

RESOLUTION NO. 20170817-051

WHEREAS, in the midst of an affordable housing crisis, a locally responsive approach with an emphasis on homeownership is considered by many to be the most effective way to address affordability issues, especially for vulnerable communities; and

WHEREAS, the Housing and Urban Development's Office of Policy Development and Research report, "Shared Equity Models Offer Sustainable Homeownership," characterizes limited equity cooperative housing residents as "shareholders" who "purchase a share of stock in the cooperative" that enables them to live in a housing unit at an affordable price; and

WHEREAS, research such as, Saegert and Benítez's 2005 publication, "Limited Equity Housing Cooperatives: Defining a Niche in the Low-Income Housing Market," demonstrates that limited equity cooperatives "provide safe, high-quality, affordable housing for low-income families and contribute to stable, economically, and ethnically diverse neighborhoods;" and

WHEREAS, Imagine Austin endeavors to:

- Distribute a variety of housing types throughout the City to expand the choices available to meet the financial and lifestyle needs of Austin's diverse population and to increase rental and ownership opportunities for singles, seniors, individuals with disabilities, and multi-generational families;
- Protect neighborhood character by providing housing opportunities for existing residents who are struggling with rising housing costs to continue living in their existing neighborhoods.

WHEREAS, Liveable City's 2016 report, "Reclaiming Affordability in Today's Austin," promotes and supports the development of cooperative housing and other shared resource models; and

WHEREAS, the report states that, "cooperative and shared ownership housing models contain untapped potential to create durable, dignified, affordable housing in Austin. As democratically tenant-managed entities, rental housing cooperatives are superior stewards of affordable housing resources when compared to private developers, and, unlike traditional housing non-profits, require little to no ongoing subsidy"; and

WHEREAS, the City's 2017 Strategic Housing Blueprint states that, "collaborative living arrangements where residents actively participate in the design and operation of everyday living provide another affordable housing option in Austin"; and

WHEREAS, unlike other forms of communal living, limited housing cooperatives are governed democratically, and research studies indicate that those who live in housing cooperatives have higher rates of community and neighborhood participation, as well as long-term residential stability and tenure; and

WHEREAS, Neighborhood Housing and Community Development is currently updating its Down Payment Assistance Program to include cooperative housing developers as eligible candidates; and

WHEREAS, currently housing cooperatives face many obstacles in their development, including gaining access to other traditional affordable housing financing; and

WHEREAS, to equalize cooperative developers with other affordable housing developers, the Economic Prosperity Commission March 2017 Resolution recommended that cooperatives be awarded ten or more additional points in the “Initiatives and Priorities” scoring criteria in the Rental Housing Development Assistance Program and that NHCD award limited equity and common equity cooperatives an additional 25 points or more in the Acquisitions and Development Homeownership Program’s affordability scoring criteria; and

WHEREAS, the Economic Prosperity Commission recommended that “City staff investigate the possibility of requiring and/or incentivizing owners of rental housing developments that are chronic code violators to offer first opportunity to purchase to a cooperative corporation formed by residents with City of Austin-provided or contracted support”; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Council affirms staff efforts to include cooperative housing developers as eligible candidates in the Down Payment Assistance Program. The City Manager is further directed to incorporate scoring criteria for limited and common equity cooperatives within the Rental Housing and Development Assistance Program and the Acquisitions and Development Homeownership Program based on the levels of affordability that the cooperative can achieve. The City Manager is also directed to allow cooperatives to be eligible candidates for any City resources and funding sources available to affordable housing developments.

BE IT FURTHER RESOLVED:

The City Council directs the City Manager to identify additional hurdles to cooperative housing development in the City, to provide recommendations to reduce

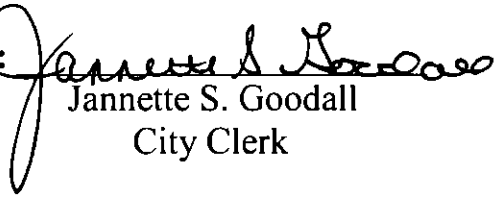
identified hurdles, and to create incentives for these types of developments. Recommendations may include, but are not limited to, code amendments, education and training, or new funding opportunities.

BE IT FURTHER RESOLVED:

The City Manager is directed to explore if the City can implement a “right of first refusal” policy for tenants who live in properties on the Repeat Offender Program to form a cooperative. The City Manager is also directed to review national best practices regarding the formation of cooperatives through “right of first refusal” policies, or similar policies, and to identify potential financing opportunities available to tenants who may want to pursue the establishment of a cooperative, should such a purchase occur. The City Manager is directed to present a memo to Council with her findings by October 16, 2017.

ADOPTED: August 17, 2017

ATTEST:



Jannette S. Goodall
City Clerk