# Exhibit A

NEIGHBORHOOD HOUSING
AND COMMUNITY DEVELOPMENT

# AUSTIN STRATEGIC HOUSING BLUEPRINT

www.austintexas.gov/housingplan

# AUSTIN STRATEGIC HOUSING BLUEPRINT

By adopting the *Austin Strategic Housing Blueprint*, City Council demonstrates its commitment to implementation of the *Blueprint*. However, every action item listed in this *Blueprint* will require separate and specific implementation. Adoption of the *Blueprint* does not begin the implementation of any item. Approval of the *Blueprint* does not legally obligate the City to implement any particular action item.

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# A COMPREHENSIVE APPROACH

## to Address Austin's Most Pressing Affordability Challenges

## Executive Summary

From 1970 to 1990, Austin was one of the most affordable cities in the country.[1] However, Austin has rapidly become less affordable in the last few years for many residents, including Austinites who embody the city's character and who provide critical services in the community. The city's growing economy and vibrant cultural assets continue to attract businesses and families, creating a steady population increase. Subsidies alone cannot close the growing affordable housing gaps or provide households with more affordable housing and transportation choices. While Austin's affordability issues are complex, implementing the *Austin Strategic Housing Blueprint* can help the community address these issues in a more cost effective and efficient manner. By utilizing a multifaceted set of coordinated strategies, the City of Austin can work with partners to effectively address these challenges and reach our community's affordability goals.

In the broad community outreach undertaken to develop the *Austin Strategic Housing Blueprint* – including 30 public meetings, a statistically valid survey, and outreach to underrepresented groups – Austinites noted that affordability is not just defined by the price of housing, but also by where one lives and if one has access to daily needs and opportunities. This document is informed by the March 31, 2017 *Mayor's Task Force on Institutional Racism and Systemic Inequalities* which states: "We believe that policies implemented by the City of Austin over time, combined with procedures created and carried out by other local institutions, caused people of color, particularly Blacks, to be segregated into the eastern parts of the city and limited their access to many things necessary for upward mobility."

By aligning with the City's ***Imagine Austin Comprehensive Plan*** and CodeNEXT revision of the Land Development Code, the *Strategic Housing Blueprint* recommends approaches to address these interconnected issues comprehensively.

The *Blueprint* includes goals for affordable housing in every City Council district to ensure that there is affordable housing throughout the city. It also includes goals for the construction of 60,000 housing units affordable to households at 80% median family income (MFI) and below, and another 75,000 units for households earning greater than 80% MFI broken into specific goals for households at different income levels. In addition, the *Blueprint* includes five community values with key recommended actions the City could take to support them:

- **Prevent Households from Being Priced out of Austin:** Support legislation to allow flat dollar-amount Homestead Exemptions, create a preservation property tax exemption for properties to minimize displacement of low-income renters, expand the use of shared-equity ownership and mechanisms to preserve and create ownership options for households at 80-120% MFI, and invest in preservation strategies to combat gentrification.

- **Foster Equitable, Integrated and Diverse Communities:** Promote strategic investments and create protec tions for low-income renters by developing a strike fund to preserve multi-family buildings to retain affordable housing units, implement Austin's Fair Housing Action Plan, bolster enforcement of Fair Housing requirements, and undertake strategic land banking for affordable housing.

[1] Elvin Wyly, Norman Glickman, & Michael Lahr, "A Top List of Things to Know About American Cities," HUD Journal of Policy Development and Research, 1998.

- **Invest in Housing for Those Most in Need:** Pursue future General Obligation Bonds and local fund appropriations for affordable housing, leverage low-income housing tax credits, challenge the private sector to fund affordable workforce housing, maximize the use of public properties for affordable housing, and expand housing for people with disabilities.

- **Create New and Affordable Housing Choices throughout Austin:** Use the affordable housing goals in this plan to guide policy, implement consistent density bonus programs, streamline City codes and permitting processes, better utilize land for affordable housing, revise the S.M.A.R.T. Housing Program, relax regulations on affordable housing products (including cooperatives and Accessory Dwelling Units), and create a Multifamily Property Tax Exemption Program.

- **Help Austinites Reduce Household Costs:** Connect housing with transportation choices, increase efforts to help households to reduce utility costs through weatherization of current residences, and ensure that future housing developments are close to healthy grocery stores, health care services, and social support agencies.

It is important to note that there are other issues that impact affordability- such as utilities, taxes, transportation, and healthcare costs- that are outside of the scope of this plan, and rely on the actions of other governmental, non-profit, and private entities. The *Austin Strategic Housing Blueprint* provides a roadmap for Austin to maximize the most impactful opportunities, sustainably achieve affordability goals and ensure Austin remains a great city for people with different needs, values, and incomes. Austin's greatest assets are its diversity and its people, and that is why implementing the Housing Plan to address affordability is so important for all Austinites.

# Purpose

The purpose of the *Austin Strategic Housing Blueprint* is to align resources, ensure a unified strategic direction, and facilitate community partnerships to achieve a shared vision of housing affordability. The *Blueprint* recommends new funding mechanisms, regulatory changes through CodeNEXT, and other creative approaches the City of Austin and community partners should utilize to achieve both market rate and affordable housing goals.

The City of Austin's most recent Comprehensive Housing Market study identified a gap of 48,000 housing units affordable to households earning at or below $25,000 annually, or approximately 30% of the median family income (MFI). It is estimated that the cost to close that gap today with construction of new units would be $6.48 billion.[2] By 2025, the cost to close the gap is estimated to grow to $11.18 billion.[3] Given the magnitude of the challenge, subsidies alone are not a realistic solution. As such, this *Blueprint* proposes a combination of new funding mechanisms, regulatory changes through CodeNEXT, and other creative approaches to address specific housing issues the City of Austin and its residents face.

**TABLE 1:**

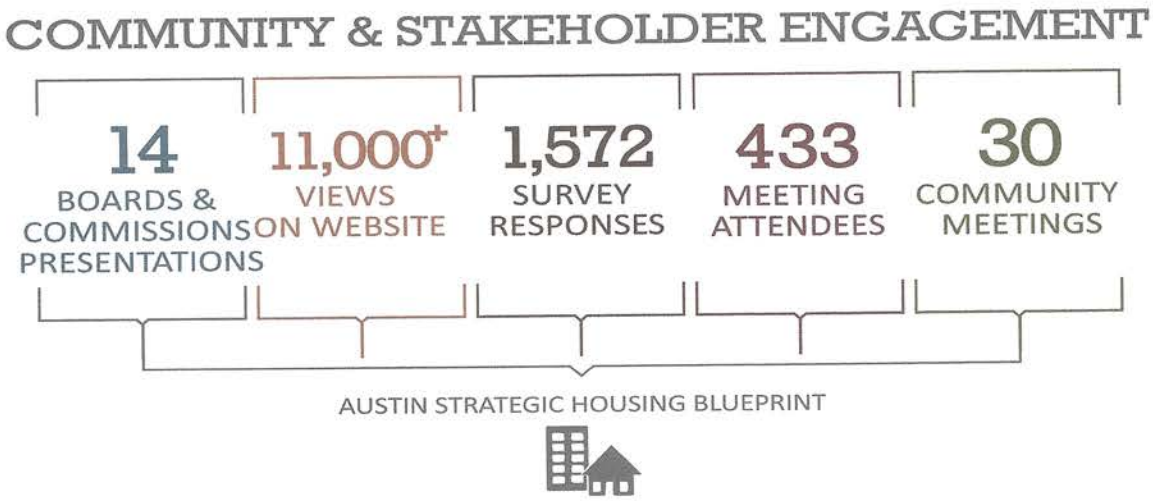
| INCOME CATEGORY* | 1-PERSON | 2-PERSON | 3-PERSON | 4-PERSON |
|---|---|---|---|---|
| Extremely low income (at or below 30% of MFI) | $16,350 | $18,700 | $21,050 | $24,300 |
| Monthly rent affordable to this household | $409 | $468 | $526 | $608 |
| Very low income (at or below 50% of MFI) | $27,250 | $31,150 | $35,050 | $38,900 |
| Monthly rent affordable to this household | $681 | $779 | $876 | $973 |
| Low income (at or below 80% of MFI) | $43,600 | $49,800 | $56,050 | $62,250 |
| Monthly rent affordable to this household | $1,090 | $1,245 | $1,401 | $1,556 |
| Middle income (at or below 120% of MFI) | $65,350 | $74,700 | $84,000 | $93,360 |
| Monthly rent affordable to this household | $1,634 | $1,868 | $2,100 | $2,334 |

SOURCE: US Department of Housing and Urban Development Income Limits 2016
*Annual incomes listed for each income category
MFI = Median Family Income for Austin-Round Rock Metropolitan Statistical Area (MSA)
NOTE: The average household size in Austin is 2.3 persons

[2] Calculation: $135,000 (estimated construction cost) x 48,000 units = $6.48 billion.
[3] Calculation: $164,430 (estimated construction costs in 2015 dollars) x 68,000 units (continued rate of increase from 2008 through 2014) = $11.18 billion.

# Affordability Definitions

The U.S. Department of Housing and Urban Development defines affordable housing as: "Housing in which the occupant(s) is/are paying no more than 30% of his or her income for gross housing costs, including utilities." According to *Imagine Austin*, the City of Austin's comprehensive plan, household affordability includes not only housing costs, but also utilities and transportation costs. Income-restricted affordable housing refers to housing for which renters or buyers must meet specific income guidelines to be able to live in the unit. This guideline is generally defined in terms of a percent of median family income (MFI). Market-rate housing generally refers to housing that is rented or owned by people who pay market rates to rent the property or paid market value when they bought the property. There is no subsidy for this type of housing, so there is no guarantee that the prices will remain stable over time. Table 1 (preceding page) shows the different income categories that will be discussed throughout the Plan, as well as the monthly rents that are considered affordable for households at these income levels.




Stakeholder engagement was one of the core components in the creation of the *Strategic Housing Blueprint*. Neighborhood Housing and Community Development Department (NHCD) staff actively solicited input from residents, community leaders, local housing advocates, and board and commission members for this *Blueprint*. Citizens had multiple opportunities to provide input through a variety of methods. NHCD staff hosted 13 Community Conversation meetings (See Outreach Flyer in Appendix E-VIII), with at least one in each council district, as well as additional stakeholder meetings and presentations at multiple board and commission meetings in spring 2016. This outreach provided an opportunity for more than 400 stakeholders to discuss the difficult choices the city faces regarding household affordability. In these dialogues, citizens were asked to discuss various funding mechanisms, potential regulations, and other creative approaches the City could utilize to increase housing choices for a range of incomes. The activity was designed to foster constructive communication between community members about issues relating to affordability. Input gathered from this process informed the *Blueprint* (See Appendix E-III).

Additionally, a Housing Conversation Kit (See Appendix E-VII) was created so that individuals could host their own conversation with their neighborhood association, civic group, non-profit, or faith-based organizations to discuss their perspectives on housing.

A majority of meeting participants agreed that affordable housing should be distributed as evenly as possible throughout the city to reduce any concentration, and that this housing should also be connected to transit and schools. Another commonly expressed view throughout the engagement process was that the City should focus affordable housing policy on both income-restricted units and on non-subsidized market rate construction.

# COMMUNITY ENGAGEMENT

In addition to the outreach meetings and conversation kits, NHCD partnered with Austin Energy's Data Analytics and Business Intelligence unit to design and distribute surveys soliciting citizen input on affordable housing during April 2016. The surveys were released in four separate methods: email in English, email in Spanish, online in English, and online in Spanish (See Appendix E-1). The email campaign was sent to approximately 400 citizens in each of the 10 council districts totaling about 4,000 citizens reached. The English email-based survey can be traced back to individual respondents within the Austin area and received more than 400 completed responses, making it a statistically valid sample. The data captured in this survey are representative of Austinites in demographic terms, with a slightly higher response rate of Caucasians, but the attitudes towards affordable housing can be generalized to represent the city as a whole (See Appendix E-IV).

The data indicates that a majority of the respondents are in agreement that people who work in Austin should be able to afford to live in Austin. However, they are not all in agreement on the specifics of affordable housing, including how to pay for it and where it should be located. In terms of council district differences, it appears that District 4 is statistically more in favor of funding and legislation to support affordability in Austin. Districts 1 and 10 often showed less support for the need of funding and legislation to build affordable housing in Austin. Overall, citizens appear to understand the need for affordable housing in Austin.

A draft of this *Blueprint* was presented to the Housing and Community Development Council Committee on June 6, 2016, followed by further stakeholder engagement during the summer and fall of 2016. Requests for public feedback on the draft *Blueprint* were emailed to all stakeholders involved in the spring engagement process as well as non-profit, housing advocacy, and neighborhood group networks.

Stakeholders had the opportunity to email their comments and suggestions on the draft *Blueprint* directly to NHCD, contribute to the discussion of the *Blueprint* on the SpeakUP! Austin online platform, and provide comments at all 22 public library locations, where physical copies of the draft *Blueprint* were available for public review. Outreach was advertised through the City of Austin social media platforms, CityView community access telvision, and Spanish-language media.

Two additional community-wide meetings were held as well as eight targeted meetings for low-income and minority communities in Council Districts 1, 2, and 3 (See Appendix E-VI). A total of 119 individuals attended the meetings and 18 formal comment letters were submitted from individuals and organizations. The Feedback Log in Appendix E-VI includes staff responses to more than 400 stakeholder comments on the draft *Blueprint*.

# What is the Need?

Austin's comprehensive plan, *Imagine Austin*, summarizes both the positives and negatives of the rapid population and economic growth the city has experienced in recent decades. While the economy has grown and diversified; downtown has been revitalized; transportation options have expanded; and new cultural and artistic opportunities have been created. Unfortunately, negative impacts like traffic congestion and "Central Austin housing that is increasingly unaffordable" have also affected quality of life in the city.[4]

As economic prosperity and Austin's frequent listing as one of the best places to live make it an increasingly attractive community, population increases have resulted in rising property values. Longstanding residents in many neighborhoods are finding it difficult to remain in their homes or places of business. This process of gentrification[5]- where more affluent people move into older, often disinvested areas, has increased property values and resulted in the displacement of lower-income residents. This phenomenon is occurring not just in Austin, but in cities throughout America. The issue has exacerbated urban affordable housing shortages to such an extent that the federal government published a toolkit of housing development strategies in September 2016 to address the growing lack of affordable housing units in cities. The toolkit recognizes the role that gentrification plays in a city's struggle to provide adequate numbers of affordable housing units, and the way it can interact with regulatory barriers that limit development of new housing:

> When new housing development is limited region-wide, and particularly precluded in neighborhoods with political capital to implement even stricter local barriers, any new development tends to be disproportionately concentrated in low-income communities of color, causing displacement and concerns of gentrification in those neighborhoods, raising market rents ... while failing to reduce housing cost growth region-wide. As rents rise region-wide in response to insufficient housing supply, this displacement is exacerbated.[6]

4 *Imagine Austin* 2016 https://www.austintexas.gov/sites/default/files/files/Planning/ImagineAustin/webiacpreduced.pdf
5 *Imagine Austin* 2016 https://www.austintexas.gov/sites/default/files/files/Planning/ImagineAustin/webiacpreduced.pdf
6 White House, Housing Development Toolkit, Sept. 2016. http://www.whitehouse.gov/files/images/Housing_Development_Toolkit%20f.2.pdf

The increased competition (driven by sustained population growth) for the city's limited supply of housing, coupled with fewer federal and state funds dedicated to subsidized housing and widening income inequalities, has created an affordable housing shortage in Austin. This was evidenced in the City of Austin's most recent Comprehensive Housing Market Analysis, which estimated a 16.5%[7] decrease in the number of rental units affordable to households earning $25,000 per year when compared with 2012 inventory.

TABLE 2:

## THE CITY OF AUSTIN'S 2014 COMPREHESIVE HOUSING MARKET ANALYSIS IDENTIFIED THE FOLLOWING AS TOP HOUSING NEEDS:

- **A shortage of 48,000 deeply affordable rental units (primarily those renting for less than $500/month) for renters earning less than $25,000 per year.**
- **Geographically limited housing opportunities:**
  **– Affordable rentals are scarce west of I-35**
  **– Homes to buy for $250,000 or less are concentrated in northeast, far south and southeast Austin.**
- **Rising housing costs in a handful of redeveloping neighborhoods, which could cause long-time residents to seek more affordable housing elsewhere.**
- **A growing need for affordable housing near transit and services-to enable seniors to age in place, to provide a wider array of housing choices for persons with disabilities and to mitigate the financial impact of rising transportation costs.**

In addition, wages have not kept pace with rising housings costs (see Figure 1 next page), increasing the likelihood of displacement of low- and middle-income households without significant intervention. Austinites want to be able to afford to stay in Austin; they are concerned that they will no longer be able to afford to live in the city, and that they would be unable to afford a home in today's market.

