

Housing and Community Development Committee Meeting Transcript – 12/09/2016

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>> Renteria: Good afternoon. I'm council member Renteria. The quorum is present. I will call this meeting of the housing and community development committee of the city of Austin to order on December 9th. The time is 3:00 P.M. 3:12:00 P.M. The first item on the agenda is to approve the August 1st minutes. >> So moved. >> Renteria: It's been moved. >> Second. >> Renteria: Second. All in favor, raise your hand. All right. It will pass unanimously with council member Gallo off the dais. Next, we will move into citizen communication. The first speaker will be Fred Lewis. Welcome. You'll have three minutes when you get ready. Thank you. >> I do want to apologize. It seems, I come down here, all I do is complain. I have to tell you, there are a lot of things that are going well, I just only have time to come down to complain. Basically, what I want to talk today about is I believe the authority of the committee and the council members' policymaking authority on affordable housing for low-income austinites is being undermined. As you know, your constituents

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elected you to make policy. You, frankly, are the representatives in city government. They expect you to gather the best information available from a variety of sources, weigh all the factors, and make the best policy decisions on their behalf. They also expect you to implement the staff -- for you to ensure that the staff implements your policy choices on their behalf. So, in June of this year, you passed a resolution on affordable housing in which you directed the city staff to obtain various studies. There were to be two studies, in particular. One, an economic analysis of density bonus programs, and two, an affordable housing nexus study related to potential fees. Frankly, these are competing policy approaches in some ways. The economic analysis on density bonuses is on the fast track. The rfq has been let, and the economic analysis firm has been hired. They are working diligently. They've made several presentations, one this week, and that's all good. What isn't so good is the affordable housing nexus study is on the very, very slow bureaucratic track. The rfq has not gone out yet, although we provided staff months ago a copy of an rfq from another city. The staff is now seeing the firm will be hired in may, perhaps. Let's be candid. The department has made it clear they don't like linkage fees. Although it is your responsibility to decide whether it's a good policy, not theirs. The staff claims linkage fees are illegal. Although, as I notice, they don't have any law licenses. And, it's a complicated constitutional law question, which frankly, is not within their realm. They also don't explain why other courts -- what courts have upheld linkage fees, nor why we have them in 50 cities, if they're unconstitutional.

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And frankly, as any lawyer will tell you, you can't opine that a program is illegal until you know what its parameters are and what it's designed for, and what bases and evidence there is for us, which is why we asked for a nexus study. Next year is going to be crucial with the consideration of code nex and whether we use density bonus for affordable housing or whether we use link fees. The struggle between the legislative branch, which is what you are, and executive branch, the department, is not personal. [Timer buzzer] It is inherent in the nature of checks and balances. My question to you is how are you going to ensure you have the information you need to balance the objectives and set policies as representatives of your constituents? Thank you. >> Renteria: Thank you. Next speaker is stu Hurst. You have three minutes. >> Chair and members of the committee, my name is Stuart Harry Hirsch, and like most Austin seniors, I own my home. It isn't just the middle that is missing in housing, it's the agenda that has missing items that are longstanding that we should have talked about before we get the codenex document. Your predecessor council recognized through council resolution that smart housing needed to be fixed before they left office. They took on the T, which when they initiated the changes on transportation transit-oriented issues, a lot of people said the sky was falling, but we were

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able to get that done with nobody objecting. But the S and the M and the a and the R still aren't fixed. The rainy street problem is not fixed. We still are only getting projects that are required to have one day of affordability, because anybody is subject to a longer term affordable is not choosing to take advantage of increased entitlements, and rainy street, that would trigger affordability, and we're also not getting fee-in-lieu, and we still have no apparent path to fix it. The third is the bold issue relating to when you get the code nex document, and that's the issue of do we aspire to be a homeownership majority city? Based on the income levels that we generate locally and our job creation programs, logically, we should be at a higher level of homeownership than we are, but we're not there, and it doesn't appear that we aspire to be there. So when you take up code nex, you need to take up the issue of, is it our goal that a majority of us be able to own our own home? And finally, the cactus rose case clearly indicated that manufactured housing, recreational vehicles, zoning and neighborhood plans can be a critical part of how we do or don't make it possible for people to be homeowners or renters living in safe property. But I will not be shocked if at the end of January when we get the codenex draft that that's not being addressed either. So I'm humbly here to suggest to you in the midst of the so-called season of giving, because the rest of the year doesn't feel like the season of giving at all, that we are about to experience some suggested solutions that don't go far enough. We'll see that draft. I haven't seen the revised housing strategic plan draft, because it's just been issued, so I don't know what it says, but what I do know is that

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neighborhood housing should be the department responsible for affordable housing and all these policy changes, development services should be the party responsible for getting market rate housing through the process through plan view inspection and permitting timely rather than slowly, and we can have the right departments taking accountability for the right parts of the process. Thank you very much, and happy holidays. >> Renteria: Thank you. Our next speaker is David king. >> Thank you, chair, and thank you for your service to our community, and I appreciate your focus on affordable housing, and when I say affordable housing, I'm talking about not market rate, but affordable housing for our families who are earning 60% mfri and below, those in our community, so I thank you for your focus. I just have some

suggestions on what we could do I think to help attack this problem with more tools and by amending the pud ordinance to require better builder standards in affordable housing, and when I say affordable housing in my comments today, I mean the subsidized affordable housing and require better builder standards in affordable housing in tier 1 requirements for all puds. I think that should be a standard. If you're going to be superior, those would be two characteristics of a project that would, in my opinion, make it superior. And the better builders standards, include, among other things, living wages and workers' compensation insurance, and require that there be three and four bedrooms in those projects, residential projects. And increase the planning resources and neighborhood outreach resources to help facilitate the development and maintenance of neighborhood

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plans and to fill out the areas of our city that do not have those plans. Hire hiring to review codenext to determine the impact that increased zoning entitlements may have on rents and homeownership. I think that's important. If we're going to say let's get more density, let's see what does that density cost us and what are the benefits of that density. It's only fair that we have that data to look at, that you have that data to look at to make your decisions. And affordable housing options should include detached single family housing. It shouldn't only be apartments. And as the previous speaker said, I hope we can fast-track the nexus study for the affordable housing linkage fee. We should also track all existing affordable housing units and modify the demolition permit requirements to ensure that these affordable units that we already have are preserved, or at least make them prove up that we're going to have a better impact on affordable housing if we get rid of this existing affordable housing unit. Make them prove that up in the demolition permit process. And the expedited permit program. The latest news I've heard is that we may not be able to put other requirements into that program, and so these luxury high-end projects will get the fast-track, but we will get no better builder standards and no subsidized affordable housing for that, so we shouldn't have that kind of a program. That's inequitable. We either have an expedited program that has those components to it, or we ramp up the permit resources so that all projects can benefit, not just the high-end projects, luxury projects. [Timer buzzer] One last point, for demolition permits, I would ask that we acquire an affordable housing permit, if they involve a residential unit. Thank you very much. >> Renteria: Thank you. Next speaker is Gary Poe.

