tirzs, that we are doing pretty much the same thing as we would be doing taking some of the money off these luxury developments being developed on city land. Money that would be flowing to the general fund, but we are deciding that this is a high enough priority that we want to bake into the budget at the beginning, some of this money is going to affordable housing. Under state law, if we utilize the state law tirz, that -- that money has to stay in that HPD. There are some drawbacks in that it's limited in the way it could be used, but one of the benefits though is that as areas do gentrify and inies in cost and price there's a bit of a social compact and social

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contract that some of the money the city is getting from increased property values and increased property taxes are being reinvested into those lower income communities directly. I think that having some percentage of the tirz is helpful for us to start using that tool. However, those dollars are more limited in their use than general fund dollars so the money coming off the previously publicly owned land we can use for affordable housing. >> Kitchen: Right. >> Casar: But this money is a little more flexible. The reason I set it at 10% is that if we set it at 10% and initiate what I think is a really reasonable change to our financial policies, really just a modernization based on the way policy has changed since we set that policy, then instead of limiting or tif capacity by going up to 3.8% of our 5%, we can actually -

- if we only consider 10% of the value of hpda, hpdas value is 2.2% of the entire value. And so if we tirz it at 100%, then our tifying capacity would go up by 2.2%. If we tif it up 10% under existing financial policy, it's still going up 2.2%, which doesn't make much sense. If we modernize the financial policy and tirz at 10%, then we only go up .2% instead of two whole percent. Does that make sense? We leave our capacity open to continue doing tifs which have proven beneficial in places like Miller. >> Kitchen: Oh, here it is. Okay. >> Casar: So that's the reasoning for saying we need to modernize that financial policy and we want the money -- at least I want the money for affordable housing in those areas that are

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gentrifying, but by trying to do them both could cause a problem so I'm trying to have my cake and eat it too basically on this one. >> Kitchen: Yeah, my question is manying from the perspective -- I think I understand what you are saying, and I think what you are doing still allows for the question I'm raising because the question I'm raising is that there are other things related to affordability that are tied to housing. Transportation being one. So I'm just thinking in terms of retaining some level of flexibility to have some additional dollars that could be used to support affordable housing. If we're just going to put affordable housing in place -- the places we're talk about are places where transportation may not be an issue. I'm raising the question with that having examined the specific areas you are talking about. I'm simply raising the point that we all knows there's a relationship between transportation and affordable housing and we want our affordable housing to be in places where, you know, where the setting that it's in and the transportation options that are available are -- support that. And we want to make sure we have funding available for that. So I don't think what you are doing impacts negatively, I'm just reminding us that we want to make sure that we still have dollars available. >> Renteria: And that's why I'm -- you know, leaning to support Greg's alternative because, you know, when we first -- you know, the homestead preservation act was -- we have a lot of low-income and we have an opportunity to do that, we didn't take advantage as a city and we're paying the price now. But we also -- I want to at

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least have 10% in there so that, you know, as saltillo gets developed, we're going to be able to buy down some of that value down to 30%. So we can -- and negotiate with them and leverage our money with them so we can build, you know, two, three and four-bedroom apartments there for our low-income citizens that are being displaced. And by families having this kind of funding there we're able to keep families in there so that we don't have -- risk of closing our schools. So I understand that, you know, at the same time that other places are now getting gentrified and we need to have these resources so that we can go out to other locations and buy some land so that, you know, we need to create more land trusts so that we are able to hold on to these type of properties so that we can keep the affordability so we can give these other people, other people in neighborhoods the ability to stay in their neighborhood. And I have no problem with Greg's -- the way it's written up and I'll be one to support it because now we're going to be able to have resources that we couldn't have even though, you know, my area is going to be generating a lot of extra -- it's getting to the point -- you know, it's gentrified already but it's getting more. And I want to make sure we capture as much money from that area so that we have an

opportunity built, you know, as many affordable housing that we can in the city. And I think this is a good tool. And with Greg coming up with the other alternative and explaining to me that now that -- you know, we're still going to be able to have tifying ability for the future once our other districts come