## Growth in Low- to Moderate-Paying Jobs

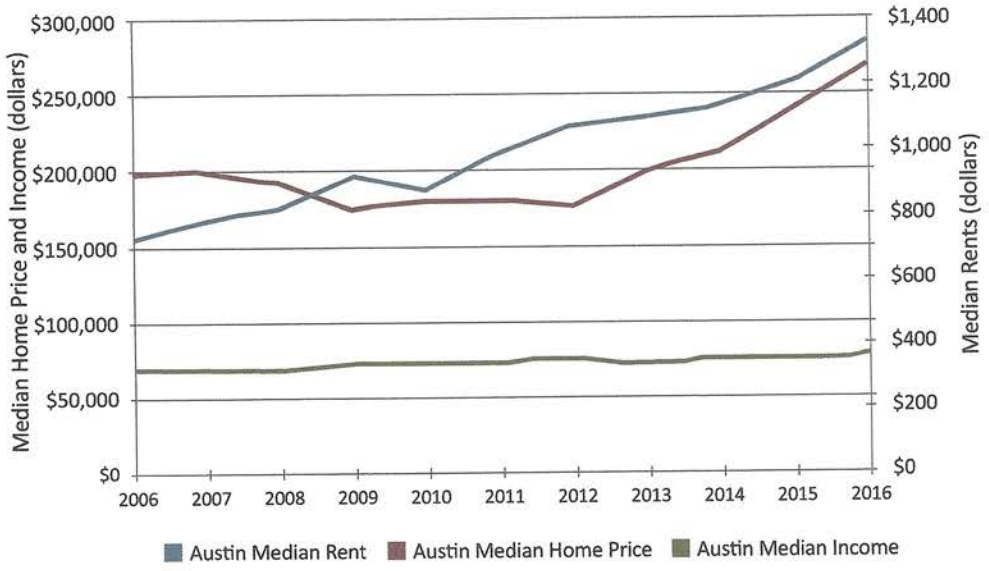
The strongest employment growth during the past decade has mostly occurred in low- to moderate-paying jobs. Of the 100,000 new jobs in the Austin Metropolitan Statistical Area (MSA), 36,000 are in the education and health services sectors, which pay about $40,000 per year on average. Another 26,000 jobs are in the low paying leisure and hospitality sectors, paying less than $20,000 per year on average. Workers in these and other low- and moderate-paying professions, such as the service industry, retail, and health attendants, struggle to find homes to rent or buy in Austin. Austin is expected to continue adding disproportionately more low- to moderate-paying jobs.[8]

7 City of Austin, Comprehensive Housing Market Analysis, 2014. 2012 Gap = 40,924; 2014 Gap (estimate) = 47,698; difference of 6,774 units or 16.5%.

8 Economic Modeling Specialists International (EMSI) Analyst Data, 2013.

FIGURE 1:

## AUSTIN MEDIAN HOME PRICES AND RENTS VERSUS MEDIAN INCOME




SOURCE: National Association of Homebuilders (NAHB), Austin Opportunity Index, and Austin Investor Interests Data (2006-2016)

# Future Housing Demand

The City of Austin's population is currently projected to increase at an annual rate of approximately 2%; however, the region is expected to grow at an even faster annual rate of 3.4%.[9] Since more than 50% of the people who work in Austin live outside the city limits[10] and many of them would like to live in Austin but cannot afford to do so,[11] it is estimated that there is a need for the construction of a minimum of 135,000 additional housing units in the City of Austin over the next decade. (see Figure 6 for more detail about methodology). More than 135,000 housing units—both market-rate and below market-rate—may be needed to reduce Austin's overall share of housing cost-burdened households. At the same time, the demographics in our community are changing, with an increased percentage of young people, retirees, and single people.[12] These households generally have fewer people, spurring an increased demand for smaller housing options. Arthur C. Nelson, urban planning professor at the University of Arizona, estimates that "half of all new housing demand will be for attached homes and the other half for small lot homes. Demand for large-lot homes will decline below 2011 levels."[13]

9 U.S. Census Data; City of Austin Demographer, www.austintexas.gov/demographics

10 U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics, beginning of quarter employment, 2nd Quarter of 2002-2014. City of Austin Demographer.

11 City of Austin, Comprehensive Housing Market Analysis, 2014.

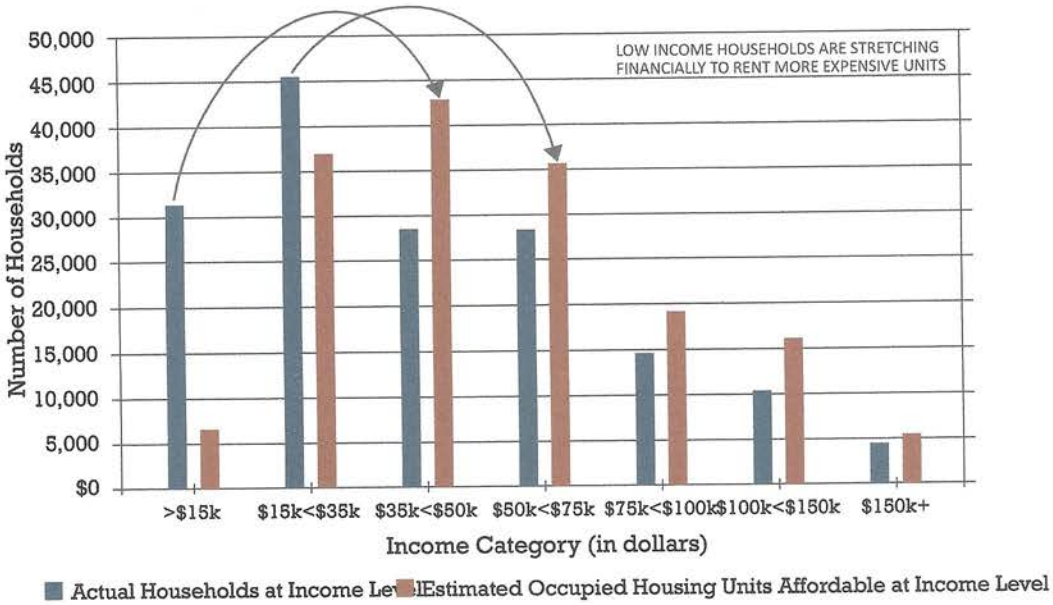
12 Fregonese & Associates, Austin Balanced Housing Model, 2016.

13 Arthur C. Nelson, "The Mass Market for Suburban Low-Density Development is Over," The Urban Lawyer, 2012.

Sixteen percent of Austin's households earn under $25,000 (roughly 30% of MFI) per year, 19% earn between $25,000 and $39,000 per year (roughly 31% to 60% MFI), 12% earn between $39,000 and $52,000 per year (roughly 61% to 80% MFI), 27% earn between $52,000 and $78,000 per year (roughly 81% to 120% MFI), and 27% earn $78,000 per year or more (roughly 120% MFI and above). While 35% of the city's households earn 60% MFI or below, only 15% of the city's housing stock is affordable to them, forcing those households to compete with higher income households for a limited supply of housing that is affordable to these lower income households (see Figure 2). This lack of affordable supply also results in lower income households having to rent more expensive housing units.

FIGURE 2:

## COMPARING RENTAL HOUSEHOLD INCOMES WITH OCCUPIED UNITS AFFORDABLE AT EACH INCOME LEVEL

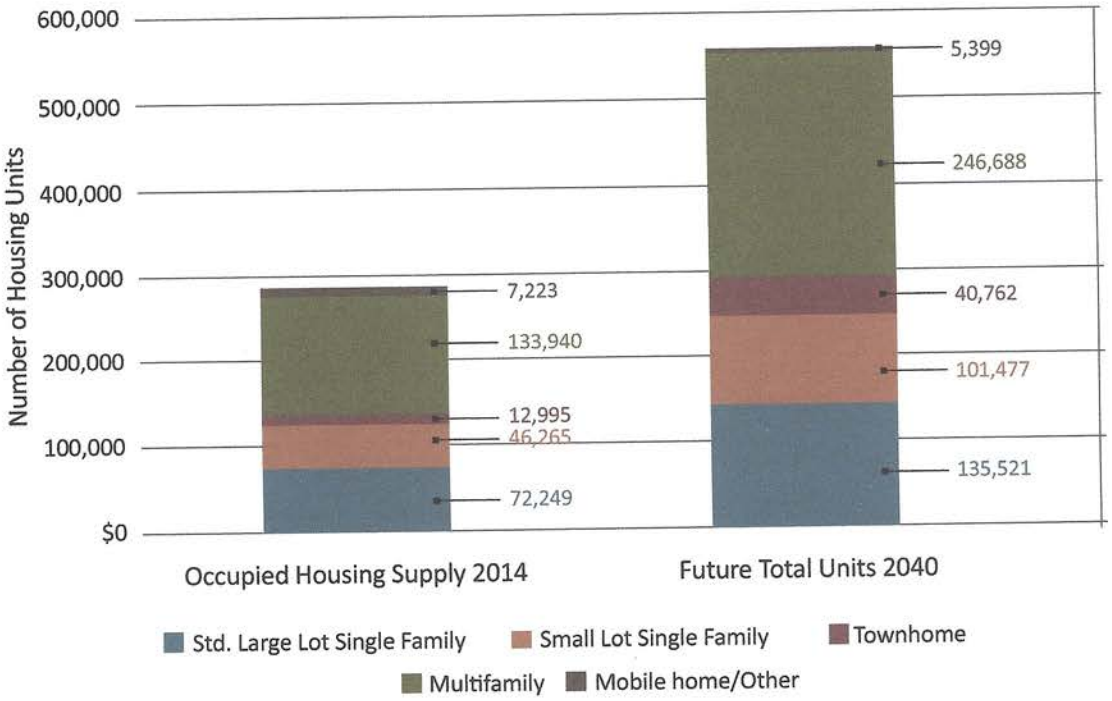



SOURCE: 2014 ACS Census; Austin Balanced Housing Model, Fregonese & Associates, 2016

Population growth is expected at all income levels; however, there is not sufficient housing product for people with very low incomes. Therefore, these households are competing for a limited housing supply. New luxury product has been added in the last few years, but new housing affordable to low-income households has been limited to a few thousand subsidized units. Meanwhile, market rate units that used to be affordable have become more expensive.

FIGURE 3:

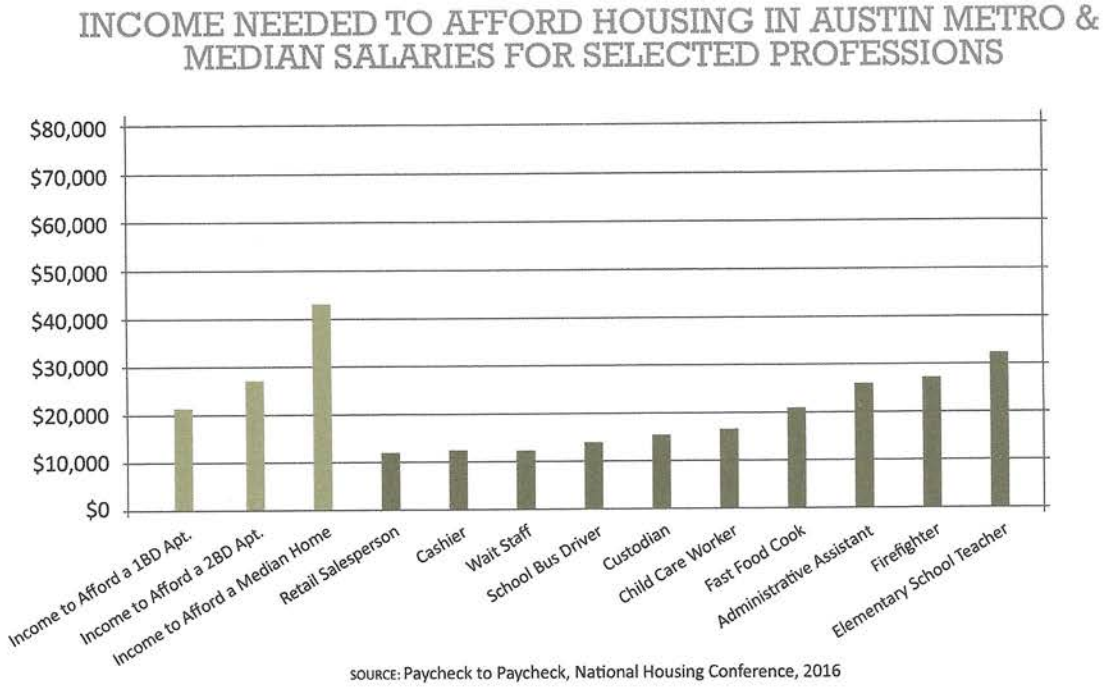
## CITY OF AUSTIN'S CURRENT VERSUS FUTURE HOUSING MIX




SOURCE: Austin Balanced Housing Model, Fregonese & Associates, 2016

When considering Austin's future housing demand, as seen in Figure 3, it is clear that much of new housing demand will be for multifamily or attached units. However, there are also large increases in demand for small-lot, single family and missing middle housing types, which include bungalow courts, side by side duplexes, stacked duplexes, triplex, fourplex, live/work and small multiplexes. In the Austin Area, households earning below $35,000 annually, and especially those earning below $15,000, are housing cost-burdened, which means they spend more than 30% of their incomes on housing costs. This impacts many Austinites in the broader community, including households living at or below the poverty level, seniors, persons with disabilities, and low wage workers such as childcare providers, nurses, aides, healthcare attendants, bus drivers, retail salespeople, cashiers, cooks, custodians, and artists.

FIGURE 4:




SOURCE: Paycheck to Paycheck, National Housing Conference, 2016

## Equity, Integration, and Diversity

The *Austin Strategic Housing Blueprint* affirms the work generated by Austin Mayor's Task Force on Institutional Racism and Systemic Inequalities. In its March 31, 2017 report, the Task Force noted that "Austin must acknowledge the damage being caused by our community's continued acceptance of residential racial and ethnic segregation. The solution must begin with our community embracing integration and diversity as a core value." [14] The *Austin Strategic Housing Blueprint* is intended to set the community on a path to achieve an equitable housing environment where integration, diversity, and inclusion are championed.

In February 2015, the Martin Prosperity Institute named the Austin metro area the most economically segregated area in the United States, stating that "[i]t is not so much the size of the gap between the rich and poor that drives segregation as the ability of the super-wealthy to isolate and wall themselves off from the less well-to-do."[15] An adequate supply of housing affordable to people working all types of jobs and integrated throughout the City is necessary to maintain a culturally rich, diverse, and livable city. Without this, people who work here are being forced to move out of the city, resulting in negative impacts not only for individuals and families, but also for the region as it increases traffic congestion, expands environmental degradation, and fragments communities. As such, housing affordability must be a cornerstone of the City's commitment to greater equity and fairness for each individual and community that calls Austin home. Housing should be embraced as crucial infrastructure, and this should be planned for as other infrastructure investments require long range planning and investment strategies. Without sufficient housing for a range of incomes, Austin risks becoming a city accessible only to the affluent.

Studies have found that the odds of rising to another income level are notably low in cities with concentrated poverty, extensive traffic, and weak public transit systems, which make it difficult to get to a job.[16] Therefore, policymakers have an opportunity to address inequality while also addressing affordability by expanding their efforts to include access to transportation and the costs of utilities, taxes, and health care.

14 https://cityofaustin.github.io/institutional-racism/IRSI_Task_Force_Final_Report-Updated-4-7-17.pdf, p. 26.
15 Richard Florida and Charlotte Mellander, Segregated City (Toronto: Martin Prosperity Institute). 2015. www.martinprosperity.org/media/Segregated%20City.pdf]
16 David Leonhardt, "In Climbing Income Ladder, Location Matters," *New York Times*, July 22, 2013. www.nytimes.com/2013/07/22/business/in-climbing-income-ladder-location-matters.html

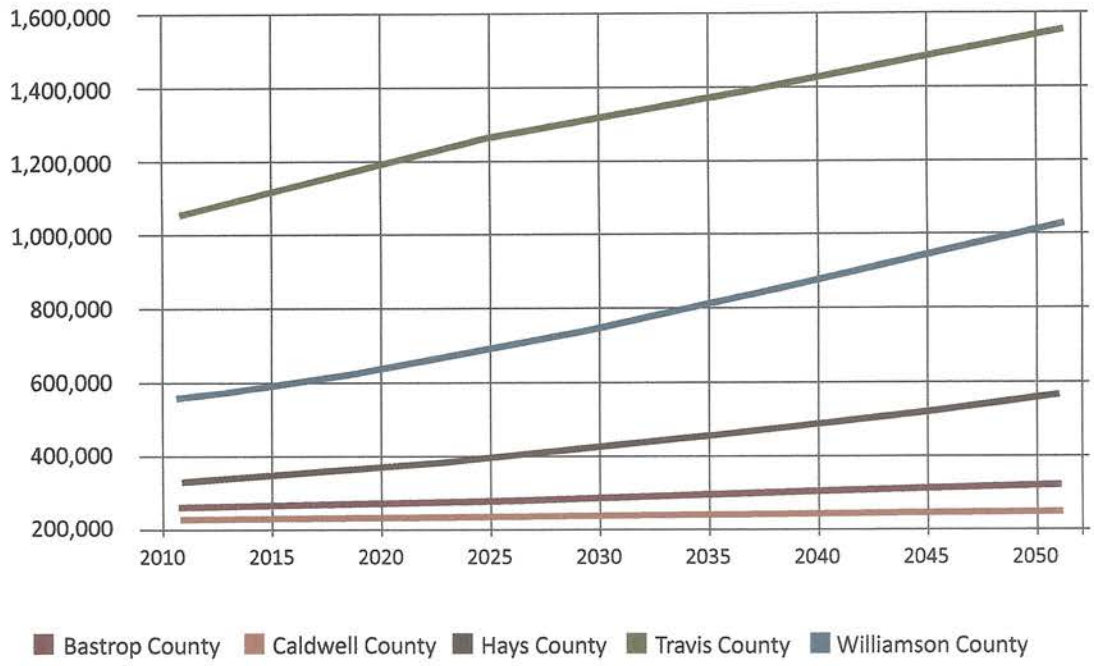
## Regional Housing Need

While housing in the City of Austin is becoming more expensive, surrounding areas face their own set of problems. As lower income households find themselves unable to afford to live in Austin, they are relocating to surrounding communities or unincorporated areas of Travis, Williamson, and Hays counties. While housing costs may be lower in areas outside Austin, other costs, like transportation, can be higher due to increased distances traveled and a lack of infrastructure for nearby services and amenities.

The Austin metro region encompasses part or all of Bastrop, Caldwell, Hays, Travis, and Williamson Counties. Population projections for these five counties show sustained growth across the area, with especially high rates of growth projected for Travis and Williamson Counties over the next several decades.