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Welcome. You have three minutes. >> Thank you, chairman, for letting me speak. I want to say that I'm a proud constituent in your district and appreciate the work that each of you has done for the city council. I want to address really what Mr. Lewis said from the beginning, and I can tell you that as a voter, as he pointed out, I'm happy with you extending the linkage fee study as long as you care to. I also have a memo in front of me that I believe was sent to city council. It was entitled why Austin needs a linkage fee program. I'm not sure the author of this memo, but it is followed by the study that was requested by Mr. Lewis and Mr. Ed winler from Richard Rodriguez. There is a list of cities on this memo to include Seattle, Oakland, Sacramento, Berkley, Cambridge, and Boulder, and of all those cities listed, only two of them apply to residential. So there are no linkage fees in 50 cities in America that apply to residential. The other thing I want to point out is the -- in Berkley, California, which does apply to residential, it is only applied to developments that are rental housing only, and also I want to point out that the average sales price in Berkley, California, is \$971,000. Excuse me. Certainly, our average sales price in the city of Austin is much lower than that, about a third. In Sacramento, while there is a linkage fee that applies to residential, they have some of the lowest building fees in the entire country. And I want to point that out. To take a fee and add it to residential in order to lower the cost of housing is

nonsense. I also want to point out another study by the national association of housing builders that uses U.S. Census bureau data. For every thousand-dollar increase in a home in the

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austin-round rock, you will remove 1,222 people from being able to afford that home, regardless of its starting price. If you take a two dollar linkage fee and apply it to a 2,000 square foot home, you'll have a \$4000 charge, so that's right around 5,000 people. So please remember that people. For every thousand dollar increase in housing, you will remain 1,222 people. Mr. Renteria, I think there were 10,000 people that voted in your district. Half of your district could not afford a home for every thousand dollars that you increase. So, I will leave it at that. I will also ask that you remove the residential component as soon as possible from any discussion and linkage fees. Thank you. >> Renteria: Thank you. That's all the speakers that have signed up. We're going to move on to item 3, discussion and possible action on the draft of Austin strategic housing plan. >> Good afternoon, council members. I'm with neighborhood housing and community development. You may remember that we presented the initial draft of Austin's first strategic housing plan to this group in June. Since then, we've been gathering a lot of feedback from the public about the draft plan and have worked to include many of those updates in the plan that's provided for backup and that will be describing some of those changes to you today. So, as you remember, the plan does look at funding mechanisms, regulations, and really, the whole variety of other approaches that we can use within the city of Austin to

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help achieve the community's housing goals. The timeline that I mentioned before is that we presented the draft to you in June. We gathered feedback in a number of different ways all summer and into the fall to update the draft. Today, this is before you heard potential action, so if you have any feedback, we'd love to hear that. Depending on whether you have recommendations or not, we will make changes if you have suggestions. And then after that, we would have a draft that would be going forward to the planning commission and then eventually city council for adoption as an amendment to the imagine Austin concept plan. So, Jonathan tomco is going to tell you a little bit more about that average. >> My name is Jonathan tomco. I had the pleasure of working with a great team on conducting the outreach for the Austin housing plan, and I'd like to thank them for their help on this work. As you can see, we had a lot of different ways in which we conducted outreach and feedback on the development of the plan initially, and revision of the draft plan. We had a statistically valid survey available in both English and Spanish online and in paper format. We had over 400 meeting attendees. Went to several different courts and commissions to ask them what they thought about the draft plan. Got wide media exposure and even attended a fourth grade class. This is a word cloud of the feedback received on the plans. So the words in this cloud actually -- the bigger they are, the more frequently they came up in the feedback that we received. We received over 400 comments on

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the draft plan. And this is just another creative way that we examined the issues to find the top concerns within our community. Within the plan, there's 60 strategies and actions that fall into five identified key community value categories. Those categories include preventing households from being priced out of Austin, fostering equitable communities, investing in housing for those most in need, creating new and affordable housing choices for all austinites in all parts of town, and helping austinites reduce their household costs. So when we go into the feedback we received on the draft plan, these are some of the

highlights of things that we heard. There was an interest in adding additional detail whenever possible to answer questions about strategies. Breaking down the goals by median family income, so that way it wasn't just a broad category, where we could get the higher end units and miss out on some of those deeper levels of affordability. A better explanation of methodology and how the goals were established in the plan. Prioritization of different actions and strategies, noting which ones would have the biggest impact. Highlighting how the plan implements and ties into imagine Austin and the codenext initiative. And aligning goals with the geography other than zip codes, and our previous draft in June, we had goals aligning to zip codes. All of the comments that we received on that draft are included in the final plan here in appendix E. So, responsive to those items that we heard through feedback on the draft, these are some of the major changes that have been made to the draft plan that you'll see in the plan, which is available online. Changes to the goals. The goals break down affordable housing goals by median family income. The goals align with council

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districts instead of zip codes. An increase was made on housing goals based on regional growth rate, and a methodology for how those housing goals have been established is included in the plan. And there's also been home repair goals added to the plan. Additional detail was provided in the plan, including how the plan influenced imagine Austin and how codenext can help implement this plan. The plan adds an implementation matrix, which denotes what high-impact activities might be, and what's required for those activities as well as lead partners and estimated timeframes for those recommendations within the plan. Details of past efforts to increase Austin's supply of affordable housing, including success stories from Austin have been included to the plan. Information about the importance of preservation of older housing stock, as well as the production of new housing stock, both subsidized and unsubsidized have been added to the plan. Strategies to reduce large household expenses in addition to transportation costs have been added to the plan. And information about public housing authorities and potentials for partnerships and collaboration with them also have been added to the draft plan. This graphic was one of the ones that really summarizes a very important relationship in the plan, and it emphasizes the importance of taking action to both preserve existing affordable housing and to produce additional housing supply at all income levels. It's really important that steps are taken to address both issues, and not just one, or not just the other, because that would be far less impactful and may actually accelerate affordability challenges in Austin. So when we move to the goals, the plan proposes 135,000 housing units in the next ten years, with 60,000 of those units being at 80% median family income and below, and 75,000 of those units being at 80% median