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in also, we're going to have to look at that very closely. So I have no problem about what is on this -- I'll be willing to support it. >> Kitchen: Okay. >> Casar: And chair, in response to councilmember Gallo's comments, I actually think -- I know for you it's totally Duh, but I think it's wonderful to have areas west of mopac saying I want affordable housing in this community. I think that's a fantastic thing and absolutely agree and support finding funding mechanisms. At the same time there are communities that have been established for a long time where we see displacement hurts these communities so having to say the money that is being generated by these luxury developments that are being put on city owned land, that we're dedicating that to staving off gentrification or at least making those communities near the core that previously were low-income communities now trying to make those mixed incomes as much as possible, I think this is a good funding stream, but I'm ready to put all my work and effort into next the other really big task which is having affordable housing west of mopac, west of Burnett. I think that's a great thing. So I think we need to do both. And I know that that it's not going to be free, but this is some money that I think is a steady funding stream for that -- for the homestead preservation district and anti-displacement work. I think that's why it makes sense to me. >> Kitchen: Did I hear you say you wanted to prioritize these funds for areas that were gentrifying? >> Casar: So all of -- HPDs can only be designated under state law because when they were studied at a certain level of poverty, but we know that with the four that we've designated, all are either gentrified, gentrifying or about to gentrify. But I did want to -- I did lay

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out in my motion that I want the funds to be spent strategically and not spent in areas where staff believes concentrated poverty is going to persist and instead look for those opportunities where we buy that piece of land or work with that developing we know it's going to be really gentrified a couple years down the line so we can get in and do that work early. And so I think that that's part of what I'm hoping to do is say we don't need to put lots more affordable housing where there's already concentrations of poverty, but these HPDs really are currently in places where that's not -- either not the case anymore or not going to be the case very soon. >> Kitchen: Okay. So you are feeling the level of funds that we're talking about here could meet those priorities and actually be needed to meet those priorities in each of these areas. >> Casar: That's right. So I think that we continue to need housing bonds, we continue to need fees in lieu, and a lot of those, especially the 8% tax credits tend to be spent in higher opportunity areas, which I think is a good thing. But this is some money that we can spend to deal with the displacement and gentrification issues. >> Gallo: And I think too, just to address councilmember kitchen's remarks about transportation being an important component of this, I think as we talk about affordable housing also having a strong workforce component to it, that -- that the fact that west of mopac I only have 3% of the affordable housing units, it makes it very difficult for the people that are

able find jobs in that area of town because then to be able to find housing they can afford, they are having to travel such a great distance to get to the other areas of town which have the majority of the affordable housing units. And I think as we talk about number 1, the cost of commuting such a long distance

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both in time and in mileage and gas and car cost, but also the -- as I said, time factor and the burden on the roadway capacity of putting people on the streets. I think it just -- my concern is that we stay flexible in the dollars that we have. I want to spend as much as we can on affordable housing, but I really would like it to stay as flexible as possible to address the under served areas from the standpoint of affordable housing options that will help our workforce because they are closer to jobs and also help our traffic congestion because they are putting people where they live closer to work. That's my concerns. I also would like to ask Greg >> Gallo: you mentioned that 40% of the city of Austin public land was about -- that went into the housing trust, and I think you mentioned that that amount was about \$900,000, but that's current and it's my understanding that all of these projects are not built out and we will see that amount go up more and more. Do you have any statistics or projections that show what that 40% is going to become, say, over the next ten years? >> Certainly. >> Gallo: I want to just make sure it's not fixed at that, it's a percentage and we're looking at those areas increasing in value. >> So, yeah, the 40% right now is about \$900,000 and by ten years out in 2024 it would be \$4 million a year for just that 40%. So cumulative of about \$26 million over the next ten years. And that is, councilmember, as you indicated, as we see -- as you see what's happening in the former green treatment site, those buildings are going up faster than we even had mapped, which is great news for everybody. So they're now kind of baked into our current projections. We try to update them every year but that's what it looks like at this point. >> Casar: Chair -- you know, councilmember Gallo, I think that you're -- in a I believe in what you're saying enough

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that I think that perhaps we can think between now and when the -- when this comes back to full council perhaps a way to make sure that some of it goes to the sanity displacement work but some of it is in high opportunity areas, as long as the Numbers -- if we can make sure that the support stays for 100% of the -- going from 40% to 100%, then I think there's enough money there that perhaps a significant portion goes for the sanity displacement work but a significant portion being placed in high opportunity areas is just as great of a need. And so I'm inclined right on the dais to say that that's something that I would be supportive of, figuring out some chunk of that -- of, you know, some chunk of that money going to high opportunity areas and another big chunk going to the homestead preservation districts. I'd be very open to that discussion. >> Kitchen: I think that might make sense from my perspective because it's the same goal that we're trying to get at, and we're making some assumptions which, you know, from this -- from where we sit right now seem to make sense, that really that the homestead preservation districts, but there's -- I hear councilmember Gallo talking about the need for some flexibility because those assumptions may change over time. So if what we did is along the lines of

what you just suggested, that might provide for some more flexibility but still get at the goal that you're trying to reach there. >> Casar: Can I try to lay out a motion and see if it might meet y'all's goals? Because this is how we do things on the dais now. So my motion would be that we recommend the 10% for hpda., that we recommend that simultaneously we amend the resolution about the tax increment on public -- previously city-owned lands so