FIGURE 5:

POPULATION GROWTH FORECAST BY COUNTY (2010-2050)




SOURCE: Capital Area Council of Governments, 2016, http://www.capcog.org/data-maps-and-reports/central-texas-regional-data/

In order to accommodate this growth, municipalities across the region will need to increase supply of housing for residents across income categories. This *Housing Blueprint* focuses on what Austin can do to retain its current residents and prepare for future growth; however, it is important to recognize the regional context in which Austin's growth is occurring. Furthermore, to effectively accommodate the projected population growth, the City of Austin will need to work collaboratively with other municipalities and counties in the region in a variety of areas, including transportation, economic, and water resources planning.

## Crucial Partnerships: Public Housing Authorities

Austin is served by two public housing authorities: the Housing Authority of the City of Austin (HACA) and the Housing Authority of Travis County (HATC). HACA maintains 18 public housing properties totaling 1,838 affordable units for low-income households. As of Fiscal Year 2015-2016, more than 8,000 families were on the waiting list to move into one of these public housing units. HACA administers several rental voucher programs, including Veteran Affairs Supportive Housing (VASH), Homeless Program Grant, Family Unification, Mainstream, and Non-Elderly with Disabilities. Its largest program is the Housing Choice Voucher program with over 5,350 rental vouchers supporting an estimated 14,500 people. Its second largest rental assistance program is VASH, serving 464 transitioning homeless veterans. As of Fiscal Year 2015-2016, there were over 2,000 families on the waiting list for a Housing Choice Voucher. HACA also receives funding through the City of Austin for a Tenant Based Rental Assistance voucher program, which assisted 101 households during Fiscal Year 2015-2016.

Through its subsidiary, Austin Affordable Housing Corporation (AAHC), HACA also owns and operates 2,436 additional high-quality affordable housing units at 12 apartment communities across Austin. HACA is also currently developing an additional 3 communities with 702 affordable units. All AAHC projects accept and actively welcome residents who use Housing Choice or other rental assistance vouchers.

HATC serves Travis County and parts of Austin. The authority manages five housing properties totaling 154 affordable units. HATC also administers eight housing services programs. The largest program is the Housing Choice Voucher program, with 568 vouchers and approximately 800 households on the waiting list to receive a voucher. HATC also receives funding through a Shelter Plus Care grant to provide 95 units for homeless families or individuals in the area. The Strategic Housing Finance Corporation (SHFC), a separate entity from the HATC, has developed nearly 2,000 affordable units.

Public housing authorities must create five-year comprehensive plans, as well as annual plans according to U.S. Department of Housing and Urban Development guidelines. These comprehensive plans encompass policies, programs, and strategies to help the housing authorities meet their communities' housing needs and goals. HACA's 2016 Annual Plan and 2015-2019 Five-Year Plan and HATC's 2016-2017 Annual Plan provide the most recent discussions of the authorities' policies, accomplishments, and goals.

It is important to continue the sustainable partnerships between the City of Austin, HACA, AAHC, HATC, and SHFC in planning efforts to align goals and targeted investment strategies. There are many opportunities to leverage resources to achieve the goals outlined in this *Blueprint*.

## Past Efforts to Increase the Supply of Affordable Housing

This is not the first time the City of Austin has focused funding and policy to address affordable housing issues. These efforts include two Housing Market Study analyses, in 2008 and 2014, to identify existing and future housing needs and to support the creation of a plan to meet those needs. In 2008, the City also conducted an Affordable Housing Preservation Study that included recommendations for proactively preserving existing affordable units in the face of declining or expiring federal subsidies and significant projected population growth. This study led to the development and adoption of preservation goals in 2014. Affordable housing strategies were developed for the downtown area (2009) and for Permanent Supportive Housing for people experiencing chronic homelessness (2010). Analysis of the fee-in-lieu option allowed under certain density bonus programs has been conducted, with recommendations delivered to City Council in 2016. Updates to the S.M.A.R.T. Housing program are also being considered with the purpose of making the program more effective at creating longer-term affordable housing units.

NHCD's Rental Housing Development Assistance and Acquisition & Development programs have provided funding to private developers to create affordable rental and ownership units for over a decade. General obligation bonds for affordable housing were approved by Austin voters in 2006 and 2013, allocating $120 million and creating over 3,500 affordable housing units to date (with $20 million from the 2013 bond still remaining as of October 2016).

# Affordable Housing Goals

Goals for 10-year housing production of both affordable and market-rate housing were established by examining data on past housing production and population growth in both Austin and the Austin-Round Rock Metropolitan Statistical Area (MSA), consultation with the City's Demographer, and examination of a range of potential scenarios with regard to the national and local economy over the next 10 years.

FIGURE 6:

## METHODOLOGY

STEP 1: Multiply the 2015 City of Austin Total Housing stock by the 2025 MSA Population Percent Change. This shows the number of new housing units that need to be added to keep pace with population growth.

STEP 2: Proportionally distribute the number of new units needed to keep pace with population growth by the percent of Austin households at various income levels.

**397,637** x **34%** = **135,197**

2015 # Housing Units (City of Austin) | 2025 MSA Population % Change (est.) | 2025 # New Housing Units Needed to Keep Pace with Population Growth

| MFI Range | Income Ranges for a Four-Person Household | Percent of Households by MFI Range* | 2025 # New Housing Units Needed by MFI Range |
|---|---|---|---|
| 0-30% MFI | < $22,600 | 16.6% | 22,417 |
| 31-60% MFI | $22,601-$45,240 | 18.4% | 24,963 |
| 61-80% MFI | $45,241-$60,300 | 11.7% | 15,822 |
| | | 0-80% MFI Unit Goal | 63,201<br>ROUNDED 60,000 |
| 81-120% MFI | $63,301-$90,480 | 19% | 25,959 |
| 121%+ MFI | $90,481+ | 34% | 46,037 |
| | | 81% + MFI Unit Goal | 71,995<br>ROUNDED 75,000 |

As depicted in Figure 6 on the previous page, housing unit goals were set by calculating the percentage of households falling within the various income categories in Austin today. Achieving these goals would help ensure that households within each income category are able to find affordable housing choices they can afford, minimizing the risk of displacement. This will require strategy that focuses both on preservation of existing homes and the production of housing supply at all income levels.

**FIGURE 7:**

## HOLISTIC APPROACH TO AFFORDABLE HOUSING

- Acquire and rehabilitate affordable homes at-risk
- Advance new home ownership models
- Create supportive financing environment

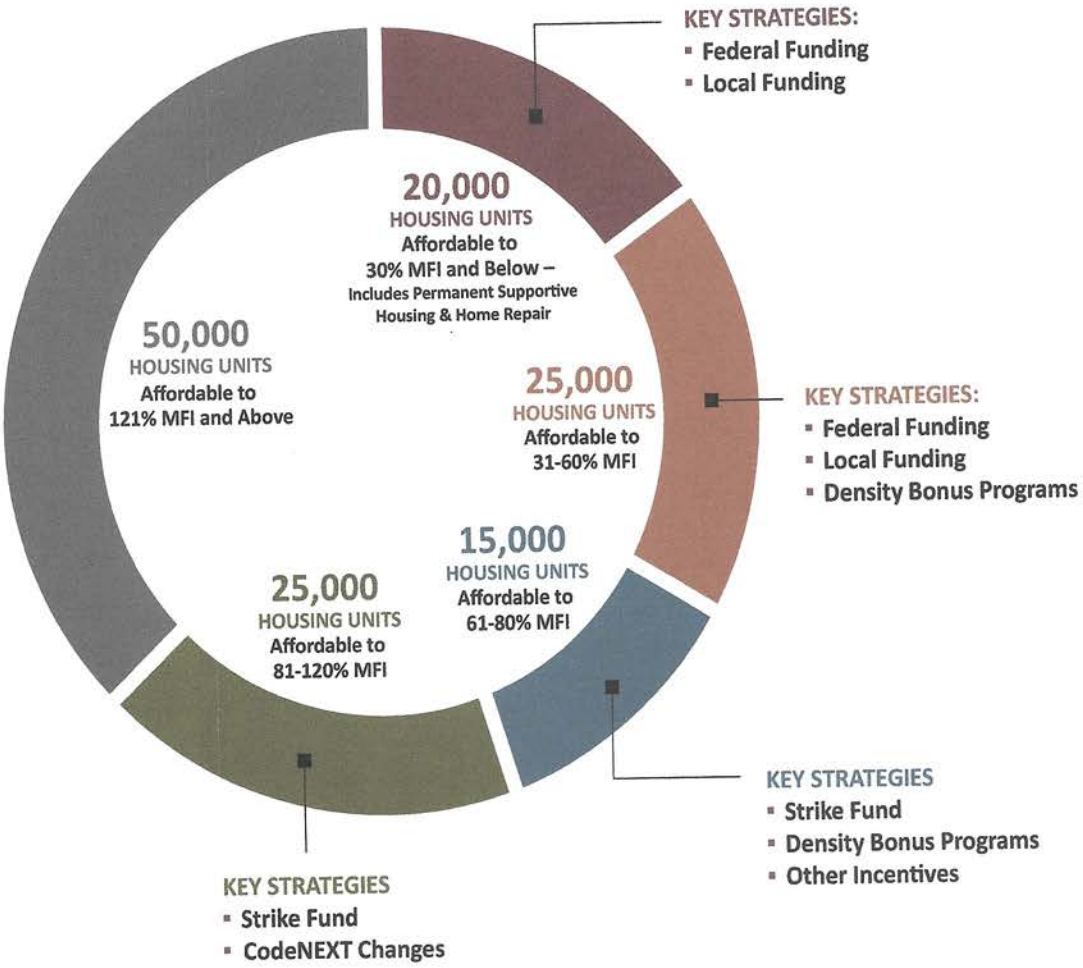
- Simplify regulations
- Use available public land for affordable housing
- Expand funding at all levels
- Adopt proven policies

SOURCE: City of Austin

Appendix B features an implementation matrix that prioritizes each recommended policy action; identifies implementation partners; and provides a time horizon for implementation. Any approach will need to be multifaceted and will require increases to the supply of both the subsidized housing units and the unsubsidized, market-rate housing units.

# AUSTIN COMMUNITY 10-YEAR AFFORDABLE HOUSING GOALS

## 135,000 HOUSING UNITS IN 10 YEARS




- At least 75% of new housing units should be within 1/2 mile of Imagine Austin Centers and Corridors (see the Figure 10 map showing Imagine Austin Centers and Corridors)
- Preserve 10,000 affordable housing units over 10 years
- Produce 100 Permanent Supportive Housing (PSH) units each year, with half of those units (50) being Housing First
- At least 25% of new income-restricted affordable housing should be in high opportunity areas.
- At least 30% of new housing should be a range of housing types from small-lot single-family to eight-plexes to help address Austin's need for multi-generational housing.

### WITHIN EACH CITY COUNCIL DISTRICT:

- At least 10% of rental housing units that are affordable to households earning at or below 30% MFI ($24,300 or less for a 4-person household in 2016); and
- At least 25% of ownership housing units that are affordable to households earning at or below 120% MFI ($93,360 or less for a 4-person household in 2016).

# CITY OF AUSTIN NEIGHBORHOOD HOUSING AND COMMUNITY DEVELOPMENT (NHCD) DEPARTMENT 10-YEAR TARGETS

### HOUSING FOR ALL

- Serve at least 20 people without a voucher and under 20% MFI each year in non-Permanent Supportive Housing (PSH).
- 100% of ground floor units in new developments funded by NHCD will be adaptable and 25% of all affordable units will be accessible.
- Support the production of 50 Permanent Supportive Housing units each year, with half of those being Housing First.

### FAMILY FRIENDLY HOUSING

- 25% of affordable housing units that are created or preserved should have two or more bedrooms AND a system to provide opportunities for families with children.

### LINKING HOUSING WITH TRANSPORTATION

- 25% of affordable housing created or preserved to be within ¼ mile of high-frequency transit (this is transit service that provides service every 15 minutes or better throughout most of the day, on weekdays and weekends).
- 75% of affordable housing created or preserved within ¾ mile of local, fixed-route transit service, ensuring Metro Access service for eligible persons with disabilities.

### HOME REPAIR

- Assist 600 low-income households per year with home repair programs with the objective to help preserve existing housing stock.

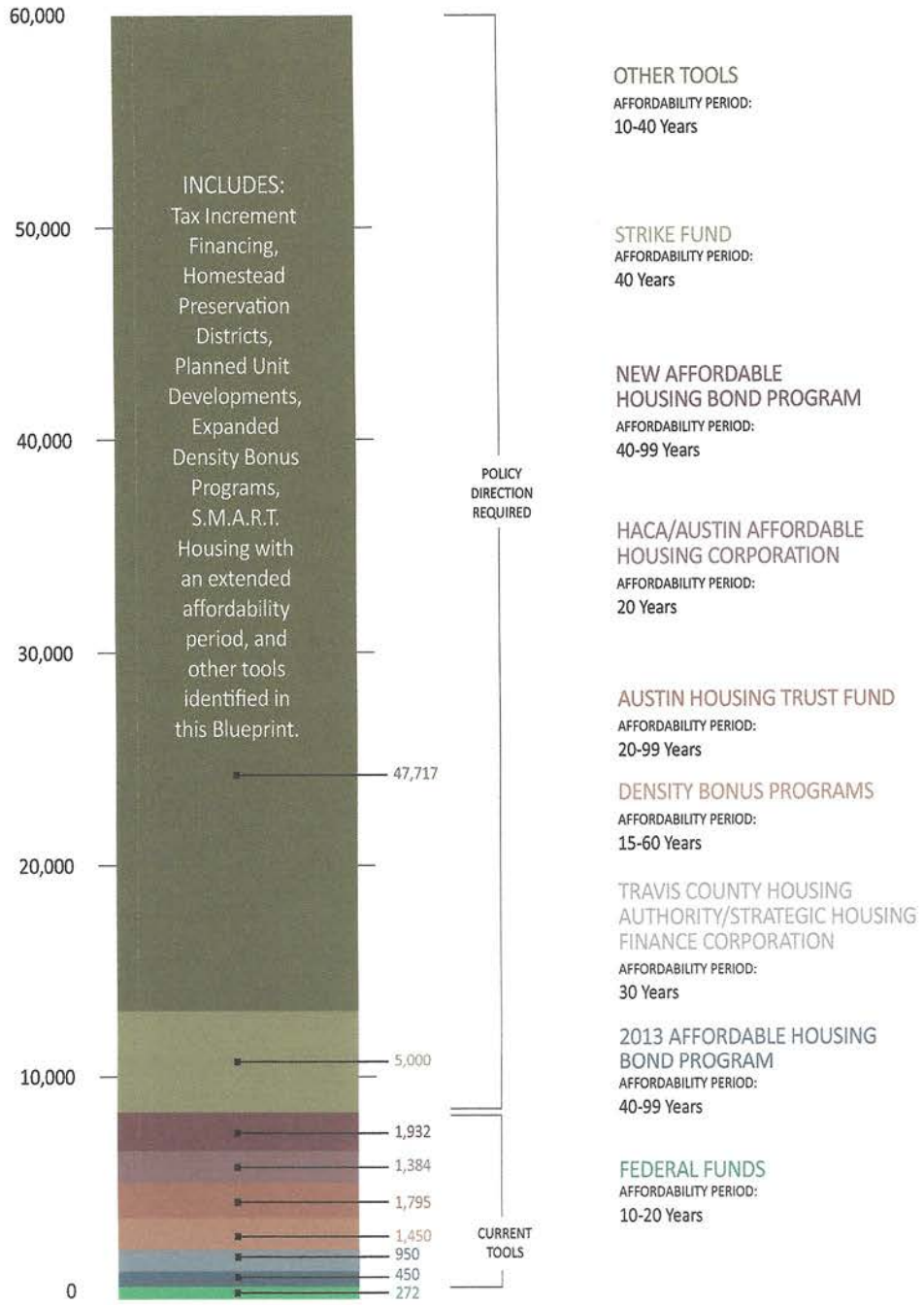
## AFFORDABLE HOUSING GOALS IN MASTER PLANNED DEVELOPMENTS

Several areas throughout Austin have district or master plans specifying that a certain percentage of units should be affordable to people at lower incomes. These percentages will be achieved through mechanisms such as Tax Increment Finance Districts, density bonuses, direct investments of local and federal funds, and other resources. These areas include:

| COLONY PARK | MUELLER | SOUTH CENTRAL WATERFRONT |
|---|---|---|
| 20% of units affordable to households at 60% MFI or below (rental) and 80% MFI or below (owner) | 25% of units (approximately 1,425 units at buildout) affordable to households at 60% MFI or below (rental) and 80% MFI or below (owner) | 20% of all new units affordable to households at 60%-80% MFI |

FIGURE 8:

# FUNDING MECHANISMS AND TOOLS FOR 60,000 AFFORDABLE UNITS (UP TO 80% MFI) IN 10 YEARS




*Estimate methodology is featured in Appendix A.

NOTE: These strategies and activities are in addition to the existing efforts already underway amongst the City and its partners.

# Key Actions to Support Community Values

Achieving the aggressive community goals outlined in the *Blueprint* will require the continuation of existing funding, as well as significant new funding, new regulations, new programs, new and deeper partnerships and collaborations with non-profit organizations legislative changes, land development code changes, and participation from the private sector at a level not previously experienced in Austin. To make significant progress in altering the current trajectory of Austin becoming a city available to only certain income households, policymakers will have to make difficult decisions including redirecting funds from other uses toward affordable housing, and changing city policies to address housing needs and ensure that the needs of vulnerable populations are addressed.

Analysis by University of California researchers about the relationship between housing production, affordability, and displacement in the San Francisco Bay Area found that although subsidized housing has twice the impact of market-rate units, both market-rate and subsidized housing work together to reduce displacement pressures at the regional level. The research notes the importance of Increasing spending on subsidized housing to ensure both neighborhood stability and income diversity into the future. However, the findings also support the need for the production of more housing at all levels of affordability in strong-market regions like Austin to ease housing pressures. When there is a lack of housing units relative to demand for housing, prices for all types of housing rise.[17] Thus, this *Housing Blueprint* incorporates goals and strategies to increase not just the supply of subsidized units, but the supply of housing units in general.