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family income and above. Key strategies were identified for each of these income categories, they follow along the median family income scale here. For example, for deeper levels of affordability, federal and local funding were identified as being very important. For higher levels of affordability, strategies such as a strike or preservation fund, density bonus programs, and other incentives would be more effective at generating units within that income range. The goals for the affordable housing units were calculated by understanding the percentage of households in Austin that currently fall within these income categories. And achieving these goals would help ensure that households within each income category are able to find housing choices that are affordable to them in Austin. This would minimize the risk of displacement and ensure Austin retains its greatest asset, which is its people. This slide indicates on how the revised goals were calculated. There's two components to this. One is understanding the regional growth rate that's happening in our region. What we found and what we heard through our feedback is

that households who desire to live in Austin increasingly cannot, and they're forced to drive further out and commute longer distances to get to their jobs in Austin. As well as households who used to live in Austin, which have been displaced due to rising housing costs and relatively flat wages. So what this does is it calibrates our housing supply to that population and job growth within our region, to ensure that Austin is providing opportunities for households to find housing within Austin instead of being priced out and being forced to drive further distances, leading to traffic congestion and other things that we're able to see. That has an increase in cost for

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those households, not only from a financial perspective, but also from a quality of life perspective. The methodology, the second part there, gets to the calculations of the different percentage of households within each mfi range, and calibrating the goals to ensure that there's enough housing being produced in each median family income category. As far as community goals within the plan, the plan proposes at least 75% of new housing should be within a half-mile of imagine Austin centers and corridors. It has a goal in line with previous action from council resolutions of preserving 10,000 affordable housing units over ten years. It also supports housing with 50 supportive housing units each year through 2008, with half of those units being housing first. And then the goals, which were previously by zip code, are now by each council district, at least 10% of rental housing should be affordable below 30% median family income in each council district. And at least 25% of ownership housing units should be made affordable to households earning at or below 120% median family income. As far as goals for neighborhood housing and community development, these goals fall into four different categories. Housing for all, which is providing at least 20 people with housing at 20% median family income without a voucher, and this is non-psh housing. So this is separate services attached to the housing. All ground floor units in new developments funded by nhcd would be adaptable and 25% of all affordable units will be accessible. I mentioned the psh goal previously. Family friendly housing. 25% of affordable housing units created or preserved would

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include two or more bedrooms and a preference for families and children. Linking housing with transportation 25% of affordable housing created or preserved would be within a fourth of a mile of high frequency transit, and 90% of affordable housing created or preserved would be within three quarters of a mile of transit. This ensures metro access service for eligible folks with disabilities, and home repair. There's a goal of 60 low-income households being served by home repair each year. How do we achieve the 60,000 affordable housing units described within the plan? I think one of the things the plan does very clearly is shows how far we are from achieving these ambitious goals with our existing funding mechanisms, our existing regulations, and without being as creative as we might be able to be. As you can see from this graph, if we do nothing, which is the current tools there at the bottom, and continue with business as usual, we'll add about 5,000 affordable housing units in the next ten years. That is barely kind of treading water with the affordability issues we have in our community. Because the plan also notes that these units, in many cases, the income restricted units are being lost because of affordability periods, so for each of these tools indicated on this graph, they have a certain affordability period, which expires, so as we're adding new units, we're also losing new units. So if we continue business as usual here, we're not really even treading water on the issue of affordability challenges in Austin. Adoption of the Austin strategic housing plan and implementation of its recommendations does provide the greatest opportunity to achieve this 60,000-unit goal within the next ten years.

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Some of these strategies, I'll just go into them in case you can't read them. Density bonus programs as they currently stand. The housing trust fund, Austin affordable housing corporation, and some of the new tools are potentially going out for another bond, development of the strike fund, and then the largest bar there is a lot of different tools, the dark green bar articulated in greater detail within the plan. I'm going to hand things over to Erica to talk about the next steps. >> As I mentioned earlier, we would love to get feedback from this group today, if you are prepared to provide that. If not, we -- I guess we would like some indication as to whether you would like us to go ahead and proceed through the process of having it reviewed by the planning commission and council, or basically what direction you have. We would like to continue to proceed to planning commission, just in terms of timelines. It does take a while to get through those processes. >> Renteria: We do have some speakers to speak here. I think we have six speakers. >> Kitchen: I have some questions also, but I'll wait until after the speakers. >> Renteria: Okay. The first speaker on this item is Fred Lewis. Following Fred Lewis will be Stuart Hersh. >> Good afternoon. I would suggest that you not approve this draft plan today.

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I don't think it's complete, and I don't think it has a clear strategy, especially for very low-income Austin households. Those at 50% median family income. The housing plan says that what it wants to do is strategically align resources to increase the supply of affordable units in the city. That is not what I think it does. It has a lot of valuable information, but it is essentially a list of options, which is not a plan, and it's certainly not a strategy which entails making policy and probing choices to achieve different priorities. Frankly, some policy options are indescribable with other policy actions. There are limited resources and choices have to be made, and you can go through -- I quoted from the "Harvard business review" about flaws and strategic plans that refuse to make choices and align resources. But here's my concern: The biggest need in Austin is for very low income people, and we have about 16,000 households that are around 50% median family income or less without affordable housing. 35% of Austin households are at 50% median family income or less. And we have a shortage of housing that we will have in the future, also noted about 48,000 new units we're going to need for people at 50% median family income. But the resources in the plan aren't really directed there. And if you look at the chart, page 16, I'll go through and explain what I mean by that. You look at the red part, that's for under 30% median family income, it basically says federal and local funds. Well, they're not going to be much with federal funds going

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forward. In the trump administration, there isn't now much. Second, the type of funds that they list, remaining bond funds, new potential bond funds, bonus, Austin housing, haca and other tools, first of all, a lot of these funds have been used for things other than very low-income housing in the past. But if you use all of these tools, except for the density bonus in the future, you get about 5,800 units, if every single one of these tool went for low-income people. The second thing -- which isn't going to happen. The second thing is the past density bonus programs we've had because of voluntary have been directed at 80% mfi units. Most of them have been efficiencies, which really aren't very beneficial to families. [Timer buzzer] And I want to say one other thing, and that is, it is very clear from listening to the experts on the density bonus economic analysis that if we're going to get with our voluntary density bonus program along corridors, housing at 60% mfi or below, we are going to have to provide massive tax

subsidies, which means you will be taking money from general revenue for other needs of the poor. Thank you. >> Renteria: Thank you. >> Chair and members of the committee, I want to say thank you to neighborhood housing and community development. I think they have gone through a massive listening exercise during this comment period, and their goals are so much more ambitious than the ones we saw six months ago, and that doesn't always happen in the public process, so I want to say thank you. I'm seeing this for the first time today, and my reaction is

