



Since the bond election, two significant changes in city policy affecting housing and open space have been discussed. First, the Affordable Housing Incentive Task Force has proposed a density bonus scheme to entice builders to provide some housing or pay a fee in lieu of. The potential yield of new affordable units is uncertain. Second, the Parks and Recreation Department has proposed a new parkland dedication fee that is projected to raise an additional \$3.3 M / year on average. (PARD briefing to Parks Board, 12/19/2006)

As a result of the issues discussed above, we believe that there may be both increased uncertainty and flexibility in the 7 year schedule. Furthermore, the BOC believes this offers an opportunity to move up appropriations in the affordable housing category by shifting the schedules in other propositions to later years. Please note that we do not recommend delaying appropriations for public safety projects, and we recognize the importance of providing funds for real estate acquisitions early in the 7-year bond cycle due to rapidly escalating land values. We offer one possible outcome for housing appropriations that would satisfy the BOC's intent below.

	2007	2008	2009	2010	2011	2012	2013
Prop. 5 Housing	\$5 M	\$12 M	\$10 M	\$10 M	\$10 M	\$8 M	

On March 8, the City Council unanimously adopted agenda items 2 and 3 which related to the allocation of funds to each of the propositions. Along with our support of staff recommendations, the BOC submitted a memorandum requesting additional items be addressed in conjunction with the propositions. While the memorandum was not specifically discussed during the City Council meeting, it is our hope that the intent and spirit of the memorandum be honored.

This memorandum strongly requested the amount of \$600,000 be allocated from general funds for a consultant to assist in determining how the appropriations to Proposition 5 could best be leveraged. This is Austin's initial opportunity to use bond money to address affordable housing; and our desire is that it be done with expertise from proven best practices. While the proposed 2007-2008 budget indicates a portion of this amount has been allocated, we are requesting this decision be revisited in hopes that the full amount be included in the budget.

The \$600,000 amount was not suggested without thought. We reviewed the amount being spent for the Downtown neighborhood plan and the disparity study for small businesses. Knowing affordable housing has a greater priority, we feel an allocation of this amount would demonstrate the city's commitment. The BOC strongly encourages the city to involve us in the management of the \$600K study in conjunction with the department and the City Council.

## Attachment

### **From the [www.housingworksaction .org](http://www.housingworksaction.org) site:**

Austin has become the least affordable place to live in Texas. Our average home price is the highest in the state and has risen faster than elsewhere (Tx Real Estate Center.) Yet our wages have not risen as fast. By 2000, 37,586 city households were paying more than half of their monthly income for housing in 2000 (Census 2000.)

The gap between housing costs and incomes continues to grow:

- \* Divergent trends: Between 2000 and 2003, median incomes fell 14%, while rents fell only 4.3%. At the same time, home sales prices have risen 11.2% (Source: ACS, 2004)

- \* Growth in low wage jobs: 37 percent of jobs to be added by 2010 have average wages of \$18,330 or less. By 2010, nine of the most common jobs in the region, employing close to 110,000 people, will offer median wages well below those needed to either own or rent a home. (TxWorkforce Commission projections and wage data, CHP housing data.)

- \* Housing Wage Highest in State. To afford to 2 bedroom apartment requires full time work at \$17.54/hour in Austin—higher than any other city in the state.

Lowest income, Latino residents are especially hard hit:

- \* Budget squeeze. 23,424 renter households with incomes below \$29,450 in 2000 paid more than half their income for housing, leaving a family of four \$1200 per month to cover all other expenses. (HUD, CHAS, 2000. or cite Figure 2q in Con Plan, 2-15.)

- \* Lack of options. 4500 households are on the waiting list for Housing Choice Vouchers; 4,026 families were on the waiting list for Public Housing (HACA, 4/26/04, cited in Con Plan, 2-42.)

Homelessness. 3761 people are estimated to be homeless in Austin—of these, 587 are chronically homeless (ECHO)

- \* Latino households overrepresented in statistics on housing problems. 70% of very low income elderly Latino renters and 36% of low income elderly Latino owners faced either high costs or poor conditions in 2000, according to HUD. (Con Plan, 2-11.)

Homeownership out of reach for many:

- \* Low city homeownership rate: Only 48 percent in 2002, compared to 64 percent for Texas as a whole. Homeownership was especially low for African-Americans (37.2%) and Latinos (36.3%.) (ACS, 2000 cited in Con Plan, 2-7.)

- \* Discrimination in home mortgage lending: Austin ranked second of 20 cities in a national study of lending discrimination, after New York. One-quarter of African-Americans and 32 percent of Hispanic buyers locally faced discrimination (AAS, 11/10/02.)

- \* Subprime lenders target minority neighborhoods. Residents of minority neighborhoods more likely than similar residents of white neighborhoods to pay higher interest rates and fees on loans, making it harder to build home equity. Austin ranked 9th of 117 studied (Austin Business Journal, 3/15/2004.)

### **From the CoA Web site and U.S. HUD:**

A person on SSI has around \$623 a month or about \$7,500 a year for income. This equates to 15% of Austin's Median Family Income for 1 person. The 2006 Austin MFI for an individual is \$49,800 and \$14,950 is 30% MFI for 1 person. This is twice the amount a person on SSI receives. Individuals who earn 60% MFI have an income of \$29,850 and those earning 80% have incomes of \$39,850. HUD states that the Fair Market Rent for the Austin/San Marcus area is \$686 a month at 50% MFI. A person earning 60 or 80% MFI can easily afford to pay the rental amount whereas a recipient of SSI would have to pay everything he/she receives towards the rent with nothing left for other bills.