Continuation of level funding for affordable housing in Austin (including new General Obligation Bonds when the funds from the current bonds are expended) would result in the production of approximately 5,900 income-restricted affordable units over the next ten years; however, the need for both income-restricted affordable housing and market-rate housing over those ten years is estimated to be approximately 135,000 units, using the growth rate of the Metropolitan Statistical Area. Aggressive implementation of the policies, programs, and tools described below will be necessary to move the needle toward making Austin a more equitable and inclusive city.

It is important to note that, in any given year, a certain number of income-restricted affordable housing units are lost due to the expiration of subsidies or affordability periods (i.e., the length of time they must remain affordable to meet contractual or funding obligations). Market-rate units with affordable rents can also be lost due to increasing rents or redevelopment. Strategies to deal with this natural attrition are discussed in the "Make Strategic Investments to Minimize Displacement" subsection on page 22.

17 Miriam Zuk and Karen Chapple, Housing Production, Filtering and Displacement: Untangling the Relationships," Institute of Governmental Studies Research Brief (Berkeley: UC Berkeley), 2016.

# SUCCESS STORY:

## HOUSING GO BOND DEVELOPMENTS

In 2006, voters approved $55 million in general obligation bond funding for affordable housing development, a historic first in Austin. All of this funding has been expended and has built, preserved, or repaired 2,593 rental and ownership units throughout the city. 73% of these units are affordable to households earning up to 50% MFI. The housing developments funded with 2006 bond funds have yielded a high return on investment: for every $1 of City funding, $4 of other funding was leveraged, enabling seniors, persons with disabilities, and very low-income families to obtain affordable housing throughout the community. In 2013, Austin voters approved an additional $65 million for affordable housing.

## Prevent Households from Being Priced Out of Austin

Preserve communities and combat gentrification through legislative changes, local policies, programs and targeted investments. (*indicates strategies with highest potential impact)

### *Support Legislation for a Flat Dollar-Amount Homestead Exemption for all Local Taxing Entities

Current state law only allows cities to offer a homestead exemption equaling a percentage of the appraised value of a property, which disproportionately benefits owners of high-value homes while offering little relief to owners of low-value homes. A flat dollar-amount homestead exemption would offer more substantial relief to homeowners who are most in need.

### *Support Legislation or other Mechanisms to Create a Preservation Property Tax Exemption for Communities at Risk of Displacement:

Austin needs a tool that can mitigate the pressure on its existing housing stock, which is causing rent increases and displacing low-income renters to outside the city. A Preservation Property Tax Exemption geared toward preserving affordability would provide a City of Austin tax exemption (regardless of the age of a property) in exchange for guaranteeing continued affordability. The City will develop a strategy to implement this tool in areas most at risk of experiencing a displacement of low-income renters.

### Allow Homeowners to Rent a Portion of Their House as a Separate Housing Unit:

Pursue code changes to allow homeowners to convert existing interior residential space into accessory dwelling units they could rent out to help them afford to stay in place.

## *Expand the use of Community Land Trusts (CLT) and other forms of Shared Equity Ownership:

Between rental and conventional homeownership, shared equity ownership ensures that homes remain affordable to lower-income households on a long-term basis. One form of this, community land trusts, enable eligible households to purchase a home and lease the land underneath it (Figure 9). By taking the cost of the land out of the real estate transaction, homes in a community land trust are much more affordable than houses on the open real estate market. Dedicating additional resources to the program could help expand it. Combining the land trust tool with regulatory changes through CodeNEXT that allow for a range of multifamily housing types such as missing middle housing could result in greater homeownership opportunities at an even lower cost to prospective income-eligible buyers.

## Increase the Supply of Multi-Bedroom Housing for Families with Children:

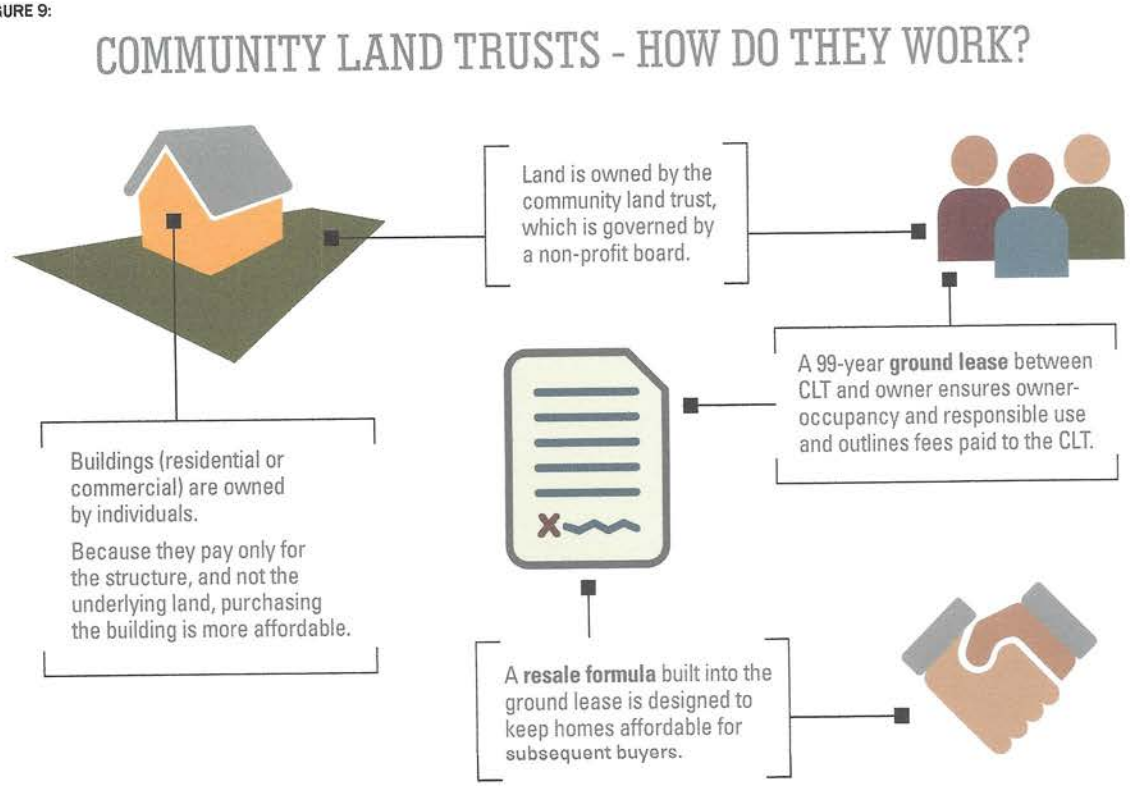
*Imagine Austin* calls for a city that works for people of all ages, including families with children. The number of housing units available with multiple bedrooms can constrain the choices for families; however, families also consider a number of other factors such as schools, and the availability of family oriented services and amenities. The city should evaluate CodeNEXT to ensure it is providing an adequate supply of multi-bedroom housing throughout the community, creating diverse housing types and unit mix. This could provide added housing stock for families and help Austin retain families and support under-enrolled schools.

- Explore ways and develop a goal for the percentage of multi-bedroom housing in neighborhoods which can create age-diverse neighborhoods;
- Explore options to increase multi-bedroom housing in a variety of areas, including on publicly-owned land and on corridors and centers near schools. Such options could include setting minimum bedroom requirements and policies that encourage dwellings for multi-generational households.

## Prevent Displacement of Low- and Moderate-Income Homeowners:

Buying a home in Austin during a time of rising homes prices is out of reach for most low-income families, and being able to continue to afford property taxes, especially in central Austin, has become very challenging. That means it is even more critical to prevent displacement of existing low- and moderate-income homeowners. The City will continue to explore ways to help stabilize low-income homeowners, build on the success of existing repair and weatherization programs, and pursue policies to provide assistance to homeowners with financial hardships that threaten their housing.

FIGURE 9:



## Develop Programs and Policies that can help Mitigate Gentrification Pressures in Historically Low-Income Neighborhoods

The *Imagine Austin Comprehensive Plan* defines gentrification as the process of neighborhood change that results in the replacement of lower income residents with higher income ones. The City of Austin should continue to focus resources on programs and policies that can help mitigate gentrification pressures in historically low-income neighborhoods. This includes undertaking equitable development strategies to create healthy, vibrant communities of opportunity. Equitable outcomes result when intentional strategies are put in place to ensure that everyone can participate in and benefit from decisions that shape their neighborhoods and city. This could also include the creation of a low interest loan fund or grant for preservation in historically low-income gentrifying areas. Such a fund could provide a further incentive to preserve affordable housing stock in targeted areas with the greatest redevelopment and displacement pressures.

### Preserve and Create Ownership Options for Households at 80% to 120% MFI:

In response to City Council direction to provide recommendations on strategies to create more homeownership options for households earning from 80% to 120% MFI, staff and stakeholders developed a list of potential strategies to support households in this income range, including exploring the potential for funding sources for this income category, potentially having higher income limits in future General Obligation Bond elections, incorporating land development code changes through the CodeNEXT process, and expanding the City's S.M.A.R.T. Housing Program for higher incomes, among others. (Assuming 0% down, an interest rate of 3.62% and an annual effective property tax rate of 2.5% an affordable home purchase price at 80% MFI for a 4 person household would be approximately $225,000 and at 120% MFI would be $348,000. These estimates could change based on the underlying assumptions and interest rates).

### Coordinate Preservation Strategies with Infrastructure Investments:

Proactive preservation strategies can be particularly helpful if undertaken early and in coordination with infrastructure improvements. These activities can often lead to increases in property values and rents; therefore, working with building owners early in the process to help preserve the affordability of properties will help stabilize the neighborhood and allow existing tenants to remain in their communities.

### Use Incentives to Support the Production of Living Wage Jobs:

Incentives should be focused on improving the economic conditions of current lower income unemployed or underemployed residents to spur opportunities that enable them to better afford to live in Austin. Increasing the number of "living wage" jobs (jobs that pay a high enough wage for a person to meet the basic living expenses for an area) would enable residents who currently work in minimum wage jobs to earn enough to meet the cost of living in Austin. The living wage for City of Austin employees was $13.50 per hour as of October 2016. Greater coordination with relevant city departments, should be pursued to identify potential incentives for the creation of more living wage jobs.

### Make Strategic Investment to Minimize Displacement:

Displacement is happening throughout Austin. Low-income communities are at high risk of displacement. Austin should make robust investments to anchor and strengthen these communities, including investments in new development and affordable housing preservation, as well as coordinating targeted investments in economic development, transit, and education. Additionally, tracking which income-restricted units are set to expire in a given year can help the City identify opportunities to preserve its affordable housing stock. Targeting those affordable units that will be lost through attrition with strategies like the Strike Fund, Community Land Trust, and others in this *Blueprint* can help extend the affordability periods of these units.

### Consider the Development of a District Plan for Central East Austin:

The city should explore creating a District Plan for Central East Austin focused on preservation to acknowledge the public role in making the area vulnerable to gentrification, and which allows long-time residents to shape goals and strategies for preservation.

## Foster Equitable, Integrated and Diverse Communities

Promote strategic investments and create protections for low-income households and people of color to address racial integration in housing. (*indicates strategies with highest potential impact)

### * Develop a Strike Fund:

In 2014, as part of Resolution No. 20141016-034, the Austin City Council recommended implementation of a strike fund as a strategy to achieve a goal of preserving 20,000 affordable housing units over 20 years. A collaborative is designing the development of a sustainable economic model for the fund to include: a determination of a fund structure, a framework for the housing portfolio, and options for seeding the fund. The fund would strategically acquire, renovate, and manage existing multi-family buildings to make them affordable for the long term. It is estimated that 10,000 affordable housing units could be preserved through the development of a strike fund over the next 10 years.

### *Implement the City of Austin's Fair Housing Action Plan and Bolster Enforcement of Existing Fair Housing Requirements:

The City of Austin's Analysis of Impediments to Fair Housing Choice includes a Fair Housing Action Plan with specific actions to affirmatively further fair housing choice. These actions include several opportunities through the city's zoning code. It is recommended that the City of Austin pursue implementation of the Fair Housing Action Plan in its entirety. All units and projects which use City of Austin funding must comply with Fair Housing, Section 504 and the City's Visitability requirements.

### *Undertake Strategic Land Banking:

Land banks and other real estate acquisition initiatives help affordable housing developers meet one of their greatest challenges: securing properties and sites on which to build affordable and/or mixed income housing. The City of Austin should strategically acquire and hold land in underdeveloped activity centers and corridors, making it available to private or non-profit developers for the construction of affordable housing as these areas develop.

TABLE 2:

### TOP FIVE HIGH PRIORITY FAIR HOUSING BARRIERS IN AUSTIN

| | |
|---|---|
| 1 | **Lack of affordable housing disproportionately impacts protected classes with lower incomes and higher poverty rates.** |
| 2 | **Lack of affordable housing citywide exacerbates segregation created through historical policies and practices.** |
| 3 | **The City is limited in its ability by state law to use inclusionary zoning as a tool to broaden housing choice.** |
| 4 | **Information on housing choice is not widely available in language other than English and/or in accessible formats. Information for people who are members of protected classes about possibilities to live in housing that was created in higher opportunity areas through city incentive and developer agreement programs is limited.** |
| 5 | **Complaint data signals non-compliance of property owners and builders with accessibility requirements.** |

SOURCE: City of Austin 2015 Analysis of Impediments to Fair Housing

## Implement Tenant Relocation Assistance Program:

Austin City Council approved an ordinance establishing requirements for property owners or developers to provide advance notice to tenants when the apartment buildings or mobile home parks they live in will be demolished or closed. The ordinance also created a relocation assistance program for low-income renters and mobile home park tenants who are displaced by new development. The City will need to identify funding for this program to provide education and tenant assistance to vulnerable populations, particularly those with language or other barriers to gaining the assistance they need. The City will also conduct an impact study to determine relocation fees that can be charged to developers in certain cases when redevelopment will displace low-income tenants.

## Protect Renters from Discrimination Based on Source of Income:

Renters who receive income from Social Security, veteran's benefits, child support, Supplemental Security Income (SSI) and Housing Choice (Section 8) Vouchers should not face barriers to housing based on their income type. Austin City Council unanimously passed an ordinance in 2014 prohibiting landlords from discriminating against renters based on their use of Housing Choice Vouchers, Veterans Affairs Supportive Housing vouchers, or other vouchers; however, state law now prohibits this protection, except for veterans. The City will continue to support legislation to expand anti-discrimination laws that include verifiable sources of income for all people, and modify voluntary developer incentive programs, including the S.M.A.R.T. Housing Program and density bonus programs to include that requirement. The City should also explore mechanisms to encourage landlords to accept vouchers or proactively maintain their properties. This could include a risk mitigation fund for landlords who rent to vulnerable or hard-to-house tenants.

## Implement Recommendations in Austin/Travis County Reentry Roundtable Report: Locked Out

Increased partnerships, education, and accountability are important to address barriers to housing for persons with criminal backgrounds. Review and revise policies for recipients of city funding to ensure they have reasonable look-back periods for both misdemeanors and felonies, and that there is an appeals process built into the admissions policies.[18]

## Add Flexibility to Occupancy Limits:

On March 20, 2014, the City of Austin amended its city code regarding dwelling unit occupancy to reduce the maximum occupancy limits for single family homes in certain zoning districts and for duplexes from six unrelated adults to four. The ordinance only applies to structures built after March 31, 2014. This occupancy change could raise the cost of housing for unrelated roommates since housing costs will be split among fewer occupants; on the other hand, it could also discourage the demolition and replacement of existing housing with newer, costlier alternatives. The City should continue to monitor whether and how occupancy limits have impacted new construction. The City should continue to adhere to fair housing laws in order to avoid certain communities experience disparate impact.

## Pursue Legislation to Allow Inclusionary Zoning

Inclusionary zoning allows local governments to require developers to dedicate a certain portion of new housing units as affordable to low-income residents. Texas state law limits municipalities' abilities to implement mandatory inclusionary zoning policies. However, the law does make exceptions for allowing a requirement as part of an option density bonus program. In addition, there is varying opinion in the community as to whether there is an exception that allows inclusionary zoning for home sales in Homestead Preservation Districts. The City of Austin should implement inclusionary zoning as allowed and seek to expand inclusionary zoning powers as a means to increase the affordable housing supply in Austin.

## Pursue Legislation to Allow Rent Control

The State of Texas has laws limiting municipalities' abilities to enact rent control policies. Rents are determined by property owners and are typically market-driven. By pursuing legislation that allows rent control, rent price ceilings could be established for specific apartments, providing a greater inventory of affordable housing for those in need.

18 The Austin/Travis County Reentry Roundtable Report: Locked Out http://www.reentryroundtable.net/wp-content/uploads/2013/10/Criminal-Background-White-Paper.final_.pdf

### Fully Utilize Homestead Preservation District Tools:

Homestead Preservation Districts (HPDs), in combination with Homestead Preservation Reinvestment Zones, can provide a dedicated funding stream to reinvest in affordability within the most impoverished areas of Austin. Tax Increment Reinvestment Zones or Tax Increment Financing (TIFs) can be set up under the state's Homestead Preservation District law to ensure property tax dollars from economic development are reinvested in affordability for that area. The Homestead Preservation Districts and Reinvestment Zones do not establish new taxes or increase existing taxes on residents.

### Develop Programs, Resources, and Guides to Aid with Small Scale Preservation:

Cities like Seattle offer guides, tools, and programs specifically geared toward helping small landlords preserve the affordability and safety of their rental housing, without selling the property to be redeveloped, resulting in a loss of affordability. The City of Austin should identify funding sources and programs to help retain this small scale multifamily rental housing stock. Many of these owners are long term Austinites that care deeply about the housing they own and the opportunity to both preserve the character of the structure and to serve Austinites who help Austin retain its character.