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very positive. Not because I think that all the goals they've laid out are achievable, but that they're far enough along that you having feedback from the planning commission before you make a final decision sooner rather than later seems very attractive to me. So if you take action today, my suggestion is that you direct staff to take this on to the planning commission and the other commissions that you would want feedback from so that when you get that feedback plus you get the first draft of codenext, you can begin to see sooner rather than later how this integrates, because in the market today, for those of us who are buying to try houses for the first time, we are competing with investors with cash who often offer much more than what the asking price is from the seller, and if we don't have creative strategies for the market that exists in 2017 and the years to come, those of us who think we're in a position to buy our first home will continue to find ourselves behind the curve because our dollars through mortgage can never compete with people who have cash and are willing to offer much more than the supposed market value of the house for sale. So I commend the staff for the work they've done so far. I want more time to look at it, but I think this should go to the planning commissions as quickly as possible so that by the time you make your final recommendation to the full council, you have all the boarding commission feedback that you need. Thank you very much, and thank you to the staff. >> Renteria: Thank you. Our next speaker is David king. And the next speaker in line after David is Danny -- okay.

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Thank you. >> Thank you. I'm going to be very brief here. I just want to echo a community that Stuart made earlier, that the plan itself should really be focused on not the market itself, but the market rate housing. Although I understand that that's an important part of, you know, housing in the city, I just think that the -- as Stuart suggested, that the neighborhood housing community development focus on subsidized affordable housing for the low-income families. I think that should be the priority of that. And then just one more, you know, suggestion that we need to look at how codenext is going to affect, you know, the housing in the city. And to that end, I think when we're talking about strategies for housing, it does correlate to the questions about density and where we put that density. And the questions about transportation and the cost and about the other aspect of this is about incomes. They go together. They all interrelate to really affect the cost of living here. So I think that's why I keep focusing on let's get the incomes up, let's use every tool we can to get the incomes up, particularly for those families that have been discriminated against for decades, and they have not had the opportunity to benefit from our economy. So we need to target that. The other thing we need to do is look at how is density going to affect the living standards of our families here. If it's going to positively affect the living standards for the low-income and middle-income families, we need to understand that. So I just get concerned about a broad strategy. I've put all the density in the urban core, because that's going to be somehow the magic formula that helps housing costs. Generally, the market rate housing, I know that's been discussed, and affordable

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housing. A I think we need to be very careful, and I think we need to look at imagine Austin where it says we need to have job centers and town centers around the city and we need to start focusing on that so we can have some density out there, not necessarily in the green fields, but in the edge of our city that are already starting to be developed and target those for job centers. And that way, we can have a more nuanced policy on density. It shouldn't -- because I just don't believe that putting all of our eggs in one basket and the density should go in our urban core. I think it's going to have the opposite effect that we think it might have. I don't think it's going to help our low and middle-income families. I think it's going to really hurt them. Costs so high that only affluent families can afford to live there, and the only other option for low-income families, if we put all of our density there would be tiny apartments, and I don't think that's equitable or fair. So I think if we're going to get fair and inclusive housing for our families, they should be able to live in the urban core, too. [Timer buzzer] I just want to make sure -- my main point here is let's look into this density and understand where it should be applied to our city, to lift the living standards of our low and middle-income families. Thank you. >> Thank you. Good afternoon. My name is Janie briesmeister. We appreciate the effort of neighborhood housing and community development in reaching out to our commission and discussing the housing strategy plan with us. As you may recall, council recently adopted the age-friendly action plan, which was developed by our commission and community partners, and that plan includes goals and strategies for meeting the needs of Austin seniors. At our November meeting, the commission on seniors adopted a recommendation asking that the

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housing goals and strategies of the age-friendly action plan be incorporated into the strategic housing plan. And these strategies include having affordable housing options for seniors, looking at innovative options for seniors such as senior cooperatives, increasing access to energy efficiency and weatherization, and expanding and improving public housing for seniors. I've not had the opportunity to review the latest draft of the housing plan, but I believe for the most part, the strategies in the age-friendly action plan are included or are consistent with the strategic housing plan, but now that that's been adopted by council, we'd like to see a specific reference to it in the housing strategy, and just, you know, more of a recognition of the needs of seniors for housing in Austin. And finally, the issue of home repair was one that was really emphasized by our commission in discussions with staff, and I'm pleased to see that home repair has been added to the list of ten-year goals. Our commission would like to see it expanded and publicized. The goal that I saw of having 600 low-income houses assisted, that should be a minimum, and we would like to also look at ways for the city to expand home repair and include seniors who might not meet that low-income qualify indication, but nonetheless, really do need access to home repair services to allow them to be able to stay in their homes. Thank you very much. >> Renteria: Thank you. John bernham.

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Josh Pollak. John signed up. >> I'm not John bernham. He didn't quite make it here. He got stuck on a call. Apologies. We are sort of here supporting getting more affordable housing, but also -- >> Mention your name for the record, please. >> Josh Pollack, and I donate our time to Fred Lewis for him to speak about it. So, thanks, y'all. >> Renteria: What item was that? Okay. >> John bernham is an apartment developer, and most of the multi-family apartment developers support in Austin affordable housing linkage fee. I do think it's interesting that some speakers don't want it to be studied, so it reminds me of

climate change. If you just don't study it, maybe the problem doesn't exist. I don't know what's so frightening about studying something, or why we have a problem getting a linkage fee looked at. The bottom line is that a linkage fee raises money, which provides flexibility to direct funds to low-income people. It also is not voluntary, like a voluntary density wellness program. It is mandatory. So the amount of money that can be raised, if you apply it to a

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broad base, you can have a low rate and raise a substantial amount of money. \$50,000 or \$60,000 a year. And because it's cash, you can use it as leverage to buy things through financing. So we believe the linkage fee will vary at a low rate, you could raise \$2.5 billion worth of housing funding through leverage and the amount of money raised, which would be about 600,000 over ten years, which would be -- you could make it four or five times the size. That is the only way we're going to get funding for low-income people that's significant. I say that because everybody talks about density bonus programs, doesn't really talk about how difficult it is here in Texas when they're voluntary. The other thing they don't talk about is even where it's mandatory, they can't get it to 60% mfi, and certainly not below. So you can either take the affordable housing linkage fee approach and have a new fee on development that results in affordable housing, or you can try and subsidize massively. Density bonus programs. You will get less housing and you will take away from the general revenue. So if the interest is low-income people as opposed to modest or middle class or affluent people, you really need to look at affordable housing linkage fee. I think studying something is sort of the minimum, what you do from a policy perspective. And as I said, I'm not quite sure why so many people are afraid of it. It's in place in a number of cities and they seem to be doing quite well with it. Some have it commercial only. Some have commercial and residential, but it is just a