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that instead of 40% going to affordable housing that all of those dollars go to affordable housing and of that new 60% increment we send 40% to the homestead preservation districts and 20% to high opportunity areas. And then, finally, that we stipulate that the money being spent in homestead preservation districts be spent strategically, in gentrifying areas or areas expected to gentrify so that those funds should not be utilized in areas where concentrated poverty is expected to persist. So the idea being -- >> Gallo: So you changed three. Did you add the preservation district into three? >> Casar: Exactly, because, obviously, the high opportunity areas are not going to be -- three is going to have to be for the preservation districts and I imagine that language doesn't make sense for the high opportunity areas. >> Gallo: Would you read how three would read again? >> Casar: Yes. Three would read that we stipulate that the fund in the homestead preservation districts should be spent strategically, et cetera, et cetera. And the idea, number 1, would be so of these \$73.7 million over the next ten years that we'd be dedicating that two-thirds of that go to the homestead preservation districts for that antidisplacement, antigentrification work and the other third be spent in high opportunity areas to further fair housing and integration in those parts of town that don't have enough affordable housing. >> Kitchen: I may not have understood the percentages correctly. Let me ask again. So I was thinking that the original 40%, where it is right now, that -- >> Casar: That was already flexible. That stays the same. >> Kitchen: Okay. So of the 60% -- >> Casar: That 60% is \$68 million. >> Kitchen: Got you. 20% goes to high opportunity -- yeah.

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40% goes to the HPD, got you. >> Casar: 20% is one-third of the 60. >> Kitchen: Got you. >> Casar: The idea being one-third of the 60 goes to high opportunity, two-thirds of the 60 goes to homestead preservation districts. >> Kitchen: Got you. Okay. >> Councilmember, let me add some -- a clarification there. The total of the hundred percent is \$68 million over ten years. Again, I have to caution everyone here in watching, is that these are projections. >> Kitchen: Yes. >> So the real estate market, as we know, is somewhat unpredictable. We have made some resumption-assumptions about growth. We did not make an assumption about the next downturn based on that. We don't do that typically, but just I want to kind of get that in the record from a cautionary tale. Overall that hundred percent is about \$68 million of which 40 -- of which \$27 million or \$28 million is associated with the existing 40% policy, and then \$40 million would be associated with 60% -- the additional 60%. >> Casar: I apologize. >> That's fine. >> Casar: Numbers got mixed up. So the hundred percent is all 68 million. We want 40% totally flexible, the way it is now. >> Kitchen: That's about 28. >> Casar: 40% to the homestead preservation districts and 20% to the high opportunity areas. That's how would breakup. >> Gallo: Chair, could I ask

that we divide this question into the three different components for a vote? >> Renteria: Sure. So are we going to go through -- one is the more affordable housing dollars? Is that the one you were looking at. >> Casar: Yep. >> Gallo: Just divide them into three votes. >> Renteria: Okay. The first one as it reads, more affordable housing dollars recommends to the council that the city increase the percentage of tax revenue

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dedicated to affordable housing for previously owned city of Austin public land from 40 to 100% and dedicate that 60% increase toward affordable housing and homestead district. >> Casar: And the one amendment we made is that instead it would say dedicate two-thirds of the increase toward affordable housing and homestead preservation districts and one-third of the increase to affordable housing in high opportunity areas. So moved. >> Renteria: I'll second that. Any discussion? >> Gallo: I'm going to say something where we vote. Once again, I am a big proponent of affordable, particularly workforce and senior housing in this community. We see very clearly that we are lacking in geographic areas for the opportunity to -- for our public to have access to that affordable housing. Two -- I'm going to vote against this for two reasons. One is that we are making a decision that would affect our general fund. If we move the 60% away from our general fund, we are making a \$40 million decision for future councils to be limited to not having access to that. And we as a council can take that general fund at any point and vote to use it for affordable housing in the best ways that we feel like will address the need throughout our whole community. And the second is what I talked about before, is I think that it still continues to restrict it to geographic areas that have a large percentage of affordable housing available, and I think we have an abundance of areas in this community that need more affordable housing and need to be able to have the access to that. >> Renteria: Any other discussion? So we'll take a vote. All for number 1 the way --