### Support Community Goal for At Least 25% of New Income-Restricted Affordable Housing to be in Moderate-to-High Opportunity Areas:

The City of Austin's Analysis of Impediments to Fair Housing Choice states that "lack of affordable housing citywide exacerbates segregation created through historical policies and practices." Successfully reaching the goal to have at least 25 percent of new income-restricted affordable housing in moderate to high opportunity areas will help create more equitable, integrated and diverse communities throughout Austin. The city should also research and develop goals for housing development and preservation in moderate opportunity areas

## Invest In Housing for Those Most in Need

Adopt a balanced approach to provide affordable housing resources for low-income workers, seniors, people with disabilities and the thousands of people experiencing homelessness. (*indicates strategies with highest potential impact)

### *Pursue Future General Obligation Bond Elections for Affordable Housing:

Seeking new voter approved General Obligation (G.O.) Bonds in the future will build and preserve thousands of quality, affordable homes for the most vulnerable families and individuals and for low wage workers in our community. G.O. Bonds for affordable housing have been approved twice by Austin voters and have created affordable housing with services to support at-risk families, seniors, and people with disabilities; provided rental assistance to prevent homelessness; and preserved housing to prevent displacement of long-term residents. It is estimated that over 1,900 affordable housing units could be created through an additional $65 million in voter-approved G.O. Bonds over the course of the next 10 years.

### *Provide Additional Local Fund Appropriations for Affordable Housing:

As Figure 8 (Funding Mechanisms and Tools) shows, a variety of funding sources will be needed to reach the goal of creating 60,000 income-restricted housing units in the next 10 years. Funding from the City's General Fund, in addition to funds from General Obligation Bonds, the Housing Trust Fund, or the federal government, would help the City create much-needed income-restricted units for people at deeper levels of affordability. If affordability is to be a priority, the City should consider allocating more of its resources to the creation of long-term and consistently affordable housing units.

### *Leverage Low Income Housing Tax Credits (LIHTC) and Seek Legislative Changes for the City:

The LIHTC program directs private capital toward the development and preservation of affordable rental housing for low-income households. Tax credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing. Both the 9% and 4% credits can be pursued for affordable housing. The City of Austin should continue to leverage these funds, and also seek legislative changes to have a portion of the state's LIHTC allocation dedicated to the City of Austin to focus the funding to meet local goals. The City should also consider strategically prioritizing applications based on community priorities.

# SUCCESS STORY:

## HOUSING TRUST FUND

The City of Austin Housing Trust Fund was created in 1999 to assist in preserving and creating reasonably priced housing for Austinites, revitalizing neighborhoods, and building the city's tax base. Before the creation of the Housing Trust Fund, affordable housing had been funded through federal grants, the marketplace, occasional tax-free bond sales, or by tax credits and other incentives. The Trust is funded though tax revenues generated by property previously owned by the city. The Trust Fund has received $16 million in revenues from a variety of sources, including the City's Sustainability Fund, Tax Increment Financing, property sales, and transfers from the Capital Improvement Program. This resource has helped to fund the creation or preservation of 1,418 affordable units since its inception. The Trust Fund will continue to serve as an integral component of Austin's strategy to meet the needs of low-income residents.

### Focus Federal Funds in Housing Investments:

The City of Austin receives federal formula grants from the U.S. Department of Housing and Urban Development (HUD) each fiscal year. Federally-required five-year Consolidated Plans and annual Action Plans identify priority community needs and recommend use of HUD funding. Federal funding should be focused and leveraged to achieve the goals in the *Austin Strategic Housing Blueprint*. This includes continuing to leverage federal dollars through all available funding sources, targeting current and future federal assistance for housing needs.

### Challenge Private Sector to Participate in a Fund for Affordable Housing and/or Workforce Housing:

It is essential for our regional economy and good for business when workers of all incomes can afford to live near their jobs. Employers can be part of the solution. The City should partner with local employers to contribute to a revolving housing fund to help finance the construction and preservation of rental workforce housing. This model has proven successful in other high-cost areas, including in Silicon Valley, where scores of employers, employer foundations, state and federal housing agencies and private citizens have voluntarily donated to a trust fund for over a decade to address the community's full range of affordable housing needs, including but not limited to the needs of their employees. Building on successful models in other cities, the City should also explore partnering with major local employers and institutions to collaborate on innovative co-developments or social investment platforms.

### Utilize Tax Increment Financing (TIFs) for Affordable Housing:

Austin is limited in the range of tools it can legally use to achieve affordable housing. Tax Increment Financing (TIF) for affordable housing is allowed by state law, but the law restricts the amount of property that can be included within TIF districts to 10% of a city's assessed value. City policy should strive for a balanced approach enabling TIF policy to be an effective tool. Many cities have maintained a high credit rating while using TIF districts to achieve policy objectives, such as affordable housing. The potential of a responsibly employed TIF program could outweigh potential risk to the City's credit rating. This is a critical tool that needs to start being utilized effectively.

### Utilize Social Impact Bonds/Pay for Success Models for People Experiencing Homelessness:

The use of social impact bonds, also known as social impact finance or Pay for Success, is a method of funding social services in which private investors provide upfront funding to high-performing providers delivering effective services to targeted populations, with reimbursement by governments when cost reductions are evidenced. A coalition of community partners will implement pilot projects targeting the homeless and those frequently served by the criminal justice and emergency medical systems, through Permanent Supportive Housing and other supportive services. The five-year project could result in cost reductions of millions of dollars across the health care, criminal justice, and social service systems.

### Utilize the National Housing Trust Fund:

The National Housing Trust Fund (NHTF) is a dedicated fund intended to provide revenue to build, preserve, and rehabilitate housing for people with the lowest incomes. The NHTF will provide communities with funds to build, preserve, and rehabilitate rental homes that are affordable for very low and extremely low-income households. It is recommended that the City of Austin work with the Texas Department of Housing and Community Affairs (TDHCA) to ensure that state priority needs and target populations are more narrowly and clearly defined in the Five Year State Consolidated Plan.

### Support the Creation of Deeply Affordable Units Serving People at 20% MFI and Below:

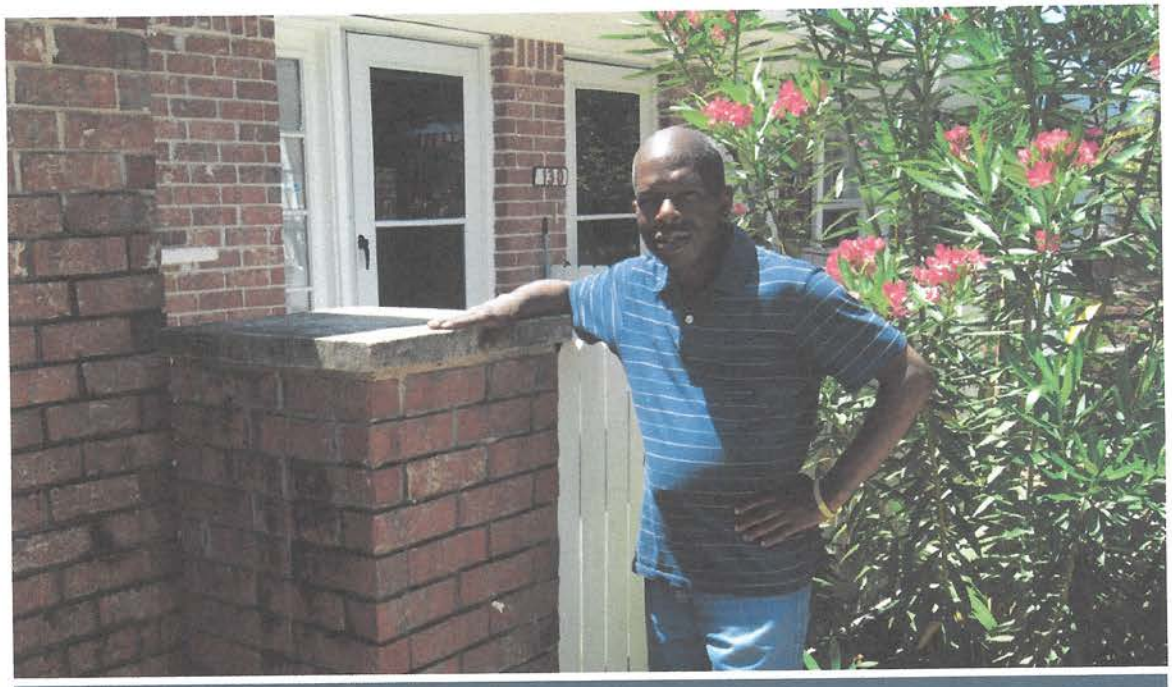
The term "deep affordability" refers to the level of affordability needed to serve extremely low-income households. Focusing resources and funding on housing that is affordable to this income bracket would ensure that the most vulnerable receive assistance in obtaining housing. However, in order to achieve rents affordable to households in this extremely low-income bracket, more funding is required per household than for assistance targeted to higher Income households, especially in light of the fact that some of these households may not have rental subsidies to help them pay rent. Resources like the Housing Authority of the City of Austin's Housing Choice Voucher (Section 8) program are in high demand, with the number of applicants far exceeding the number of available vouchers.

### Maximize Public Property to Build or Include Affordable Housing:

Intense competition for limited land drives up cost and makes it challenging to build affordable homes for low-income residents. Publicly owned land is a public asset that must be used strategically to achieve multiple public benefits, including the creation of affordable homes in our community. In order to do this, the Austin City Council must decide to make situating affordable housing on public land a priority by setting policy that construction of affordable housing will always be considered when the City makes decisions regarding its publicly owned land. The City should also consider proposals, bids and partnerships with other public entities who have underutilized land — including but not limited to Travis County, AISD, Capital Metro and the State of Texas. Building affordable housing on developable public land in key locations near transit and job centers is invaluable in helping low-income workers and families live close to jobs and schools, while decreasing congestion and pollution. The City should consider developing a strategy to purchase state-owned lands as they come up for sale in order to achieve the citywide goal of the creation of desirable and affordable locations that include income-restricted housing and parkland. The City should also consider co-locating affordable housing with other public facilities including fire stations, libraries, community centers, offices, etc.

### Incentive Programs:

Explore all possible mechanisms, including those requiring legislative changes, to incentivize the development of income-restricted affordable housing through fee waivers, including impact fees. Identify all current fees and potential future fees. Build upon the success of existing systems to incentive the production of affordable housing such as the S.M.A.R.T. Housing Program and Planned Unit Development (PUD) zoning process that utilize fee waivers to produce income-restricted affordable housing.



# SUCCESS STORY:

## MAYOR'S CHALLENGE TO END VETERAN HOMELESSNESS

In August 2016, Austin was certified as one of the few cities in the nation to achieve "functional zero" for veteran homelessness. This means that the community has established a system in which the number of veterans experiencing homelessness is no greater than the current monthly rate for placing veterans into housing. Using the "Housing First" approach, a mitigation fund for landlords spearheaded by the Mayor's Office, and targeted coordination among multiple local real estate, service, and housing providers and the Veterans Administration, 682 homeless veterans were housed in 18 months. Several valuable lessons were learned from the veteran homelessness initiative that will be used to help the community address homelessness for youth, families, and the chronically homeless in the coming years.

### Support Efforts to Prevent and End Homelessness:

Permanent Supportive Housing (PSH) is housing for extremely low-income people at or below 30% MFI ($24,300 or less for a 4-person household in 2016) with voluntary supportive services available, and targets households that are experiencing chronic homelessness and have multiple barriers to housing stability (such as substance abuse issues, no income, medical or mental health issues, etc.). Housing First PSH focuses on quickly housing people who are experiencing homelessness, and then providing support services as needed. Core elements of the model include lower screening criteria regarding sobriety, criminal history, credit history, or other behaviors generally held to indicate a lack of "housing readiness." All newly created PSH is expected to align with the local Continuum of Care's Coordinated Assessment system to ensure those households identified as most vulnerable are prioritized. Working with private landlords to accept chronically homeless residents is one way to increase the supply of PSH. Different funding sources can be layered or leveraged together to fund new PSH units as well, including funding from the Housing Trust Fund, Low Income Housing Tax Credits, and Pay for Success models. This type of layering is especially effective for PSH development, due to these units' deep affordability, which requires a greater subsidy than units focused on residents at higher MFI levels.

Other programs that provide housing and supportive services for residents who may not need PSH but are still experiencing homelessness would also benefit from increased funding, due to high demand that will continue to outstrip the resources available. One example of this type of program is Best Single Source (BSS) Plus, which provides comprehensive case management and basic needs services to individuals and families so they can establish housing and financial stability. Maintaining funding for services foundational to homelessess prevention is a critical continued action in the *Blueprint*.

### Expand the Supply of Housing for People with Disabilities:

While residents with disabilities can be found in any income category, those who earn at or below 30% MFI face unique challenges to obtaining housing that is affordable and meets their needs. While Permanent Supportive Housing may be the right choice for some individuals (including those that have experienced chronic homelessness and who have multiple barriers to housing), accessible housing units that are not linked to supportive services may be more appropriate for other households. To that end, this *Housing Blueprint* includes a goal of creating 20,000 housing units affordable to people making at or below 30% MFI (see page 16). 100% of ground floor units that are funded by the City (through the Neighborhood Housing & Community Development Office or the Austin Housing Finance Corporation) will be adaptable and 25% will be accessible. For units not funded by the City, federal Fair Housing Act requirements apply. For new buildings with four or more housing units, all units must meet Fair Housing Act requirements if the building has an elevator. If the building does not have an elevator, all ground floor units must comply with the Act's requirements. This means that these "covered units" must be accessible to and usable by people with disabilities. New single family homes and duplexes must also comply with the City's visitability ordinance, which mandates that at least one building entrance and ground floor bathrooms and light switches/ environmental controls must be accessible to people with mobility disabilities.

## Create New and Affordable Housing Choices for All Austinites in All Parts of Austin

Harness new development to create affordable homes and diversify housing choices for current and future residents. (*indicates strategies with highest potential impact)

### *Adopt Affordable Housing Goals to Guide Policy.

These goals should guide decisions to reach the goal of having each city council district contain at least 10% of rental housing units that are affordable to households earning at or below 30% MFI ($24,300 or less for a 4-person household in 2016) and at least 25% of ownership housing units that are affordable to households earning at or below 120% MFI ($93,360 or less for a 4-person household in 2016).

### *Implement Consistent Density Bonus Programs for Centers and Corridors:

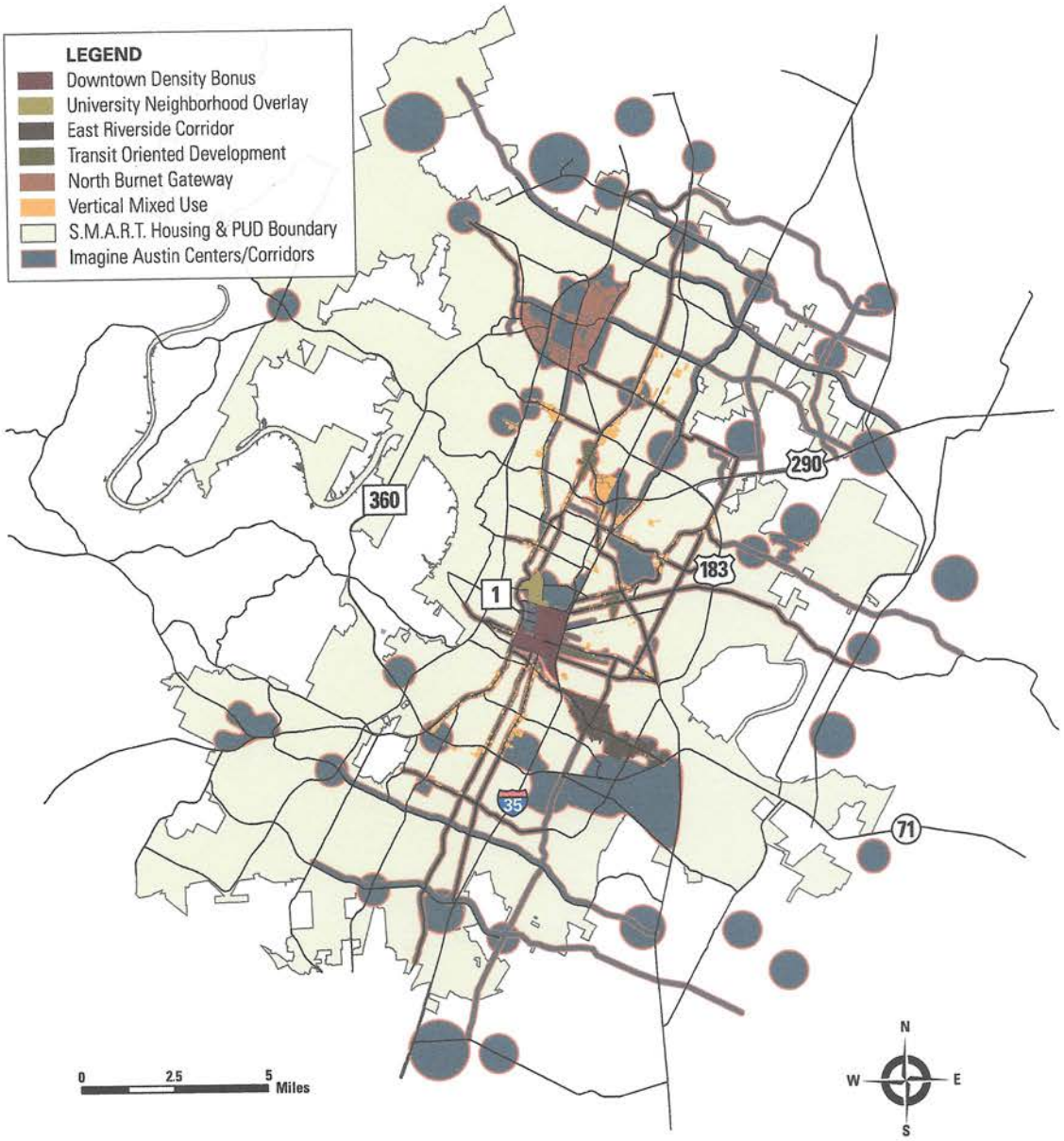
Several of Austin's existing density bonus programs (University Neighborhood Overlay, Vertical Mixed Use, and Downtown Density Bonus Program) have successfully leveraged new development to create units affordable for households earning between 60% and 80% MFI, depending on the program (see Figure 10). This is consistent with *Imagine Austin* Land Use Transportation (LUT) Policy 10[19] and Housing and Neighborhoods (HN) Policy 1[20]. The revised Land Development Code should implement a consistent density bonus program for *Imagine Austin* Activity Centers and Corridors where larger buildings are deemed acceptable. These centers and corridors allow people to reside, work, shop, access services, and recreatewithout traveling far distances. Economic modeling is being conducted in conjunction with the CodeNEXT process to determine where such programs would be financially feasible while also producing affordable housing benefits. Any increase in development capacity will be tied to an affordability requirement. The City should incentivize and provide additional opportunities for housing units with two bedrooms or more, particularly in high opportunity areas. The existing density bonus programs have resulted in income-restricted affordable units in high opportunity areas along transit corridors with no subsidy by the City of Austin.