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tool, and I don't think it bites anybody. Thank you. >> Renteria: Thank you. That concludes all the speakers. >> Kitchen: I have a few questions. Do you want me to start? >> Renteria: Sure, go ahead. >> Kitchen: Okay. So I want to make sure that I am really understanding the slide about how the community housing goal methodology -- so I don't know if y'all can go back to that. >> Sure. You're talking about slide 12? >> Kitchen: Yeah. >> Would you like me to go through it? >> Kitchen: I want to make sure I'm reading it right. So basically, the step for determining the number of units, the 135,000 or so units was arrived at by taking existing total housing stock, right? So -- times growth, right? >> Right, and specifically growth of the -- the regional growth rate, which is higher than the city of Austin growth rate. >> Kitchen: Okay. My question is really, to what extent does that build in the existing -- I don't know if shortage is the right word, but we're in a situation right now, of course, where with -- I think, with our existing housing stock, we're not meeting needs, so if -- the first thing that would come to mind for me, if we're just determining, you know, the future goals, we're just keeping up with the existing state of affairs right now, which is that we're not meeting needs. Am I understanding that correctly? >> That's actually one of the reasons that we used the msa, the -- >> Kitchen: Okay. >> The area growth rate, which

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is higher than the city of Austin growth rate. And I think what we're talking about is the gap that we estimate of about 40,000 units of about 30% of the median family income, so the previous goal was for 75,000 units, and so when you think about -- if the city were to absorb a greater percentage of the

growth and have housing, to be able to house more of the people we know are coming to the area, then that can help to address that gap. Again, the real challenge is that the major gap is for people at very low incomes, which are the hardest and most expensive to produce, so the larger goal is helping to address that gap, but one of the most important things to realize is, the biggest gap is at the lowest nfi, it does require the most subsidy. >> Kitchen: Okay. I guess I'm still not understanding what I we wouldn't build in the fact that we have a gap into this -- you know, into this methodology. >> You might -- >> Kitchen: Or let me make sure I'm understanding. So we think there's a gap now of about 48,000; is that correct? >> Correct. >> Kitchen: Okay. But what we're doing is we're looking at the housing stock within the city, but then we're taking the growth rate for the msa, right? >> Correct. >> Kitchen: I guess just help me understand. We can talk more about it offline, but it still causes me a bit of concern that we are -- that the effect of what we're

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doing here is we're really just -- we really just have -- really just keeping with existing problem in projecting it. >> Well, I would probably direct you, as part of the response, to slide -- >> Kitchen: In other words, we've come up with 60,000 as our goal for -- >> 60,000 at 80% of the median penalty. >> Kitchen: That's right. >> And I'm going to point you towards this as part of the response of why it probably does not make sense to increase the goal even further. Because by using the msa growth rate instead of the city of Austin growth rate, it more than accounts for the gap that you mentioned, and in addition, this is an incredibly aggressive goal that, frankly, I think if you set much higher, it's -- it just gets so unrealistic that it's not very helpful. >> Kitchen: Well -- but, see, the place that I'm coming from is, I want to understand what the need is, okay? Regardless of whether or not -- I don't want to down play what the need is just because we think the goal is too hard to get to. And I understand what you're saying, of course. But I think it's okay to show a difficult goal to reach. I think that's okay. So my reasoning would not be that we hold it down because it's unreasonable. Now, if I'm not understanding

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the methodology, then that's fine, but I would want the methodology to get us to a point where we're understanding what the need is. Am I making sense? >> I think so. And I think the question might be, is there a way to show what the need is, if we wanted to maintain the current -- our current portion of people of various income classes and we wanted to make sure that folks weren't rent-burdened, then this would be even higher. But the strategic plan doesn't have to say, and this is how we are going to get to that. >> Kitchen: Right. >> Casar: Because that may not be our target, if it's going to require so many billions of dollars of subsidy that it just -- the people wouldn't believe it's anything we could ever do. So it could answer, I think, both your point, Ms. Leake, and council member kitchen's in saying, at least there being an explanatory page, saying if we don't want people paying more than 30% of their income on rent, and we don't want the future composition of Austin to have even a smaller percentage of low-income people than it currently is, this is what they would take. It doesn't mean in our strategic plan, our stated goal is to absolutely do that, because it may be unrealistic. But then you could say, given that it would take so many billions of dollars, we are -- the goal is to, you know, given what's happening in our community, try to tread water. And to me, treading water is kind of -- is probably this. >> Kitchen: Yeah, that's treading water. >> Casar: And treading water, we still don't have real concrete tools and plan for how to get those 47,000 units, because -- and again, you may have to

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reexplain the msa versus city growth issue, but basically what you're saying I think is that if we don't do 60,000 in preservation in new affordable units, we will continue to skew our demographics within the city of Austin away from lower-income folks and towards higher-income folks, proportionally. >> Yes. >> Casar: That's right. >> I do want to make a few comments. Rebecca geo. I want to say, first, this has been a philosophical conversation around the whole housing plan. So it's an excellent opportunity to have that conversation with you all and to bring to fruition a little bit of the debate that's been ongoing around the housing plan. So I would also want you all to know that I do believe that we can provide more emphasis around the need in the housing plan, if that is just educational components that we need to shed more light on and keep that information alive, if you will, for the housing plan moving forward. One of the things the department is doing and I would want you all to know this is that is why we are striving for a measurable goal that makes sense in all of our aligning documentation, is we are very pragmatically taking the affordability audit, if you all remember in November 2015, and taking the housing plan to ensure that it aligns with all of our other documents. And so when we say the values and the goals set out in the housing plan, those will inform our business plan, which informs our financial forecast report out, which informs our performance measures, key performance indicators, on down to all of the documents that we will be culminating from the

