



**RCA  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 13  
AGENDA DATE: Thu 06/24/2004  
PAGE: 1 of 3**

**SUBJECT:** Approve the: (1) Five-Year Consolidated Plan for Fiscal Year 2005-2009, which is the document submitted by the City to the U.S. Department of Housing and Urban Development that serves as the planning document of the City and an application for federal funding; (2) the Fiscal Year 2004-2005 Action Plan, which is a description of the activities the City will undertake during the year to address priority community-development and housing needs, and (3) the Fiscal Year 2004-2005 Community Development Program, which addresses the City's efforts to improve the living and economic conditions of persons of low- and moderate-income, benefit low- or moderate-income neighborhoods, aid in the prevention or elimination of slums and blighted areas, aid federally assisted new communities, and meet other community development needs.

**AMOUNT & SOURCE OF FUNDING:** N/A

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Neighborhood Housing **DIRECTOR'S**  
**DEPARTMENT:**and Community **AUTHORIZATION:** Paul Hilgers  
Development

**FOR MORE INFORMATION CONTACT:** Paul Hilgers, Community Development Officer, Neighborhood Housing and Community Development, 974-3108.

**PRIOR COUNCIL ACTION:** Public hearings conducted March 11, 2004 on community needs, and May 13, 2004 on the draft Consolidated Plan/Action Plan.

**BOARD AND COMMISSION ACTION:** Three public hearings before the Community Development Commission (CDC) February 10, 2004 and March 9, 2004 on community needs, and on May 11, 2004 on the draft Consolidated Plan/Action Plan; a public hearing before the HIV Planning Council March 16, 2004; a public hearing before the Community Action Network March 15, 2004. Recommended by the CDC, with amendments, on a 5-3-1 vote June 9, 2004 (see attached Minority Report).

**PURCHASING:** N/A

**MBE / WBE:** N/A

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The purpose of the Five Year Consolidated Plan is to develop a blueprint to address the community's most critical housing and community development needs. Every five years, the City of Austin Neighborhood Housing and Community Development Office (NHCD) conducts a needs assessment to determine housing and community development priorities in the community to be included in the Plan. This assessment includes:

- Community Needs Assessment
- Five Public Hearings
- Housing Market Study



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- Impediments to Fair Housing report
- Consultation with social service, non-profits, and government entities

The Consolidated Plan is designed to be a collaborative process whereby the community establishes a unified vision for community development actions. NHCD, through the Citizens Participation Process, gathers information through public hearings, consultations, citizen surveys, and written comments. The result of the accumulated information rated affordable housing as the number one priority, followed by job creation, and services to youth.

Highlights of the Consolidated Plan include the continued need to invest in the Housing Continuum. To do this we recommend providing funds for Capacity Building for non-profit housing providers, and maintaining the investments we have already made in successful programs. Those programs include: Architectural Barrier Removal, Emergency Home Repair, Home Rehabilitation, 11<sup>th</sup> and 12<sup>th</sup> Street Revitalization, Small Business Development, and Tenant Based Rental Assistance.

In the Consolidated Plan we are proposing several enhancements to housing and community development strategies. We propose a Neighborhood Based Strategy for coordinating services in order to achieve a higher impact of our investments. We are proposing to provide deeper subsidies for Downpayment Assistance to achieve homeownership for households at 55% of MFI. We are proposing to study the feasibility of implementing an "Inclusionary Zoning" policy. Finally, we are proposing the coordination of Housing and Community Development Investments with the major developments of S.M.A.R.T. Housing™ that includes the RMMA, Colony Park, and the Montopolis Net-Zero Energy Subdivisions.