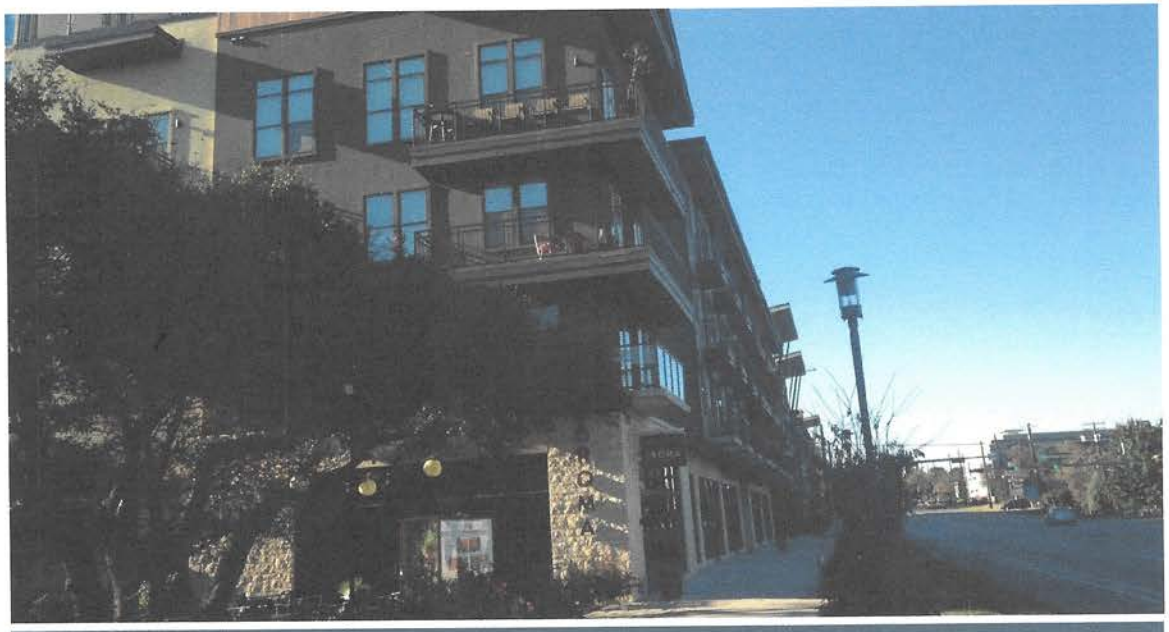
19 Imagine Austin: LUT P10. "Direct Housing and employment growth to activity center and corridors, preserving and integrating existing affordable housing where possible."

20 Imagine Austin: HN P1. "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.

# MAP OF EXISTING DENSITY BONUS PROGRAMS WITH IMAGINE AUSTIN ACTIVITY CENTERS AND CORRIDORS

FIGURE 10:





# SUCCESS STORY:

## DENSITY BONUS PROGRAM

The City of Austin has 10 density bonus programs that allow additional "entitlements," such as taller buildings or more units on a site than is allowed by base zoning, when a developer provides community benefits like affordable housing. State law limits the City of Austin's ability to require affordable housing as part of new developments; density bonus programs are one of the few tools the City has to create income-restricted affordable units without monetary subsidy. Density bonus programs contribute to the geographic dispersion of affordable housing and foster public-private collaborations that yield affordable housing without the use of public subsidies. As of June 2016, the City's density bonus programs have created 1,653 units, predominantly for households earning less than 80% of the median family income. For perspective, if the City of Austin had to subsidize these units, the cost would have been approximately $62.8 million. This assumes a per unit subsidy of $38,000, which is the average for the 2013 Affordable Housing Bond Program to date. Ninety-six developments have participated in a density bonus program, with the University Neighborhood Overlay program producing the most units. Currently, some programs allow developers to pay a fee in lieu of providing affordable housing on-site. Fees are utilized to help subsidize additional income-restricted units throughout the city and to date, over $4 million in fees-in-lieu payments have been generated from the density bonus programs.

### *Streamline City Codes and Permitting Processes:

The time and complexity involved in obtaining the necessary City approvals to build new housing can be a significant cost driver for development. To make meaningful progress toward a more efficient system, the City will be proactive and persistent in its efforts to integrate and coordinate permitting processes across all departments. Developments including income-restricted affordable units should have expedited review. The development community has provided feedback that expedited review is the most important incentives to encourage them to participate in the City's incentive programs to create affordable units.

### *Provide Additional Funding to Monitor Austin's Affordable Housing Investments:

NHCD continues to strengthen its monitoring function and identify opportunities for process improvement. Staff estimate that approximately 3,200 affordable units will require monitoring in FY 2016-17.To augment existing staff capacity, NHCD will look to third-party vendors to assist in performing physical inspections for a subset of the portfolio. As part of the FY 2016-17 City of Austin Budget, NHCD also will address its monitoring requirements with appropriate staffing levels and elevate staffing needs as required. As the portfolio of income restricted units grows, there will be a corresponding need to invest in monitoring and compliance. This will ensure adherence to federal and local regulatory requirements including visitability/accessibility.

## Better Utilize Land for Affordable Housing:

The City should continue to offer density bonuses as well as reduced parking and lot width and setback requirements for developments that include include a significant number or percentage of units that are required to be affordable to very low-, low- or moderate-income households for at minimum 40 years.

## Revise S.M.A.R.T. Housing Program:

The City should consider revising the S.M.A.R.T. Housing Program to lengthen the affordability period and to better balance developer benefits with unit construction. This program is producing positive results; however, after almost two decades it needs modification in order to help the City of Austin achieve affordability goals.

## Implement Density Bonus Program for Missing Middle Housing:

A second type of density bonus program might be more appropriate at the edges of centers and corridors or on collector streets where residents are more sensitive to building height and building size. In this type of bonus program, the "density" could take the form of units (rather than height or bulk), allowing more units within the same size building. This program could effectively provide missing middle affordable units. Relaxation of parking requirements could reduce the costs or rental rates of units; such decisions should be made with consideration for neighborhood context and the amount of current and projected multimodal transportation options. Economic modeling has confirmed that density programs would be financially feasible and produce affordable housing benefits. Any increase in development capacity will be tied to an affordability requirement. The approach will incentivize and provide additional opportunities for housing units with two or more bedrooms, particularly in high opportunity areas, potentially including incentives for the provision of affordable units with two or more bedrooms.

## Allow the Development of Smaller Houses on Smaller Lots:

Land values are increasing in Austin, particularly in neighborhoods near Austin's core. This is due to a number of factors, but most notably to more households valuing reduced distances between their work, home, and other destinations, which minimizes time spent in traffic. With increased demand for housing in central locations, land prices are likely to continue to rise. One potential way to enable more people to afford to live in these location-efficient areas is to make it easier to build smaller houses on smaller lots through land development code changes considered during the CodeNEXT process. This would help produce more housing choices that are generally more more likely to be affordable than houses built on larger lots. Small lot regulations can be revised utilizing a context sensitive approach to require a higher level of design and improved compatibility with neighboring properties. Such regulations should take care to incentivize more affordable housing choices rather than fewer and preserving neighborhood character.

FIGURE 11:

### SMALLER HOUSES ON SMALLER LOTS

To enable more people to be able to afford to live in location-efficient areas is to make it easier to build smaller houses on smaller lots through land development code changes considered during the CodeNEXT process.

This would help produce more housing choices that are more likely to be affordable than houses built on larger lots.

### Create Pre-Approved Standard Plans for Infill Development:

Utilize community resources (builders, architects, and neighborhood residents) to develop a comprehensive menu of high quality housing designs that are compatible with a variety of neighborhoods and meet the needs of median-income and entry-level buyers. The catalog of pre-approved plans could include a wide range of options including plans to meet a variety of site conditions, prefabricated or modular homes, or other options. Once pre-approved, homeowners could easily access the pre-approved plans by selecting from a catalogue or online resource, which could be potentially provided at no cost. Pre-approved plans would allow a homeowner to receive a permit 'over-the-counter' and reduce costs of construction and development that are often passed on to the resident.

### Relax Regulations on both Internal and External Accessory Dwelling Units (ADUs):

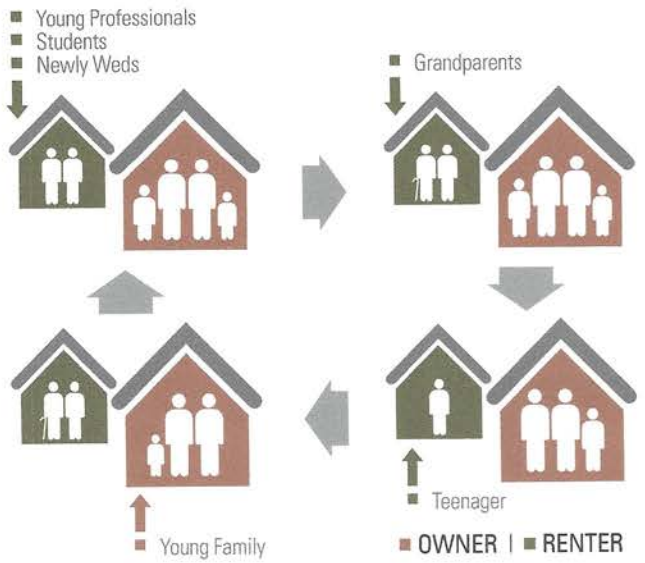
Accessory dwelling units are a way to increase the supply of smaller housing units while also providing homeowners with a way to increase their income by renting out the unit. Reducing restrictions in more parts of Austin to allow internal and external ADUs to be built may not result in every ADU being rented at an affordable rate, but ADUs do exhibit lower per-unit and infrastructure costs and "offer the opportunity to increase the number and variety of housing units throughout the community."[18] HUD notes that ADUs can help increase a community's housing supply, and as they cost less than a new single-family home on its own lot, they can also be a more affordable housing option for some households. The City should consider amending regulations for both internal ADUs, which are created by converting interior residential space into a separate unit, and external ADUs, which are separate structures. Regulations should also ensure accessibility and/or visitability.

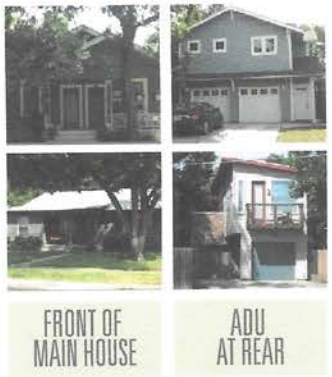
### Relax Regulations on More Affordable Housing Products:

Smaller homes, micro-units, including tiny houses (including those on wheels), typically less than 700 square feet, offer a more affordable housing product. These homes could be utilized as an infill option or allowed as an ADU to offer homeowners a way to increase income.

FIGURE 12:

## ACCESSORY DWELLING UNIT: FOR FAMILY & HOUSING NEEDS

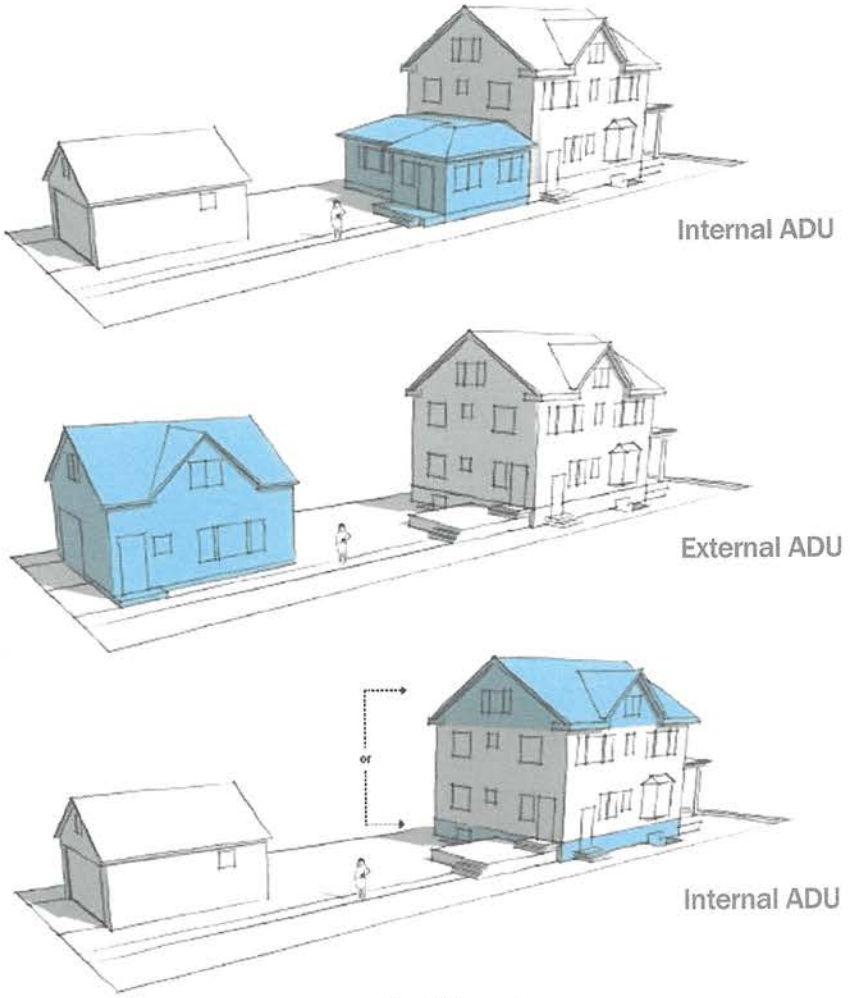



Accessory dwelling units are a way to increase the supply of smaller housing units while also providing homeowners with a way to increase their income by renting out the unit.

FIGURE 13:

# EXAMPLES OF INTERNAL AND EXTERNAL ACCESSORY DWELLING UNITS (ADUs)




SOURCE: City of Minneapolis

## Relax Regulations on Housing Cooperatives (Co-ops):

Zoning barriers, density restrictions and mandatory parking requirements can be a barrier to shared housing communities, and cooperatives. Collaborative living arrangements, where residents actively participate in the design and operation of everyday living, provide another affordable housing choice in Austin. Relaxing these standards or providing a specific zoning designation for cooperatives will ensure an increase in viable options for those wishing to live together in Austin.

## Utilize Planned Unit Developments (PUDs) to Provide a Range of Affordability:

PUDs present a unique opportunity to provide a range of affordability through increased housing diversity and improved transportation choices. Programs and regulations should continue to provide incentives to developments that help address affordability goals in PUDs.

### Increase Housing Diversity in New Subdivisions:

New subdivisions (especially those in and around *Imagine Austin* Activity Centers and Corridors) also present an opportunity to increase housing diversity. Subdivision regulations should incentivize the development of a range of housing types, including missing middle housing and co-housing formats (where smaller housing units are organized around shared common space). The regulations should also incentivize a connected street grid and promote a range of more affordable transportation choices. These centers and corridors allow people to reside, work, shop, access services, and recreate without traveling far distances.

### Support Legislation or other Mechanisms to Create a Multifamily Property Tax Exemption Program:

Multifamily Property Tax Exemption Programs are effective incentive programs used in other cities that ensure a percentage of housing in participating new developments is affordable for low-and moderate-income people. In exchange for on-site affordability, the city provides a partial property tax exemption for a number of years. The new program should allow all unit types to participate and should incorporate an incentive for building larger units so that families have more affordable housing choices throughout the city. Multifamily Property Tax Exemption housing can provide housing to retail and service workers, entry-level professionals, and retirees on fixed incomes.

### Complete an Affordable Housing Nexus Study:

The Austin City Council approved a resolution in 2016 directing the City to conduct a study to determine whether a relationship exists between new development and the city's affordable housing needs. The study would also assess potential market and economic impacts of setting different fees on new types of development. The fees would be used to fund the construction of new affordable housing units generated by the new workers employed by new commercial developments, or the new workers needed to provide services to households at the new residential developments. After assessing the results of the study, City Council can decide to establish these "linkage fees" for types of new residential or non-residential development.

### Consider Building and Fire Code Modifications to Allow Six Stories of Wood Frame Construction:

The City should review the possibility of increasing the allowable height for economical wood frame construction. This could take the form of building code changes to increase the height limit or allowed number of wood frame stories. This action needs careful vetting to ensure fire and life safety protection. For example, this could be accomplished by expediting review and approval of emerging building technologies as is being done in other cities around the world.

### Develop a Real-Time Database of Housing:

The goal of creating a "real-time" database of available affordable housing units, services, resources, and incentives to better connect buyers and renters with affordable housing was identified in the *Imagine Austin Comprehensive Plan*. At the department level, additional local funding for staffing and administration will be necessary to create and monitor this database.