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plan. And we can envision an annual community scorecard that will report out on our progress as a community. And so it becomes for us the balance of making sure that the community understands the actual need and the investment to meet that need, which might be out of reach, and also, a scorecard that keeps policy leaders in the community engaged around feasibility. And so how we do both is something that we actually believe your guidance will be helpful to do, but the actual performance measure that will be taken from these numbers is also important, and we believe that on the dashboard for city budgeting, it's important to show feasibility around performance measures, if that makes sense. >> Casar: And if it's okay, that takes me to my next question, which I know is inherently a hard one, which is given the 47,000 dark green bar, right now, when we're looking at the growth development, for example, we're catching I think what's a pretty good rate for an affordable unit in a high-opportunity area, something like \$75,000 a unit. And you are talking about, like, \$3.2 billion. How much work is being done to shed ideas or light on -- obviously, there needs to be new policy direction in order for us to raise that kind of money. How concrete are we trying to be in the plan about the tools or -- and obviously, if we're not doing that, how concrete are we staying about the dollar figure, how many dollars do we think we need to be able to raise or leverage to set that in there somewhere? >> Yes. So on page 3 of the actual plan,

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at the very top, we estimate that right now, the cost to build the new units, but without accounting for the land would be approximately 6.48 billion, with a B, and if we wait ten years, it would be approximately 11-plus billion. So there are very specific amounts we know we would need, even if we're leveraging other funding sources. >> Casar: And so on a per-unit basis, what are you all using for that formula? >> 135,000, which is what we've estimated the construction costs to be, and that's not accounting for land. >> Casar: Is the construction cost -- is there a reason that we're using the construction cost per unit as opposed to the subsidy that we would -- is that traditionally a subsidy that we would provide in a lot of affordable housing deals? >> It is the actual cost of what it would be to build a unit taking out the land, but this is also -- the methodology around that was informed on wanting an indicator that didn't swing. And talking to a number of other experts, we pulled together through the

process what we -- what we considered very specific data experts from a board, rica, housing works, folks that have been working quite a bit around the actual cost of production of housing, and I certainly won't say they endorsed the methodology, that would be speaking beyond my participation in the discussion, but this seemed to be a practical place where the group landed to get a number that we could all justify. >> Casar: And that seems to make sense that if you're talking about buying down the rents and

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there's also an entitlement in, you can get it for a lower subsidy, but if we're trying to build a house on a community land trust, that's a detached structure for permit affordability that the sub -- subsidy for the city is more. That now makes sense in my head that you're talking about calculating something of more than \$100,000 a unit. >> Keep in mind, there are only so many other sources to leverage. So we're already leveraging the federal sources of funds, state funds, and so there probably isn't a lot of -- there aren't a lot of additional funds that we could leverage, so if this city were wanting to create these additional units, it would be with less or perhaps no subsidy. >> It does build the case, however, the justification for additional local funds. It also, you know, to also have a conversation about what the department certainly will do with a first ever adopted housing plan, is it will stretch the department's lens around all of the other activities and initiatives that we currently do fund that may not have a very direct housing focus, and it will determine further analysis around that from future business plannings, exercises, and what we bring to you all in future budgets. I don't want to certainly say that there's only a finite amount of resources and so the exercise of how many tools do we look at becomes a small scale. I think it continues to. And I actually do want to -- you know, we'll talk about it a little bit more, but it continues to be -- I think, the push factor on finding more creative ways around dedicated revenue sources that can help with that subsidy, such as linkage fees, and we'll talk a little bit more about that, and

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certainly I think that sometimes when we say city staff doesn't endorse a certain approach, what you will find in a housing plan is that housing staff will endorse as many creative tools and dedicated sources of revenue to help us reach these goals, and that certainly includes linkage fees, and if there is a -- if there are policy objectives or initiatives that may be deemed legally infeasible or challenging, that certainly is not going to necessarily stop us from approaching it from a policy perspective and having the necessary dialogue with staff as well as policy leaders, and we have seen that policy initiatives can be more Progressive, even if they are deemed at this time something that might not be within our legislative climate. So we certainly see linkage fees as a way that could be a dedicated revenue source to help us with these deeper subsidy challenges. >> And having a nexus study for linkage fees is included as one of the strategies in the housing plan. >> Renteria: And that is going to come up next. >> Kitchen: Yeah, we have another item on that. >> Renteria: Colleagues, you want to go ahead and take action on it? >> Kitchen: I have two quick questions. >> Renteria: Okay. >> Kitchen: Let's see. On the -- and I think you may have spoken to this before, but in terms of the policy tools, they're in the record, and I apologize, I haven't gone through the report in detail, but I can see that some of those are also in the codenext prescription paper, so -- in terms of alignment, have you incorporated into the draft housing plan all of the tools that have been discussed as part of codenext? >> We've definitely been working

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in alignment. >> Kitchen: Okay. >> I worked on the codenext prescription paper and the feedback that we received on the codenext household affordability prescription paper was incorporated in the housing plan, and the feedback we received on this plan was also part of the codenext process as well. >> Kitchen: Okay. And I would also just echo what one of our speakers spoke to from the senior commission, Janie, and that's making sure that we're calling out the age-friendly action plan, and the recommendations that are in there, that we call those out in this report, and can I talk with you a little bit about the home repair? So the goal in here was 600; that is right? Did I hear that right? >> Correct. >> Kitchen: And what is that -- what's the driver for that being the goal? As opposed to being able to set a higher goal. >> So that is trying to look at our various programs that we have at present. >> Kitchen: Okay. >> As well as needs. And then also looking at how we are able to get the most years of affordability from our limited funds, and the home repair is an incredibly important program, but it doesn't have -- it doesn't have as long of an affordability period as do like our rental housing developer assistance programs, so we have a 40-year affordability period that goes along with that, so when we look at how we're going to invest our funds, and thinking about how many years of affordability each dollar can buy us, we have to -- we basically have to weigh those

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different elements, so it's a balance. >> Kitchen: So when you say how many years of affordability it buys us, you mean a person can't stay in their home as long? >> They can, but depending on the amount that's provided for home repair, that determines the affordability period that goes along with that. >> Kitchen: Okay. >> And since the home repair programs are generally a smaller amount, it means that there's a shorter affordability period. So -- and -- >> Kitchen: And when you say shorter affordability period, you mean a shorter time the person can stay in that house? What do you mean by that? >> So one of the things we have seen a lot of traction around is the go repair program, and that's essentially funded with our general obligation bonds, which at an aggregate is the majority of the production in that 600 likely. That program currently is structured and designed around being somewhat of a grant program, so it doesn't have the requirement of affordability that we would have in our other rental or home buyer programs. >> Kitchen: Okay. >> And so recognizing, like Erica said, that we want to get in the housing plan tools and initiatives that will really anchor a long-term affordability. There may not be, with our finite resources, that certainly wouldn't mean that we wouldn't support in other ways, but with our finite resources, we may not be placing an emphasis of investment in that area, versus on where we're going to get a return on investment with an affordability period. >> Kitchen: Okay, I understand what you're saying. All right. I'm comfortable moving this