The CDC recommended approval of the Consolidated Plan, with amendments, on a 5-3-1 vote (see attached Minority Report). NHCD supports the CDC's recommendations and amendments. Some of the recommendations may be implemented as program guideline changes. The amendments and recommendations are as follows:

- The reallocation of \$300,000 in Downpayment Assistance and \$100,000 in Special Needs Homeownership from the Housing Trust Fund to the Rental Housing Development Assistance Program,
- Modifying the goals of the Architectural Barrier Removal Program to assist more rental units and restrict eligibility to 80% MFI (subject to HUD approval), and
- Increase the goals of the Rental Architectural Barrier Removal Program from 105 to 150 households and decrease the number served by the Homeowner Architectural Barrier Removal Program from 395 to 350 households.
- Approved a resolution supporting the study of inclusionary zoning to be titled "Analysis of Data and Methods to Implement Inclusionary Housing in Austin" and,
- In order to contribute to the affordability of housing, have a living wage requirement for jobs created by the NCMP Loan Program.

The Commissioners who voted against the Plan wished to include funding for the Southwest Key Project through increased Public Facility Funding. The Commissioners who voted for the plan were not in favor of additional funding in the public facilities category. All of the Commissioners, however, unanimously



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passed a motion to encourage Council to find ways to invest in the Southwest Key Project with a proviso to also invest in children's education in general.

The annual Action Plan (that is approved by the Austin City Council and the U.S. Department of Housing and Urban Development [HUD]) outlines activities and programs that will be funded based on the priorities in the Consolidated Plan.

The annual Community Development Program outlines the activities that will be funded under Chapter 373, Local Government Code with federal and local matching funds.

**CITY OF AUSTIN  
COMMUNITY DEVELOPMENT COMMISSION  
MINORITY REPORT**

**AGENDA ITEM NO.: IV  
DATE: Thu 06/24/2004  
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To: Honorable Mayor Wynn and  
Members of the Austin City Council  
City of Austin, Texas

Dear Mayor and Council Members,

It is with pleasure and commitment in serving the community that directs Commissioner Lewis, Commissioner Naranjo, and Commissioner Zavala to hereby present to you this Minority Report regarding the approval of the NHCD Proposed FY 2004-05 Budget.

Based on the latest data obtained from the 2000 United States Census Bureau report for the Govalle/Johnston Terrace community (Census Tract 21.11), See Exhibit "A", we find that this community of approximately 4,532 individuals located in the East Side of Austin requires your special attention. The intention of this report is to bring these findings to your attention and also to offer our recommendation simply as an effort to assist you

This report expresses our deep appreciation to the NHCD Staff for putting together the FY 2004-05 Proposed Budget. Our report acknowledges that Staff has done their best and has performed in a highly commendable manner. However, we find that the statistics taken from the 2000 US Census and other sources demonstrate a sad reality for Austin in this part of the city and clearly identifies great needs within this community

The identifiable needs of the Govalle/Johnston Terrace community are high rates of unemployment, poverty, and high school dropout. According to the Texas Workforce Commission, the unemployment for this area is 13.3%, which more than doubles the national unemployment rate of 5.7% (U.S. Department of Labor) and that of Travis County, which is 5.6% (Travis County). According to the 2000 United States Census Bureau report for this area, the per capita income is \$9,533 as compared to the national per capita income of \$21,587. According to the 2000 US Census Bureau report, 52% of residents from this area who are 25 years of age or older do not have a high school diploma (1,233 people).

The Govalle/Johnston Terrace Combined Neighborhood Plan identifies the neighborhood as a predominantly minority neighborhood of which 69.2% are Latino and 29.6% are African-American residents. Our findings indicate that this community can be identified as one that is truly suffering from economic distress (poverty) and is in great need of assistance in order to quantify improvements for the next US Census Report. Our promise is that we can win the war in poverty-stricken communities by investing wisely in people first, especially in opportunities for the advancement of our youth through programs aimed at developing a lasting financial foundation through education, mentoring, counseling, job training, entrepreneurship, and business development support.