# SUCCESS STORY:

## MUELLER

One of the most successful public-private partnerships for the City has been the redevelopment of the former Robert Mueller Municipal Airport into a 700 acre, compact, pedestrian-oriented, master-planned community that contains truly interwoven affordable and market-rate housing. At least 25% of all new housing units built here are affordable (an estimated 1,475 total units at build out). This means that for-sale homes are available for Austinites at or below 80% MFI, with a shared equity approach designed to preserve the units for long-term affordability. Rental units are available at or below 60% MFI, with some units reaching 30% MFI and other opportunities up to 80% MFI, with an affordability period of 50 to 99 years, helping to preserve a wider range of affordable rental housing in the area. With a variety of housing types built and underway and connected to numerous parks, retail, commercial spaces, and civic uses, the build out of Mueller is now approaching 50% completion. An estimated 100 homes for families earning up to 120% MFI will soon be built, which will be in addition to the 25% affordable housing requirement.

## Help Austinites Reduce their Household Costs

Encourage development in a compact and connected manner so households of all incomes have access to a range of affordable housing and transportation options, and can easily access jobs, basic needs, heath care, educational opportunities, and public services. Other household expenses such as healthcare costs, utilities, food and telecommunications must also be considered. (*indicates strategies with highest potential impact)

### *Strengthen Scoring Criteria and Develop Policies to Prioritize Affordable Housing Near Current and Future Transit Service:

The City of Austin Neighborhood Housing and Community Development Office (NHCD) awards Rental Housing Developer Assistance (RHDA) and other programs through a scoring criteria with points awarded according to various community values and objectives. RHDA can be utilized for developments of all sizes, even those that may be too small to participate in the Low Income Housing Tax Credit (LIHTC) program. These scoring criteria and other policies should be amended to prioritize a greater percentage of assistance in areas currently serviced by public transportation. Changes like this would help NHCD reach its goal of 25% of affordable housing units created or preserved within 1/4 mile of a transit stop. The Capital Metropolitan Transportation Authority's Connections 2025 Plan and new Transit Oriented Development (TOD) +Tool (an assessment of built form and market readiness for all MetroRapid and MetroRail Stations) present new opportunities to align housing programs with transportation choices, thereby encouraging a mix of housing at all income levels near station areas.

### *Minimize the Displacement of Core Transit Riders:

Redevelopment and major rehabilitation threaten the stock of market rate affordable rental housing (housing built by private developers that is affordable without a subsidy due to size, location, age, quality, maintenance, or other factors), where many residents may depend on transit. When developing in transit corridors and nodes, every attempt should be made to ensure that development does not reduce transit ridership. A common pattern is that as transit is added, housing becomes more expensive. Wealthier residents move into the neighborhood, often pricing out existing core transit riders, while vehicle ownership becomes more common and transit ridership is actually reduced despite increases in density. Policies should encourage the preservation of affordable housing near transit corridors.

### *Link Housing Choices with Transportation Choices:

There are several strategies that can be undertaken to better align regulations/entitlements, infrastructure, and policies.

- Support CodeNEXT in amending regulations and entitlements to ensure density is supported around transit stations.
- Support CodeNEXT in utilizing tools such as density bonuses and parking reductions when income-restricted affordable housing is provided in and around transit stops.
- Strengthen policies to direct public subsidies for the preservation and creation of income-restricted affordable housing within 1/4 mile of a transit stop.
- Prioritize infrastructure investments in activity centers and along activity corridors. Infrastructure is critical to developing a transit-supportive environment and thus ridership.

### *Comprehensive Parking Reform:

High parking standards increase impervious cover due to parking lots or parking garages, increasing the area on a site that cannot absorb rainfall. By right-sizing parking requirements based on a project's location, walkability, and transit service, the City of Austin can address several important City goals such as lower construction costs, reduced dependence on automobiles, mitigation of flood and erosion, and water quality protection. Requiring that new developments include significant off-street parking add to the cost of construction and limit the number of units possible on a site. Such regulations indirectly limit the density of housing and preclude opportunities to develop more affordable housing. The City should consider whether changes to its parking policies to support housing affordability and access by:

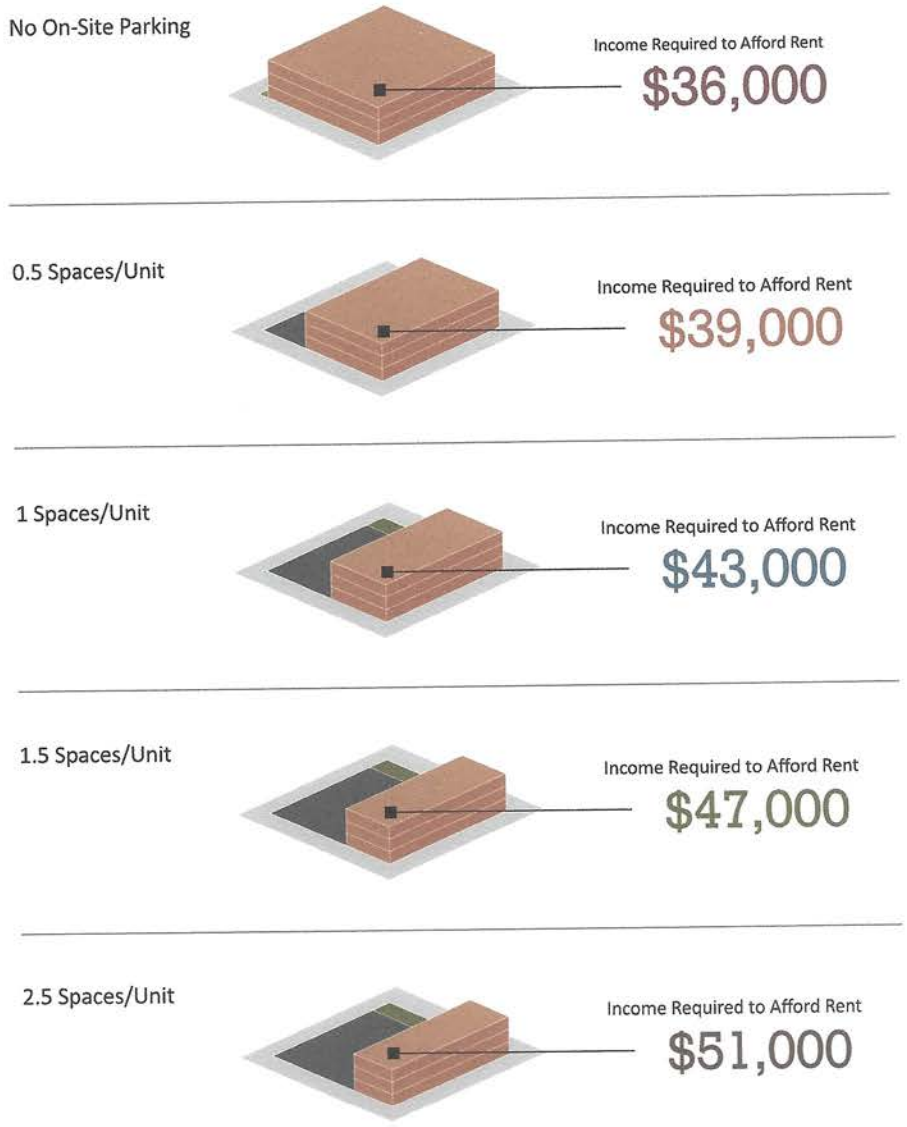
(1) clarifying the definition of frequent transit service to reduce parking requirements in transit areas;

(2) reducing parking requirements for multifamily housing that are with-in 1/4 mile of frequent transit service; and,

(3) minimizing parking requirements for accessory dwelling units and other small-scale housing types in single family areas. Parking reductions for multifamily or mixed-use developments could be tied to the creation of income-restricted affordable housing units.

FIGURE 14:

## RELATIONSHIP BETWEEN PARKING REQUIREMENTS & AFFORDABILITY




SOURCE: Fregones and Associates, 2016
NOTE: Analysis based on a fixed profit margin of 8%

### Increase Bikeability and Walkability:

Increasing bicycle infrastructure, bike lanes, and bike share facilities near affordable housing developments and end-of-the-line transit stops can provide critical first-mile and last-mile connections for households dependent on public transit. Funding should also be increased for sidewalks, and the Sidewalk Master Plan scoring criteria should be amended to award points for filling in gaps in sidewalks between affordable housing developments and transit.

### Align Sidewalk Master Plan with *Imagine Austin*:

Currently, points are not awarded in the Sidewalk Master Plan for the repair or construction of sidewalks in *Imagine Austin* Activity Centers and Corridors. The scoring criteria should be amended to ensure points are awarded to direct investment in sidewalks within these centers and corridors where there is (or is likely to be) higher frequency transit service. This will help ensure that riders who depend on transit can get safely to their destinations anywhere along a route. Highest frequency routes should be prioritized to increase potential ridership.

### Ensure Access to Affordable Care and a Healthful Environment:

Strengthen and expand accessible preventative care for all residents, locate affordable housing development in areas with access to affordable healthcare, and utilize CodeNEXT to ensure a healthy built environment for Austin residents to reduce pollution and encourage regular exercise.

### Increase Opportunities for Households to Reduce Utility Costs:

The City should review existing programs which encourage weatherization as well as efficient household appliances, fixtures and mechanical systems. Programs should be explored that reduce initial costs for sustainable features such as solar energy. Incentives should be provided to actively seek participation from both renters and landlords.

### Increase Access to Healthy, Affordable Food for All Residents:

Work with efforts to decrease areas experiencing food insecurity due to lack of grocery stores or markets and work with grocery chains, farmers' markets and local lenders to fill gaps. Ensure affordable housing is developed in locations that have access to healthy, affordable food choices.

### Improve Access to Affordable Quality Communications and Digital Services:

Continue to expand support for the City's Digital Inclusion Plan and Digital Inclusion Strategic Plan and ensure access to such services in the development of all affordable housing, both new and rehabilitated.

## APPENDIX A: METHODOLOGY FOR STRATEGIC HOUSING BLUEPRINT 10-YEAR ESTIMATE*

| TOOL | BLUEPRINT STARTS 10-YEAR ESTIMATE - AFFORDABLE UNITS | METHODOLOGY |
|---|---|---|
| Federal Funds (Affordability Period: 10-20 Years) | 272 | 1) Includes Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME). Program Income, Community Housing Development Organization, and Revolving Loan excluded. 2) Assumes NHCD will dedicate $1,032,812 per year to Housing Developer Assistance over the next ten years. This value was calculated from the previous 5-Year Average (FY 2011-12 to FY 2015-16). 3) Assumes a per unit subsidy of $38,000 based on 2013 Affordable Housing Bond Program data from September 2016. 4) 10 Year affordability period is the minimum per federal regulations. |
| Remaining Funding from 2013 Affordable Housing Bond Program (Affordability Period: 40-99 Years) | 450 | 1) $14 million from this fund source is projected for FY 2016-17 and $6 million in FY 2017-18. 2) 85% is dedicated to Housing Developer Assistance (RHDA or AD) or $12 million in FY 2016-17 and $5.1 million in FY 2017-18. 3) Assumes a per unit subsidy of $38,000 based on 2013 Affordable Housing Bond Program data from September 2016. 4) 40-year affordability period is the minimum. |
| Density Bonus Programs (Affordability Period: 15-60 Years) | 1,450 | 1) Includes the following density bonus programs: University Neighborhood Overlay, Transit Oriented Development, Vertical Mixed Use. Rainey excluded due to no minimum affordability period requirement. 2) Assumes average annual production of 145 units based on production between 2005 and 2015. Breakdown: 1,165 (program production) / 8 Years (time period from sample) = 145 units per year. 3) Affordability Periods vary, e.g. TOD = 40, UNO = 15-40, VMU = 40-60. |
| Strike Fund (Affordability Period: 40 Years) | 5,000 | Estimate provided by stakeholder. The Strike Fund is expected to produce 5,000 units for households earning up to 80% of the Median Family Income (MFI). Estimated production above 80% MFI is not included. |
| Austin Housing Trust Fund (Affordability Period: 20-99 Years) | 1,795 | On December 17, 2015, City Council passed Resolution No. 20151217-074 to increase the tax revenue dedicated to the Housing Trust Fund derived from developments built on formerly-owned City property from 40% to 100%.<br>1) Estimate assumes $68.2 million in funding from the Housing Trust fund will be available between 2017 and 2026 as outlined in the Fiscal Note appended to City Council backup on December 17, 2015. 2) Assumes a per unit subsidy of $38,000 based on 2013 Affordable Housing Bond Program data from September 2016. 3) No minimum requirement for affordability period. 4) Funding is contingent on annual budget deliberations. |
| HACA / AAHC (Affordability Period: 20 Years) | 1,384 | Estimate by the Housing Authority of the City of Austin (HACA) through its non-profit subsidiary, the Austin Affordable Housing Corporation (AAHC). The estimate reflects the 2017-18 production pipeline. Data for future years is not yet available. Properties included will serve tenants earning 60% of the Area Median Income (MFI), and have a 20-year affordability period. |
| NEW Affordable Housing Bond Program (Affordability Period: 40-99 Years) | 1,932 | 1) Assumes voter approval of GO Bond funding equal to $10.8 million annually through FY 2025-26. Breakdown: $65 million / 6 years = $10.8 million per year. 2) 85% is dedicated to Housing Developer Assistance. 3) Assumes a per unit subsidy of $38,000 based on 2013 Affordable Housing Bond Program data from September 2016. 4) 40 Year affordability period is the minimum. |
| Travis County Housing Authority/SHFC (Affordability Period: 30Years) | 950 | Estimate by the Travis County Housing Authority/Strategic Housing Finance Corporation. The estimate reflects approximate number of units anticipated to be constructed by 2018 serving tenants earning primarily 60% AMI and below. The units will have a 30-year affordability period. |
| Other Tools (Affordability Period: 10-40 Years) | 47,716 | Reflects 60,000 (affordable unit goal)- 21,027 (sum of other estimates featured). Other Tools may include, but are not limited to: Tax Increment Financing, Homestead Preservation Districts, Planned Unit Developments (PUDs), Expanded Density Bonus Programs, and a restructured S.M.A.R.T. Housing Program with extended affordability periods maintaining use of impact fees in accordance with state statutes. The existing S.M.A.R.T. Housing Program was created in 2007, and calls for a 1-5 year affordability period. |

## APPENDIX B: IMPLEMENTATION MATRIX FOR PROPOSED STRATEGIES

**NOTE: These strategies and activities are in addition to the existing efforts already underway by the City and its partners.**
*** Indicates a strategy with highest impact.**

### PROPOSED AUSTIN STRATEGIC HOUSING BLUEPRINT IMPLEMENTATION MATRIX

| Community Value | Action *Denotes Highest Impact | Policymaking Required | Supports Renters, Owners, or Both | Lead Partners | Timeframe |
|---|---|---|---|---|---|
| PREVENT HOUSEHOLDS FROM BEING PRICED OUT OF AUSTIN | *Support Legislation for a Flat Dollar-Amount Homestead Exemption for Local Taxing Entities | State Legislation | Homeowners | Intergovernmental Relations (IGR) | 5 years-plus |
| | *Support Legislation or other Mechanisms to Create a Preservation Property Tax Exemption for Communities at Risk of Displacement | Local- City Council Action | Homeowners | Neighborhood Housing and Community Development (NHCD), Finance Department (FD) | 3-5 years |
| | Allow Homeowners to Rent Portion of Houses | Local- City Council Action | Homeowners | PAZ | 3-5 years |
| | *Expand the Use of Community Land Trusts (CLT) and other forms of Shared Equity Ownership | Local- City Council Action | Homeowners | NHCD, Austin Housing Finance Corporation (AHFC) | Ongoing |
| | Increase Supply of Multi-Bedroom Housing for Families with Children | Local- City Council Action | Renters | NHCD, AHFC, Planning and Zoning (PAZ) | Ongoing |
| | Prevent Displacement of Low- and Moderate-Income Homeowners | Local- City Council Action<br>State Legislation | Homeowners | NHCD | 3-5 years |
| | Develop Programs & Policies to Help Mitigate Gentrification Pressures in Historically Low-Income Neighborhoods | Local- City Council Action | Both | NHCD, AHFC, Econmic Development Department (EDD), Equity Office | 3-5 years |
| | Preserve and Create Ownership Options for Households at 80% to 120% MFI | Local- City Council Action | Homeowners | NHCD, Planning and Zoning (PAZ) | 3-5 years |
| | Coordinate Preservation Strategies with Infrastructure Investments | Local- City Council Action | Both | NHCD, Corridor Planning Implementation Office, Austin Transportation Department | 3-5 years |
| | Use Incentives to Support the Production of Living Wage Jobs | Local- City Council Action<br>State Legislation | Both | EDD, Equal Employment & Fair Housing | 3-5 years |

| | | | | | |
|---|---|---|---|---|---|
| | Make Strategic Investments to Minimize Displacement | Local- City Council Action | Both | NHCD | 3-5 years |
| | Consider Development of a District Plan for Central East Austin | Local-City Council Action | Both | NHCD, EDD, ORES, Equity Office | 3-5 years |

| Community Value | Action *Denotes Highest Impact | Policymaking Required | Supports Renters, Owners, or Both | Lead Partners | Timeframe |
|---|---|---|---|---|---|
| FOSTER EQUITABLE, INTEGRATED, AND DIVERSE COMMUNITIES | *Develop a Strike Fund | Local- Community Action | Both | Affordable Central Texas | 3-5 years |
| | *Implement the City of Austin's Fair Housing Action Plan and Bolster Enforcement of Existing Fair Housing Requirements | Local- Department Action | Both | NHCD, EE/FHO | 3-5 years |
| | *Undertake Strategic Land Banking | Local- City Council Action | Both | Office of Real Estate Services (ORES) | 3-5 years |
| | Implement Tenant Relocation Assistance Program | Local- Department Action | Renters | NHCD, Development Services (DSD), PAZ | 1-2 years |
| | Protect Renters from Discrimination Based on Source of Income | State Legislation | Renters | NHCD, EE/FHO | 5 years- Ongoing |
| | Implement Austin/Travis County Reentry Roundtable Report: Locked Out | Local- City Council Action State Legislation | Renters | NHCD | 5 years- Ongoing |
| | Add Flexibility to Occupancy Limits | Local- City Council Action | Renters | DSD, PAZ | 5 years- Ongoing |
| | Pursue Legislation for Inclusionary Zoning | State Legislation | Both | IRG | 5 years- Ongoing |
| | Pursue Legislation to Allow Rent Control | State Legislation | Renters | IGR | 5 years- Ongoing |
| | Fully Utilize Homestead Preservation District Tools | Local-City Council Action | Both | NHCD, FD | 1-2 years |
| | Develop Programs, Resources, and Guides to Aid Small Scale Preservation | Local- Department Action | Renters | NHCD, EDD | 3-5 years |
| | Support Community Goal for 25% New Income-Restricted Affordable Housing to be in High Opportunity Areas | Local-City Council Action | Both | NHCD, AHFC | Ongoing |

