

Austin Strategic Housing Plan — Strategic additions and changes

The housing plan contains many sections, which strongly reflect Austin’s needs and values. The following relates to sections which could be more complete, clear, or attuned to Austin needs.

1. Core values: In 2007 Council adopted core values for affordable housing programs. These values guided the City’s recent audit of the Neighborhood Housing Department (NHCD). However, the draft plan does not mention these values, which are:
 - a. Deeper Affordability Targets: It is desirable to reach deeper levels of affordability, i.e., to serve lower-income households.
 - b. Long-term Affordability: We value housing units that will remain affordable over the long term; and,
 - c. Geographic Dispersion: Affordable housing should be dispersed throughout the city.

Recommendation: Use the core values to frame the plan as detailed below.

- a. Deeper Affordability

The plan reports 48,000 households with income below \$25,000 need affordable housing now, or in U.S. Department of Housing and Urban Development (HUD) terms, extremely low-income families or families with income below 30% of Median Family Income (MFI). Yet the Funding Mechanisms on p. 12 show a goal to house 30,000 families with income up to 80% MFI, which the plan projects will be added to current needs over the next 10 years.

Recommendation: Set goals to meet the housing needs of all low-income families by funding source and by 0-30, 30-50, 50-80% MFI groups.

Housing mismatch data misrepresents need

The plan states: “there is not sufficient product for people with both very low and very high incomes. These households are being forced to compete for limited housing supply in the middle.”

People with \$100,000 incomes are not “forced to compete” for low cost homes. They choose to spend less. Nothing says that creating units in their “affordable” price range will cause them to leave their current homes for more costly ones. Publishing mismatch data distorts our focus on housing the most vulnerable Austinites as the Concordia PUD developer did when he used similar City data to justify 135% and 150% MFI rents over commonly accepted affordable rents.

Severe cost burden statistics from HUD are much more relevant:

- 74% of households under 30% MFI;
- 36% of households from 30 to 50% MFI;
- 9% from 50 to 80% MFI;
- 4% from 80 to 100% MFI; and
- less than 1% above 120% MFI pay over half their income for housing.

Austin Strategic Housing Plan — Strategic additions and changes

Recommendation: Replace text about forced competition and Figure 3 with a new figure and an explanation of the burden of paying over half of one’s income for housing and how severe cost burden disproportionately affects the lowest income households. Remove references to incomes of \$100,000 and \$150,000.

b. Long-term affordability

The affordability periods in Figure 7 on p. 12 are shorter than the horizon of the draft plan and possibly shorter than the affordability periods actually in use. For example, the plan projects that SMART Housing will create 4,210 affordable units in the next ten years. However, these units will be affordable for only one to five years. The City audit faulted NHCD for counting these short affordability periods toward long-term goals. Also, the draft plan states that federal funds have shorter minimum affordability periods. However, a longer period could be set.

Recommendation: Revise all City housing programs to meet 40 to 99 year standards and count only programs with 40 year or longer affordability periods.

c. Geographic dispersion

The draft plan clearly describes the importance of housing choice and the consequences to the city of denying choice. The plan repeats that the City will complete the action steps in its Analysis of Impediments to Fair Housing and notes that 10% of housing in each zip code should be affordable to people below 30% MFI, but does not elaborate on how this goal will be met. The plan sets a goal that 25% of housing created under the plan will have two bedrooms so as to promote choice for families, but does not address how it will end a pattern of City-supported 2-bedroom units serving households without children.

The draft plan refers to CodeNext as increasing housing choice in activity centers and corridors. A line on p. 11 would set a unit goal for centers and corridors but the goal is blank. The plan refers to a density bonus and suggests “missing middle” housing might be affordable, but with no details. Without details the public should not support the CodeNext sections. Furthermore, all future affordable housing cannot be segregated to activity centers or corridors.

Gentrification is rapidly limiting the choice of families to remain in certain neighborhoods. On p. 13, the plan recognizes the value of programs such as GO Repairs, weatherization, or Architecture Barrier Removal in helping families to remain in their homes in gentrifying neighborhoods, but sets no goals.

Recommendations:

- Set a preference for renting or selling family friendly housing stock created with city support or incentives to families with children.
- Include goals to help residents stay in their gentrifying neighborhoods.

Austin Strategic Housing Plan — Strategic additions and changes

- Provide details on CodeNext so that the public can comment on whether missing middle housing and incentives will meet affordable housing goals.
- Take the City's entitlement incentives (e.g., density bonus) to the next level: Require incentive units to accept rent vouchers; Grant nonprofits a first right of refusal to purchase for sale incentive units for rent to families below 30% MFI; Mirror the bedroom mix of market rate units in incentive units; and Monitor how incentive program units serve members of protected classes.
- Establish a greenfield affordable housing density bonus to meet demand for single family housing outside of activity centers and corridors.

2. Comprehensive planning, monitoring and evaluation of City housing plan

The draft plan provides no description or schedule for evaluation.

- a. Comprehensive process: For years, the City planned its affordable housing programs in one process in which Council passed the housing budget, including local budget items in July, in time to meet a HUD deadline. With a change of city manager, the local housing budget process was divorced from the federal budget process and transparency of the local planning process suffered.

Recommendation: Adopt a single budget action plan annually with a combined local / federal evaluation process in conjunction with the current federal process.

- b. Incentive units: With increasing production of affordable units through incentive programs, the city auditor has noted the lack of resources to monitor compliance with incentive requirements. One aspect of monitoring, which the City included in the Analysis of Impediments to Fair Housing, is to monitor incentive units for compliance with fair housing, specifically to assure that members of protected classes under the Fair Housing Act have a chance to rent or buy incentive units.

Recommendation: Conduct a best practices study to determine how other jurisdictions affirmatively market and monitor incentive units.

3. Correspondence of data: Some data does not correspond with other data.

- a. p. 8 references overlapping income groups, \$0 - \$25,000 then \$20,000 - \$39,000.
- b. p.8: references 121% MFI instead of 120% MFI.
- c. p. 12: Should Strike Fund units be counted on acquisition or when they go into an affordable program? Should units with affordability under 40 years count?
- d. p.18: "GO Bonds...provided rental assistance" How does that square with City policy to use bonds only for activities with a longer life than the bond term?
- e. p.18: How does the goal for adaptability surpass visitability requirements?
- f. The appendix states that an average cost of \$31,500 was used to project units. But p. 3 uses a different per unit cost to close the gap.