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forward. I have -- I will be making additional comments, just so you know, but I don't want to slow down the process. I think it should keep going, because I want it to go to the planning commission and come back to us, but I will have additional comments, and I'm not sure that I -- I may want to adjust some of the recommendations, just from my perspective. >> Renteria: And when we approve, if we approve this, just going to the planning commission, or is it going to another -- >> Sure. So with the process to add this as an amendment to the imagine Austin comprehensive plan, it does require a public input process with noticing we will take it to the community development commission for their recommendation, and then it would have -- I can't remember if they're specific public hearings, but public hearings in front of the planning commission before it comes back to the full city council for adoption. So there are still opportunities for -- multiple opportunities for public input. >> Kitchen: Yeah. Some of my concerns relate to what we're setting as goals in terms of maintaining affordable housing, so I'm concerned that

it's too low. I'm concerned, like I just mentioned in terms of the home repair program, and then I also raised my other concern about making sure that we have information that's not just keeping us treading water, so to speak. >> Casar: And do we have to take action to have y'all go to the planning commission? We don't have to -- would you just be filing direction to just move on to them and then we can actually recommend it on the council once it's gone through that process? >> Yes, that would be fine. Yes. >> Casar: Is that kind of how

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everybody feels? My concluding comments, first of all, thank y'all for your hard work and construction on this. I know it's an enormous problem in our community, that there's no way that you can really do it right, and so thank you for trying really hard. I think that -- one of the remaining questions on that page that we keep focusing on with the bars, that the housing trust fund section seemed small to me relative to some of the other sections considering how much state-owned land and county-owned land is being planned to be sold and come off the tax rolls, but maybe I'm wrong. But it's just looking at it in comparison, for example, to the bond programs, which are \$50 million at once, but I think at some point in the next few years, I think these projects will be totalling just as much money, but maybe I'm wrong. >> And there is a section talking about those estimates. It's appendix a. >> Casar: Okay. >> And it specifically does speak to how the estimates were made for the housing trust fund. >> Casar: Okay. I'll take a look at them. Maybe I'm wrong about the bars, but either way, I think it will be helpful for us to have a goal, or to stick to our continued goal of 100% of that money going into that fund. I know we came up a little bit short of that in our budget this year, but I think once we passed it as part of our comprehensive plan, it will make it, I think, stronger to our manager and to our council to stick to that. Otherwise, we are eating away at our little Orange war, hiding under the big, fat green bar. So that will be helpful. As far as the housing repair question, I think the -- I think the continued challenge there is

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not just with housing repair, but with our other smaller programs, is that strategic planning is not just about the new things that you're going to do, but also how might many of your smaller programs are still strategic, and I do think it's so important, obviously, for us to be really inclusive about all different kinds of people's housing situations, so I see a lot of benefit in housing repair program, but I would just say it's -- given the enormity of the need, I'm not saying it's the housing repair program that's got to go. Please don't think that is the point of these comments, but I am interested in what things -- because we'll have a strategic plan, we recognize that we can't do anymore, or we have to do less of. Because it is a limited amount of resources in all situations, and so obviously anything that we were doing is -- there's an opportunity that we're not doing something else, and since it's a 47,000-unit hole here, what things are we doing that we shouldn't do? And I know that there's a lot of small programs that we engage in, that housing repair to me seems to be one that has a lot of support and with seems to be really important, so are there maybe other things that don't lend themselves to that that we should be looking at. It's going to be tough choices. >> Kitchen: Yeah. The housing repair is amazingly cost effective and it keeps people at home. It keeps seniors at home. So that's a factor, too. We say these low programs. For a relatively low dollar amount, you get a big return. >> Casar: Exactly. And it might come down to us thinking about how, it's not just the investment, but how much of our staff's time, resources and attention are going to different goals.

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And given how huge this is, I just want to make sure that we are setting our direction towards the really big stuff while being sensitive to how it is that we deal with the existing programs. And my third point that I want to bring up is that I do appreciate that y'all have some goals around integration and dispersion of affordable housing. I think it's an important focus. The scary things about these bars and charts is if we don't even keep up with the housing production, we are de facto, segregating folks outside of the city, and so I think that that's going to be something for us to focus on as this. Co-s back to the full council, is how much do we focus on integration in high-opportunity areas, which is so important to me, but then, if the units are costing two to three times or more, and we don't get as many units, we are also de facto, knowingly segregating folks out of the city, and how y'all help us have that honest conversation is really hard, but keep working on that and maybe bringing that up to the planning commission as they try to help us strike what that balance is. So, thanks. >> Renteria: Anything else? Thank you very much. For that report. It was very helpful. And also, if you could next time also put how many senior housing that were created. I know we're going to be creating a lot, so if you can give us that information. And on the home repair also, how many are there -- home repairs going toward seniors. Thank you. Next item is item 4. It's basically the calendar for 2017. If you want, we can delay that to our final action and continue

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on with the updates. >> Kitchen: That's fine with me. It's up to you. I'll make a motion that we -- do we need to have a motion to approve these? >> Renteria: Yes, there's six things. >> Kitchen: I make a motion that we approve these meetings. >> Renteria: Motion has been made and seconded. All in favor. It passes unanimous with council member Gallo off the dais. Next, we'll go on to item 5, update on the homestead preservation district a and homestead preservation reinvestment zone 1. >> Thank you, council members. My name is Eric Nelson, I'm with the city's budget office, and I'm here today to talk about something that may help you chip away at that big, fat green bar. [Laughter] So, as you may know, in the middle of the previous decade, the state provided an opportunity for Austin to create homestead preservation districts, which were areas that met certain eligibility criteria, with respect to income and poverty rate, and allowed the city to leverage certain tools, I believe community land trust is primary among them, to promote affordable housing within these districts. It also provided for cities to take the further step of creating a homestead preservation reinvestment zone, which allows you to use the arguably more powerful tool of tax increment financing to fund these type of initiatives. This is just a quick refresher on the mechanics of tax income and financing. But as you see, at a certain point in time, within the district in this case, you

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assign a baseline property value year, and then after that year, any growth beyond that base becomes what's called the captured taxable value, and you can assign that to eligible projects. When the zone ends, the city just moves all that revenue to the general fund as they had before. So for homestead preservation reinvestment zone 1, you created that in December of last year, and that's tax year 2015 and our fiscal year is always one year ahead of the tax year. So this being fy-17, it's our first year of actually booking revenue to this tax increment fund. The baseline property value from last year was \$2.5 billion. The district comprises about 8,500 parcels. You created an initial term of ten years for the zone, although I believe that can be extended. And the one difference versus this slide, where you're talk about the whole yellow triangle, is council determined it would deposit 10% of the revenue from that incremental property value rather than, you know, 100%. So, again, fy-17 is the first year that we'll be depositing funds, and so above that \$2.5 billion base, we have \$550 million in growth, in property

values. This is 18.1% growth rate, compared to the citywide rate of 13.6%. I think that is pretty astounding and speaks to some of the challenges of the affordability of housing that are being experienced in this district. It's even more astounding when you consider that homesteads are

