



City of Austin

MEMO

Neighborhood Housing and Community Development Office

P.O. Box 1088, Austin TX 78767-1088

1000 East 11th Street, Suite 200, Austin TX 78702

(512) 974-3100, Fax: (512) 974-3161, www.austintexas.gov/housing

DATE: December 11, 2017

TO: Mayor and Council Members

FROM: Rosie Truelove, Director, Neighborhood Housing and Community Development Department

SUBJECT: City Council Resolution No. 20171109-089

On November 9, 2017, Council passed Resolution No. 20171109-089. The purpose of this memo is to inform Council of actions completed regarding subject Resolution. The Resolution directed the City Manager to allocate funding from the Downtown Density Bonus program proceeds for low-barrier permanent supportive housing vouchers. In addition, the resolution asked staff to identify any other resources that could be dedicated to this purposes.

The Neighborhood Housing and Community Development Department (NHCD) is working with ECHO on the dedication of the Downtown Density Bonus proceeds for low-barrier permanent supportive housing vouchers. NHCD staff has met with the Ending Community Homelessness Coalition (ECHO) staff to discuss using these funds to provide Tenant Based Rental Assistance (TBRA) for 24 clients for one year. These clients have been identified and will be part of ECHO's Pay for Success Demonstration Program.

ECHO is the lead entity for the Pay for Success Demonstration Program and is uniquely positioned to administer the proposed TBRA program which responds to the direction in the resolution. In 2016, ECHO was awarded \$1.1 million to implement the initiative, which seeks to reduce public expenditures by providing Permanent Supportive Housing (PSH) units and supportive services to 250 chronically homeless individuals who represent the highest cost users of the city's and county's criminal justice systems and the area's healthcare system. The proposed TBRA program will provide rental assistance for the first 24 participants for one year.

Based on several assumptions (e.g., (1) that the client will occupy either an efficiency or a one-bedroom units; (2) that the client will have no income; and (3) that the landlord will charge no more than the federally designated Fair Market Rent), it has been determined that the total amount of the pilot program will be no more than \$275,000 per year.

Depending on the program's success and evaluation, Council may consider renewal of the program. It is important to note that this investment aligns with the *Austin Strategic Housing Blueprint*. One of the six identified community values is "Support the Creation of Deeply Affordable Units Serving People at 20% MFI and below." The Austin Strategic Housing Blueprint recognizes that serving these extremely low-income households require a significant amount of subsidy. Tenant Based Rental Assistance is one strategy to serve this population.

Both federal and local dollars are currently utilized for Tenant Based Rental Assistance (TBRA) for individuals and households experiencing homelessness. According to the recently adopted FY2017-2018 Action Plan, the City of Austin plans to serve 144 individuals experiencing homelessness through TBRA/Rapid Rehousing services. Funding for these programs comes through the federal CDBG, ESG, and HOPWA block grant programs. Local providers of these services include the Housing Authority of the City of Austin, AIDS Services of Austin, and Front Steps.

There is an enormous need for Tenant Based Rental Assistance. However, it is important to note that TBRA does not create additional housing units for low-income households. Rather, TBRA is a strategy to enable low-income households to live in existing housing units. Accordingly, staff is cautious about expanding TBRA programs and initiatives (and dedicating scarce housing resources) without specific council direction.

cc: Elaine Hart, Interim City Manager
Joe Pantaloni, Interim Assistant City Manager