## PROPOSED AUSTIN STRATEGIC HOUSING BLUEPRINT IMPLEMENTATION MATRIX

| Community Value | Action *Denotes Highest Impact | Policymaking Required | Supports Renters, Owners, or Both | Lead Partners | Time-frame |
|---|---|---|---|---|---|
| INVEST IN HOUSING FOR THOSE MOST IN NEED | *Pursue Future General Obligation Bond Elections for Affordable Housing | Local- City Council Action | Both | NHCD | 3-5 years |
| | *Provide Additional Local Fund Appropriations for Affordable Housing | Local- City Council Action | Both | NHCD, FD | 3-5 years |
| | *Leverage Low Income Housing Tax Credits (LIHTC) and Seek Legislative Changes | Local- City Council Action, State Legislation | Both | NHCD, IGR | 5 years-Ongoing |
| | Focus Federal Funds in Housing Investments | Local-Department Action | Both | NHCD | Ongoing |
| | Challenge the Private Sector to Participate in a Fund for Affordable Housing and/or Workforce Housing | Local- Community Action | Both | NHCD, EDD | 5 years-Ongoing |
| | Utilize Tax Increment Financing (TIFs) for Affordable Housing | Local- City Council Action | Both | NHCD, FD | 3-5 years |
| | Utilize Social Impact Bonds/Pay for Success Models for People Experiencing Homelessness | Local- Community Action | Renters | Travis County | 1-2 years |
| | Utilize the National Housing Trust Fund | Local- Department Action | Both | NHCD | 3-5 years |
| | Support the Creation of Deeply Affordable Units Serving People at 20% MFI and Below | Local- City Council Action | Renters | NHCD | 3-5 years |
| | Maximize Public Property for Affordable Housing | Local- City Council Action | Both | NHCD, ORES | 5 years-Ongoing |
| | Incentive Programs | Local-City Council Action/State Legislation | Both | NHCD/IGR/ PAZ | Ongoing |
| | Support Efforts to Prevent and End Homelessness | Local- Department Action | Renters | ECHO, Austin Public Health (APH) | 3-5 years |
| | Expand the Supply of Housing for People with Disabilities | Local- Department Action | Both | NHCD | 3-5 years |

## PROPOSED AUSTIN STRATEGIC HOUSING BLUEPRINT IMPLEMENTATION MATRIX

| Community Value | Action *Denotes Highest Impact | Policymaking Required | Supports Renters, Owners, or Both | Lead Partners | Timeframe |
|---|---|---|---|---|---|
| CREATE NEW AND AFFORDABLE HOUSING CHOICES FOR ALL AUSTINITES IN ALL PARTS OF AUSTIN | *Adopt Affordable Housing Goals to Guide Policy | Local- City Council Action | Both | Austin City Council | 1-2 years |
| | *Implement Consistent Density Bonus Programs for Centers and Corridors | Local- City Council Action | Both | NHCD, PAZ | 3-5 years |
| | *Streamline City Codes and Permit Processes | Local- City Council Action | Both | DSD, PAZ | 3-5 years |
| | *Provide Additional Funding to Monitor Austin's Affordable Housing Investments | Local- City Council Action | Both | NHCD, FD | 3-5 years |
| | Better Utilize Land for Affordable Housing | Local- City Council Action | Both | NHCD, ORES, AISD | 3-5 years |
| | Revise S.M.A.R.T. Housing Program | Local- City Council Action | Both | NHCD | 1-2 years |
| | Implement Density Bonus Program for Missing Middle Housing | Local- City Council Action | Both | NHCD, PAZ | 3-5 years |
| | Allow the Development of Smaller Houses on Smaller Lots | Local- City Council Action | Both | DSD | 3-5 years |
| | Create Pre-Approved Standard Plans for Infill Development | Local- Department Action | Both | PAZ | 3-5 years |
| | Relax Regulations on Internal and External Accessory Dwelling Units | Local- City Council Action | Both | DSD | 3-5 years |
| | Relax Regulations on More Affordable Housing Products | Local- City Council Action | Both | PAZ | 3-5 years |
| | Relax Regulations on Housing Cooperatives | Local- City Council Action | Both | DSD | 3-5 years |
| | Utilize Planned Unit Developments (PUDs) to Provide a Range of Affordability | Local- City Council Action | Both | PAZ | 3-5 years |
| | Increase Housing Diversity in New Subdivisions | Local- City Council Action | Both | DSD | 3-5 years |
| | Support Legislation to Create a Multifamily Property Tax Exemption Program | Local- City Council Action | Both | FD | 3-5 years |

## PROPOSED AUSTIN STRATEGIC HOUSING BLUEPRINT IMPLEMENTATION MATRIX

| Community Value | Action *Denotes Highest Impact | Policymaking Required | Supports Renters, Owners, or Both | Lead Partners | Timeframe |
|---|---|---|---|---|---|
| CREATE NEW AND AFFORDABLE HOUSING CHOICES FOR ALL AUSTINITES IN ALL PARTS OF AUSTIN | Complete an Affordable Housing Nexus Study | Local-Department Action | Both | NHCD | 1-2 years |
| | Consider Building and Fire Code Modifications to Allow Six Stories of Wood Frame Construction | Local-City Council Action | Both | DSD | 3-5 years |
| | Develop Real-Time Database of Housing | Local-Department Action | Both | NHCD | 1-2 years |

| Community Value | Action *Denotes Highest Impact | Policymaking Required | Supports Renters, Owners, or Both | Lead Partners | Timeframe |
|---|---|---|---|---|---|
| HELP AUSTINITES REDUCE THEIR HOUSEHOLD COSTS | *Strengthen Scoring Criteria and Develop Policiesfor Housing Near Current and Future Transit Service | Local-Department Action | Both | NHCD | 1-2 years |
| | *Minimize the Displacement of Core Transit Riders | Local-Department & City Council Action | Both | CapMetro, NHCD | Ongoing |
| | *Link Housing Choices with Transportation Choices | Local-Department & City Council Action | Both | CapMetro, NHCD, ATD | 5 years-Ongoing |
| | *Comprehensive Parking Reform | Local-City Council Action | Both | DSD, PAZ | 5 years-Ongoing |
| | Increase Bikeability and Walkability | Local-Department Action | Both | ATD | 5 years-Ongoing |
| | Align Sidewalk Master Plan with Imagine Austin | Local-City Council Action | Both | Public Works, ATD | 1-2 years |
| | Ensure Access to Affordable Care and a Healthful Environment | Local & State Action | Both | APH | 5 years-Ongoing |
| | Increase Opportunities for Households to Reduce Utility Costs | Local-City Council Action | Both | Austin Energy (AE), Austin Water Utility (AWU) | 5 years-Ongoing |
| | Increase Access to Health, Affordable Food for All Residents | Local & State Action | Both | Sustainability | 5 years-Ongoing |
| | Improve Access to Affordable Quality Communications and Digital Services | Local & State Action | Both | Telecommunications and Regulatory Affairs (TRA) | 5 years-Ongoing |

## APPENDIX C: NEIGHBORHOOD HOUSING & COMMUNITY DEVELOPMENT 2016-2017 DEPARTMENT GOALS

| | GOAL FY 2016-17 Households Served |
|---|---|
| **HOMELESS/SPECIAL NEEDS ASSISTANCE** | |
| Child Care Services | 241 |
| Senior Services | 275 |
| Youth Support | 159 |
| SUBTOTAL, Homeless/Special Needs Assistance | 675 |
| **RENTER ASSISTANCE** | |
| Tenant-Based Rental Assistance | 75 |
| Architectural Barrier Rental | 15 |
| Fair Housing and Tenant Counseling | 586 |
| SUBTOTAL, Renters Assistance | 676 |
| **HOMEBUYER ASSISTANCE** | |
| Down Payment Assistance | 15 |
| SUBTOTAL, Homebuyer Assistance | 15 |
| **HOMEOWNER ASSISTANCE** | |
| Architectural Barrier Removal - Owner | 76 |
| Emergency Home Repair Program | 320 |
| Homeowner Rehabilitation Loan Program | 15 |
| GO Repair! Program | 139 |
| Lead Hazard Reduction | 91 |
| SUBTOTAL, Homeowner Assistance | 641 |
| **HOUSING DEVELOPER ASSISTANCE** | |
| Rental Housing Development Assistance | 220 |
| Acquisition and Development | 15 |
| CHDO Operations | 3 |
| SUBTOTAL, Housing Developer Assistance | 238 |
| **SMALL BUSINESS ASSISTANCE** | |
| Community Development Bank | 6 |
| Microenterprise Technical Assistance | 31 |
| SUBTOTAL, Small Business Assistance | 37 |
| **TOTAL PROGRAMS** | 2282 |

## APPENDIX D: GLOSSARY OF COMMONLY USED TERMS

**Accessory Dwelling Unit** is a small dwelling on the same grounds as and ancillary to a single-family home.

**Affordable Housing** is housing in which the household pays no more than 30% of its income for gross housing costs, including utilities.

**Affordability Period** is the length of time that a housing unit is required to maintain its below-market rent or sales price.

**Austin Housing Finance Corporation (AHFC)** is a public, non-profit corporation and instrumentality of the City of Austin under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and Local Government Code. The Austin City Council serves as the AHFC's Board of Directors. AHFC's primary functions are to issue single-family and multi-family bonds for the financing of reasonably priced housing and assist the City in the delivery of reasonably priced housing programs using federal funds.

**CodeNEXT** is the City's first comprehensive rewrite of its Land Development Code In over 20 years. The new code will determine how land can be developed or zoned throughout the city.

**Cooperative (co-op) Housing** is housing where residents own shares and occupy a specific unit.

**Deep Affordability** is the level of affordability needed to serve extremely low income households.

**Density Bonus** is a regulation that allows more (height, density, etc.) than is permitted by base zoning in exchange for certain public benefits.

**Extremely Low Income** describes households whose income is at or below 30% of the area median family income.

**Fair Housing Act** is a 1968 federal act intended to protect the buyer or renter of a dwelling from seller or landlord discrimination. Its primary prohibition makes it unlawful to refuse to sell, rent to, or negotiate with any person because of that person's Inclusion In a protected class (such as race, color, religion, etc.).

**High Frequency Transit** are routes providing service every 15 minutes (or better) throughout most of the day on weekdays and Saturdays.

**High Opportunity Areas** typically include access to jobs, transportation, education, and a healthy environment. These factors can affect a person's social mobility, health, and access to employment.

**Homestead Preservation Districts (HPDs)** are areas in which taxes are reinvested to create or preserve affordable housing.

**Homestead Preservation District Tax Reinvestment Zones** are financing tools that can be used in HPDs to fund the creation or preservation of affordable housing by setting aside a portion of the HPD's increased assessed tax value over a certain baseline.

**Housing First** is an approach to housing that focuses on quickly housing people who are experiencing homelessness first, and then providing support services as needed. A core element is lower tenant screening criteria regarding behaviors like sobriety, criminal history, or credit history.

**Imagine Austin Comprehensive Plan** is the city's 30-year plan for growth and development. The plan was developed based on extensive community input and includes goals for issues beyond land use, including the economy, health, affordability, transportation, and the environment.

**Imagine Austin Activity Centers and Corridors** are areas identified in the Imagine Austin Comprehensive Plan as appropriate for increased concentrations of jobs, residents, and services.

**Inclusionary Zoning** is a regulation that mandates the provision of housing units at below-market prices.

**Income-Restricted Affordable Housing** refers to housing for which renters or buyers must meet specific income guidelines to be able to live in the unit. This guideline is generally defined in terms of a percent of median family income (MFI).

**Low Income** describes households whose income is at or below 80% of the area median family income.

**Market-rate** is the price one must pay to purchase or rent a home on the open real estate market.

**Median Family Income (MFI)** is the amount of money earned by a family in a metropolitan statistical area that divides the income distribution of all families in that area into two equal parts- half having incomes above that amount and half below.

**Micro-Unit** is a small, self-contained living space designed to accommodate basic human needs.

**Missing Middle** is the range of dwelling types between detached homes and mid-rise apartments.

**Moderate Income** describes households whose income is between 81% and 120% of the area median family income.

**Neighborhood Housing and Community Development (NHCD)** is a City of Austin department focusing on the production of affordable housing and community development.

**Permanent Supportive Housing (PSH)** is housing that pairs supportive services with a housing unit and is especially effective for people who have been experiencing chronic homelessness and have multiple barriers to housing (like mental illness, addiction, disabilities, etc).

**Planned Unit Development (PUD)** is a zoning district that describes large or complex developments being planned as a single continuous project, or projects that require greater design flexibility than typical zoning allows.

**S.M.A.R.T. Housing** stands for safe, Mixed Income, Accessible, Reasonably Priced, Transit-Oriented housing. This City of Austin policy is designed to stimulate the production of housing for low- and moderate-income residents by providing fee waivers and expedited permit review to developers in exchange for building housing that meets the program criteria.

**Subsidized Housing** is housing assisted with public funding for low-to moderate-income persons and families.

**Tax Increment Financing (TIF)** is a financing tool that can be used to encourage development within a certain area. A property tax baseline is set for the area and the increment of taxes that are collected each year above that baseline is used to fund development in the area.

**Workforce Housing** is housing affordable to households earning 60% to 100% of the area median family income.

# Exhibit B

**RESOLUTION NO. 20170413-024**

**WHEREAS**, the Imagine Austin Comprehensive Plan Vision Statement established that a foundation of Austin's livability is the presence of economically mixed and diverse neighborhoods across all parts of the city having a range of affordable housing options; and

**WHEREAS**, Austin is currently facing a serious housing shortage, including a shortage of 48,000 deeply affordable rental units; and

**WHEREAS**, the Imagine Austin Comprehensive Plan notes that between 2002 and 2012 median housing costs in Austin rose 85% while household incomes grew at a much lower rate; and

**WHEREAS**, successfully addressing a challenge as significant as housing in Austin requires a clear vision, aligned direction, focused resources and coordinated effort; and

**WHEREAS**, the first ever Austin Strategic Housing Blueprint will provide the critically important foundation to articulate the vision and achieve success; and

**WHEREAS**, the Austin Strategic Housing Blueprint is both aspirational and goal oriented; and

**WHEREAS**, it will be necessary to have clear, specific steps, including identified resources necessary to achieve the specific goals; **NOW, THEREFORE,**

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

The City Council directs the City Manager to develop a detailed, multi-year action plan to implement the Austin Strategic Housing Blueprint to include, but not be limited to, the following (Implementation Plan):

- Specific action steps which state the parties responsible for successfully executing the step, the due date for completion, the goal each step is designed to achieve, and the measure for successful completion
- Priorities for goals, action steps, and resources
- Process and timeline for reporting progress to City Council, including reporting progress on the metrics for measuring success on Plan goals
- Resource needs (including funding) for plan implementation
- Potential source(s) of funding and other necessary resources

**BE IT FURTHER RESOLVED:**

In establishing a multi-year Implementation Plan, the City Manager is directed to develop a detailed plan for the initial two years with a higher level plan for the remaining eight years. On an annual basis, the City Manager must update the Implementation Plan with a specific, detailed plan to be developed for each subsequent two year period, including mechanisms for monitoring and evaluating success, necessary funding and resources. The update of the Implementation Plan will align with the annual end of year reporting as laid out in the Austin Strategic Housing Blueprint.

**BE IT FURTHER RESOLVED:**

In developing the Implementation Plan action steps, the City Manager is directed to reflect collaboration with the City of Austin Departments and Plans, such as 2016 Mobility bonds, CodeNext, the Strategic Mobility Plan, the Age Friendly Master Plan, and the Institutional Racism Task Force, as well as collaboration with other community agencies and plans such as CapMetro Connections 2025. To facilitate this collaboration the City Manager is directed to create an interdepartmental action team comprised of transit, planning, housing, transportation, economic development, code, financial, legal expertise, Equity Office, and other expertise as required for implementation of the Plan.

**BE IT FURTHER RESOLVED:**

In developing the Implementation Plan, the City Manager is directed to consider refining and developing the Housing Plan goals:

(1) To prevent displacement in corridors, refine the geographic goals for non-market housing (including affordable housing, subsidized housing, and income restricted housing) related to corridors and centers, and draw on data from The University of Texas Corridor Housing Preservation Tool to assess existing housing stock, preservation opportunities, and benefits to low-income individuals; and

(2) Refine goals for council districts and/or master planned districts to propose incorporation of affordable housing and housing types not currently present in these areas and make recommendations for how the goals will be implemented, recognizing where affordable housing currently exists.

**BE IT FURTHER RESOLVED:**

In developing the Implementation Plan, the City Manager is directed to consider developing an atlas of existing and historical conditions on key issues to provide a context for assessing Housing Plan policy proposals, the atlas to include but not be limited to:

(1) Housing conditions;

(2) Infrastructure (with specific attention to impervious cover and flooding conditions);

(3) Transportation services; and

(4) School quality.

**BE IT FURTHER RESOLVED:**

The City Manager is directed to present the proposed Implementation Plan for the Austin Strategic Housing Blueprint to the City Council upon completion of each directive or no later than October 31, 2017.

**ADOPTED:** April 13, 2017 **ATTEST:** Jannette S. Goodall

Jannette S. Goodall
City Clerk