**CITY OF AUSTIN  
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MINORITY REPORT**

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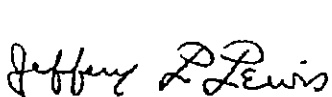
Our youth are the future of our communities. We attest that to further a true sense of community within our city, we must invest in our youth now thru ways that foster self-sufficiency in order to eliminate poverty from their futures and from our city

The authors of this report support the input from the community and the directive from the City Council to provide assistance and fund Housing as a top priority thru various programs. However, just as we have learned that providing more food to fight hunger is not the answer, we acknowledge that to feed people for a lifetime we must teach them how to fish. The Proposed 2004-05 Budget indicates a plan to fund \$19,752,871 for Housing in order to serve 4,833 households. However, by using history as a teacher, we learn that housing programs alone do not entirely hold the answer to win the war on poverty in our communities, which is the main social illness that we have facing us today.

It is the recommendation from this Minority Report that a small amount equaling 3.2% be redirected from the total of the Housing Program to invest in Public Facilities under the Community Development Program, and to specifically assist the needy Govalle/Johnston Terrace community thru the Southwest Key East Austin Project. This small amount would leave 96.8% intact for the Housing Program totaling an amount of \$19,119,979 and will demonstrate to our community that housing is still our top-priority. However, this will also demonstrate to everyone that our youth are also important and that we have invested wisely in their future. As an alternative, the Austin City Council may explore other ways that will accomplish similar results through creative win-win situations.

As you have entrusted us to assist you and our community by serving as Commissioners of Community Development, we respectfully submit this Minority Report for your consideration and we acknowledge that all of us in the community must respect your final decision. Thank you and please contact us should you have any questions or require any additional information.

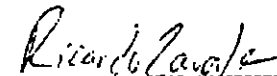
Respectfully,



Jeffrey Lewis  
Phone: 460-6108



Ivan J. Nardojo  
Phone: 462-2041



Ricardo Zavala  
Phone: 577-8280

**Exhibit "A"**

**CENSUS DATA TAKEN FROM: 2000 U.S. Census Bureau, U.S. Department of Labor, Texas Workforce Commission, Travis County, City of Austin Govalle/Johnston Terrace Combined Neighborhood Plan.**

1. Approximately 4,532 individuals reside in the Govalle/Johnston Terrace community (2000 U.S. Census Bureau – Tract 21.11).
2. According to the Govalle/Johnston Terrace Combined Neighborhood Plan, the neighborhood is a predominantly minority neighborhood (69.2 percent Latino and 29.6 percent African-American residents), and is plagued with high rates of unemployment, poverty, and high school dropout.
3. According to the 2000 United States Census Bureau report for this community (Census Tract 21.11), the per capita income of the area is \$9,533. This is compared to the national per capita income of \$21,587.
4. According to the Texas Workforce Commission, the unemployment for the area is 13.3 percent, which is significantly higher than the national unemployment rate of 5.7 percent (U.S. Department of Labor) and to that of Travis County, which is 5.6 percent (Travis County).
5. According to the 2000 United States Census Bureau report, 27 percent of families in this area live below the poverty guidelines.
6. According to the 2000 United States Census Bureau report, 21 percent of families in this area living below the poverty level had children under the age of 18 years.
7. According to the 2000 United States Census Bureau report, of the current residents in this area who are 25 years of age or older (2,337 individuals): 28.4 percent have less than a 9<sup>th</sup> grade education (664 people).
8. According to the 2000 United States Census Bureau report, 52 percent of residents in this area who are 25 years of age or older do not have a high school diploma (1,233 people).
9. According to the 2000 United States Census Bureau report, only 2.8 percent of residents in this area have attained a Bachelor's degree or higher (66 people).
10. According to the Govalle/Johnston Terrace Combined Neighborhood Plan, specific cultural, academic, and economic needs of this community have been expressed. Many investments are planned and encouraged by the City of Austin through the Neighborhood Planning Area, including projects that demonstrate a large capacity and significant need for investment both now and in the future.