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amended two-thirds and one-third -- one-third of it going to high opportunity areas and the other two-thirds going to homestead preservation district. >> Kitchen: Of the 60%. >> Renteria: Of 60%. >> Kitchen: Yeah. 40% remains the way it's. . . >> Renteria: Of the 60%, yeah. Say aye. Opposed. Sustained. The motion passes, 3-1 with councilmember Gallo voting no. Okay. Item number 2, keep the tif capacity open, establish a tif in homestead preservation district a, set recapture rate at 10%. >> Casar: Simultaneously recommend the modification to the financial policies to consider the percentage of captured value in the tif and tirz rather than considering only the total value. >> Renteria: You mean discussion? >> Casar: I think Mr. Canally has a comment for us. >> I guess I would make it a clarification. In terms of the financial policy regarding our calculation, our 5%, how we do that, that really is driven by current state law under 311. I think a suggestion I would make, instead of replacing that calculation we would have an additional calculation that would, again, perhaps using your language a more modernization of it to look at what is being captured as opposed to the entire base and that way I think that would be, as we talk to our writing agencies, I think we'd have an ability to explain both of those as opposed to a pure replacement because we probably would need to work with the attorneys about

that. >> Casar: Exactly. >> And the state controller's office. >> Casar: I don't think the idea is to change the financial policy overnight but instead have y'all look -- look at it and talk to us about what the best way of

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doing it would be. >> Renteria: Any other questions? >> Casar: That one, number 2, I'll move it. >> Renteria: You want to -- >> Casar: Yeah arbitration I'll move it. >> Renteria: I second it. >> Speaker2: Sorry, Mr. Can ally, I have a quick question about this 12. When we set the number of years in the ordinance, is that amendable? For example, if we set the number of years at ten but then the financial policy, we aren't able to change it and really want to tif somewhere else are we able to change the years down to two later because the financial policy thing didn't work out? I'm just thinking it makes sense to me to have this for several years homing we can get the financial policy issue worked out but if we really cannot I just want to know how set in stone the ten years is if we do pass ten years. >> I don't think David is here, but I believe in having worked with other of our tax increment Zones, council does have the ability -- they are established as ordinances. So you would be changing an ordinance. But you would have the ability to change that ordinance. We have done that, in terms of both boundaries, had this case you would not be able to because the boundary is set by another piece of the legislation, but that -- I would -- we can get back to you on this, but, I believe, yes, if you set a term now and whether a year from now or nine years from now a council decided to evaluate that term, I think that would be an allowable change, again, through an ordinance. What I don't know is we'd have to look at -- you'd probably have to go back through public hearing process and things like that but we can get you a more firm answer on that. >> Casar: I feel confident having number 2 saying set recapture for ten years and if in our looking back at the financial policies we can't get through the financial policy hushedle then we'll have to consider -- hurdle, we'll have to consider how long we want it to go if it

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does eat up our tifying policy but for now I feel confident we're going to be okay. I'd like to move forward with the recapture rate at 10% for ten years on number 2. >> Gallo: I just want to say thank you to our chair for working on this. I know that you've put a lot of work into it. And I appreciate that. And I appreciate the other members bringing the percentage down where I feel more comfortable with it. I do think it's one of our least flexible funding mechanisms for affordable housing but I wanted to applaud the chair for working so hard to bring this forward. So thank you. >> Renteria: Thank you. So a motion has been made and seconded. All for number 2 raise their hand. It's unanimous. And item 3, further fair housing stipulate that the funds should be spent statistically in gentrified areas and areas expected to be gentrified, further stipulate that funds shall not be utilized in areas where concentration of poverty is expected to persist. >> Gallo: I think there was -- >> Casar: That's for -- in the homestead preservation district part of the money. So moved. >> Renteria: Second? >> Gallo: Second. >> Renteria: Seconded by kitchen. All in favor? Unanimous. Okay. Now do we have -- this takes conveyor of the ordinance -- care of the ordinance itself. I really want to thank my members for doing this. It's -- you know, it's been a long time, and, you know, it really -- when I -- when I leave city hall and go back into my neighborhood and

see what has happened and, you know, even though I have made

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a lot of new friends, I'm the type of guy that don't hold anybody -- hold anything against anyone that is, you know, willing to move into my neighborhood and have the ability that -- it does -- I do go home and look around and have seen that my friends that I grew up with were -- are no longer able to afford to live in my neighborhood because of the prices have gone up so high. And if we would have been able to do this ten years ago, I think that we would have been able to salvage a lot of housing in my neighborhood, and we would have had our -- the ability to have our kids living next to us also. I'm very fortunate that I was able to convince my children to buy homeless, and I still have one daughter -- homes, I still have one daughter less than a mile away from me but my other two sons had to end up selling their houses because they couldn't afford the taxes anymore in my district. So -- but I really want to thank y'all for helping me pass this. >> Casar: Thank you. Chair, did I want to clarify okay, since we have the public hearing on this set for next week, I imagine our recommendation would also be put on the agenda for next week so that it's all bundled together? >> That's correct -- in fact -- yes, physical be. >> Casar: We don't have anything on the agenda for the 17th yet except public hearing. >> It's in the process of -- anticipating it will be posted, but you'll see Friday when the agenda goes out along with the public hearing, as you mentioned. >> Casar: Thank you. I'd like to thank the committee members for entertaining my passing out of pieces of of paper and, again, councilmember Renteria because I know you've been working on this half the time I've been alive. So. . . [Laughter] >> Gallo: Oh, I don't know if

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that was -- it was going good until you said that. [Laughter] >> Renteria: Members, as we move onto -- there's been a problem in the schedule for next year, and I believe I had -- passed out the new schedule, and I just want to know if y'all had the opportunity to look over it and what y'all were proposing to have -- six meetings next year. And because another committee decided to meet on the same day, changed their schedule to -- from Monday to Wednesday, I decided that unless there was a need for us to -- if there was an emergency we could always call an emergency housing meeting, but I think that with six meetings next year on the housing committee would be adequate. So I was just -- wanted to know if there's any kind of conflict. >> Gallo: Do you know if -- we had talked about moving the schedule up so that we would end at 5:00 so that staff wouldn't always have to be staying after 5:00 at our meetings. Would that be a conflict? Then we could always -- if we had public hearings or anything that we felt like needed to be extended past working hours we could. >> Renteria: You was talking about -- >> Gallo: 2:00 to 5:00 instead of 3:00 to 6:00. >> Renteria: I'm open to any suggestions. >> Speaker2: >> Casar: I'm fine with that too. >> Renteria: So we'll change the time to 2:00 but y'all are fine with all the other meetings dates?

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>> Gallo: Mm-hmm. >> Renteria: Do I hear a motion to approve the schedule? >> Kitchen: I have a --

let's see. >> Renteria: Okay. >> Kitchen: I think we may have a conflict with June 8. >> Renteria: June 8? >> Kitchen: With mobility committee. I'm not certain because I don't have it in front of me. So -- >> Renteria: I think there was one meeting that there was a conflict, and we were looking into changing one to start -- we were looking at starting maybe on a Monday in the morning at 9:00. >> Kitchen: Okay. So just that date. >> Renteria: Yes. >> Kitchen: We can work that out. >> Renteria: Sure, okay. >> Kitchen: Okay. So can we just acknowledge that the June 8 meeting may need to be changed to accommodate the other committee? If that's all right? Would that be -- >> Renteria: Yeah, I'll get my staff to work on that. >> Kitchen: Yeah, okay, okay. I'm sure we can figure something out. >> Renteria: Okay. Would the -- motion has been made. Second. Was the -- the Wednesday June 8 meeting with the option of changing the date. >> Kitchen: Yeah. >> Renteria: Okay. All those in favor for that? All right. Okay. This -- I think that concludes our meeting here. >> Kitchen: I have one question for you. >> Renteria: Yes. >> Kitchen: And it's just because I don't remember what we said. How are -- where are we on the time line for the housing plan that we've been working on, the strategy housing plan? That's supposed to come back to oust when? I'm just wanting to align that in my mind with these meeting

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dates. >> Rebecca with the housing department. You had indicated functionally at y'all's lasting -- y'all would like to see alignment with the budget process. >> Kitchen: Okay. >> So it is our intent to deploy a public engagement plan. However, putting a solid draft back before you. And when I say that, what about I really am saying is the components that focus specifically on those new mayor Cal goals and -- numerical goals and target. >> Kitchen: We could do that in June or April, it looks like. >> That is correct. >> Kitchen: Okay. >> Renteria: Any discussion for future items, agenda items? Yes. >> Kitchen: I may have some, but I'll give them to you. >> Renteria: Okay, thank you. With no other items on the agenda, do I hear a motion to adjourn? >> Gallo: So moved. >> Casar: I'll second it. >> Renteria: Motion has been made and seconded. All those in favor to adjourn? All right. That concludes our meeting. Thank you.

[Meeting adjourned]