# EXHIBIT A

## CITY OF AUSTIN COMMUNITY DEVELOPMENT PROGRAM SOURCE AND PROJECT USE OF FUNDS FISCAL YEAR 2004-2005

SOURCE OF FUNDS	PROPOSED FUNDING					
	CDBG	HOME	HOPWAS	ESG	ADDI	EDI
Grant and Loan Funds	\$2,967,000	\$4,679,983	\$988,000	\$335,653	\$661,000	\$198,820
Program Income	\$837,683	\$2,146,075				
<b>Total Use of Funds From Each Funding Source</b>	<b>\$3,804,683</b>	<b>\$6,826,058</b>	<b>\$988,000</b>	<b>\$335,653</b>	<b>\$661,000</b>	<b>\$198,820</b>

USE OF FUNDS	PROPOSED FUNDING					
	CDBG	HOME	HOPWAS	ESG	ADDI	EDI
<b>AFFORDABLE AND ACCESSIBLE HOUSING PROGRAM</b>						
Set aside for non-profit sponsors of affordable housing. Grants to emergency shelter for the homeless which help provide necessary items or services. Grants to low income homeowners to alleviate threats to health and safety through emergency repairs and improve access and mobility in homes of elderly or handicapped through removal of architectural barriers. Monetary and educational services to prevent homelessness. Increase housing opportunities for low income families by providing loans to rental property owners, developers and non-profit organizations to acquire, develop or renovate rental housing units. Grants assisting in the operations and upkeep of emergency shelters for the homeless. Low Interest Loans or Grants to Low Income Owner-occupants for the rehabilitation, or replacement of their substandard homes, loans to low to moderate income first time homeowners to pay for downpayment and closing costs and funds to acquire, construct, and convey single family homes to low to moderate income families. Assist in housing needs of persons with HIV/AIDS. Grants to provide needed services for persons with HIV/AIDS to remain home during illness. Temporary subsidized housing for individuals and families transitioning through a continuum of assistance offered by existing non-profit housing agencies. Absenteeism of Lead Base Point.						
Grant Funds	\$2,987,438	\$4,086,985	\$958,360	\$318,903	\$661,000	\$0
Program Income						
Revolving Loan Fund	737,000	2,146,075				
<b>Total Housing</b>	<b>\$3,724,438</b>	<b>\$6,233,060</b>	<b>\$958,360</b>	<b>\$318,903</b>	<b>\$661,000</b>	<b>\$0</b>

### ECONOMIC DEVELOPMENT PROGRAM:

Loans to businesses in or willing to locate in Commercial Redevelopment Areas to create or retain jobs and revitalize target areas. Provide loans for working capital and equipment to qualified microenterprises. Provide essential training and technical assistance for qualified microenterprises. East 11th/12th Street Revitalization and HUD Section 108 debt service.

Grant and Loan Funds	\$2,117,098	\$125,000	\$0	\$0	\$0	\$0
Program Income	100,683	0				
<b>Total Economic Development</b>	<b>\$2,217,781</b>	<b>\$125,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## EXHIBIT A

### PUBLIC SERVICES PROGRAM:

Funds for existing and new neighborhood groups to encourage neighborhood and leadership development projects. Provide counseling and fair housing information to tenants and landlords. Providing for one or more child care programs. Assist in funding projects for the elderly. English as a Second Language. Voluntary Compliance/Accesible. Housing Information Referral. Housing Information Referral Services. Activities to close-out program contract.

<u>\$1,349,728</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Total Public Service

### PUBLIC FACILITIES AND IMPROVEMENT PROGRAMS:

Public Facilities. Debt service for Down Homeless Shelter. Central City Entertainment Center Program. Additional funding for potential projects under review

<u>\$1,185,812</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Total Public Facilities

### ADMINISTRATION AND PLANNING

Assistance in the creation, operation and maintenance of community development programs.

<u>\$1,326,924</u>	<u>\$467,998</u>	<u>\$29,640</u>	<u>\$16,750</u>	<u>\$0</u>	<u>\$198,820</u>
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Total Administration and Planning

### TOTAL PROPOSED COMMUNITY DEVELOPMENT PROGRAM COMBINED USE OF FUNDS



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EXHIBIT A

\$1,349,728

\$1,185,812

\$2,046,132

\$18,814,214