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capped at 10% appreciation, and so all non-homesteads must be growing that much more if you're netting out at 18.1%, and that's, you know, partially because of efforts to appraise commercial properties more aggressively, but also, you know, you're talking about multi-family properties and a significant number of single family properties that are not homesteads and therefore presumably rental housing. To cut to the chase, the 10% contribution rate combined with that property tax growth and our tax rate yields an estimated contribution of about \$240,000 for this year. I say estimated because that's based on the certified values. We make these deposits in April based on the actual property tax receipts from the district, but we have no reason now to expect that it will vary much from that 240,000. This shows a longer term projection over the current ten-year scheduled life of the zone. Each of the blue chunks represent the annual incremental deposit, and the whole column is the total cumulative amount amassed by the fund, so you see that by year 5, fy-21, we'd expect \$2.3 million to have been amassed, and by the end of the ten-year term, \$7.2 million. If council chose to extend the district, also ran a 20-year projection, and I also think this is helpful because it shows the exponential nature of the growth in the tax increment financing situation, where that -- you know, you'd have the constant baseline with the percentage growth on top of that, and it does start to snowball, so after 20 years, based on our projections about property growth and tax rate, you can be looking at close to

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\$26 million. So that's where we are as of today, and I'm happy to answer any questions. >> Casar: We also dedicated a portion, a significant portion of that housing trust fund money that we dedicated in the budget to homestead preservation districts. I think it was 40% or 50% of it, if not more. Maybe for our consumption after wards, if y'all could remind us of what that is and maybe what that would look like over five years and some of the HPDs that we could see the cumulative amount of money. >> Sure thing. I can work with housing staff on that. >> Casar: That would be great. Thank you. >> Renteria: And also, I know that we're looking at other -- creating other districts. Do you have any information about where we're at on that? >> I don't want to go too much into it. I have a little bit of knowledge, but I know that there are some legal issues now that are being worked through, and so I wouldn't want to step on the law's toes or say anything incorrect in that regard. I know there are those other three districts. They're still in the district phase rather than that zone phase, so we wouldn't be talking about tax increment financing yet with those. But beyond that, I really couldn't say with any certainty. >> Renteria: Okay, thank you for that information. >> Thank you. >> Renteria: Okay. The next item is number 6. Update on the fair housing initiative effort, including the affordable housing nexus linkage fee study and real estate market analysis for density bonus programs. >> Rebecca geolo. I just wanted to quickly talk through exactly how we're going to visit with you all in the next little bit about these

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initiatives. We did believe that it would be very helpful to bring forward a list of all of the activities that fall under the conversation around fair housing initiatives that council has given us direction, and when I say "Us," multiple departments are involved in some of these initiatives, but what you have in front of you is a list that neighborhood housing and community development staff compiled that specify what all

of the specific actions are in a resolution in 2015, December 10th, 2015, and then also June 16th, 2016. And we felt that it was very helpful for you all to see the work that will be done in very specific action items under each of these resolutions, and so you do have that. This will go up as late backup, also to the agenda postings, so anyone who wants to see that can. What we want you to know is it is our recommendation that we bring back at the beginning of the year a report back on all of the activities from the 2015 resolution. We have had staff compiling a report that is informed by all of those directives, and we believe we will be ready the beginning of the first of the year to come back to you on that. Today, we would like to focus on two issues noted in the June 16th resolution, and one is the density bonus analysis, specifically for codenext. We've been working with the codenext team on that, and staff is here from the planning and zoning department to visit with you about that. And then second is the linkage fee, and we have staff from neighborhood housing and community development department to talk to you about progress on that. If there are other specific items you would like to discuss, we would recommend being sure to bring that back to you at the beginning of next year, unless

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there's just general questions, but we are happy to report back on the progress. We want you to know, however, some of these items are -- they are intuitive partnerships with other departments. They are intuitive that they be aligned with the codenext conversations, and others are simply from the capacity of our team, not yet under way. And so we're happy to answer questions following the two presentations today. >> Mr. Chair and council members, good afternoon. Jorge with the planning and zoning department. Acting manager in the department, and also the project manager on codenext. Two caveats, I'd first like to apologize. We did not have the ability to have a consultant present this afternoon to give you the presentation, so I will try my best to channel their presence, but I won't be as successful as they would be in giving this presentation, but we'll be happy to walk you through this affordability framework and the various inputs that we are considering to help the stake holders understand the process for how this density bonus analysis will inform the products coming out, essentially in the codenext draft, and it will also affect some of the mapping. What we'll be discussing is just a general overview of codenext, where we are up to date, and where we are headed, and some of the basics of the density bonus analysis. Instruction in the maps we've started to engage with the various stake holders in the community to gain an understanding of market realities on the ground, and the efficacy of applying some of these density bonus programs around the city. And then an overview of next

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steps. So you have seen this timeline. It's a very lengthy timeline in terms of how we are addressing codenext and our pathway to accomplishing codenext. You will see an updated version of this timeline when the council has the ability to meet with the code advisory group in early January, to be able to address improvements to this timeline and show you a pathway towards getting codenext accomplished. Of importance to highlight is, we are still on track to deliver the first draft of the text on January 30th. Along with that will be a public rollout of the draft itself on February 1st, when the council will be getting a specific rollout working through the city manager's office to have a work session available to you to be able to roll out the code. Another important milestone to note is the April 18th date, by which the community will see the first version of the maps. When we talk about maps, we talk about the actual rezoning of properties. This will be a first proposal of how we apply the tools or the zoning districts on the ground. To backtrack just a little bit, along with the January 30th draft of the text, the public will see illustrations of what mapping can look like for certain areas of town. If you're familiar or recall the exercises we did at sound check, we had representative areas of the city by which we will

go back and revisit and demonstrate what a mapping exercise could look like for some of these areas that we explored during the sound check. Those are not mapping for those specific areas. It's an illustration of what mapping can look like, so that the first time the community is not seeing the maps is in April when we come out with a draft map, and that will be a city-wide map. The progress will continue along with all the various meetings that you see in the top of the timeline, with a substantial

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amount of engagement, it will be able to describe in detail for the council in January as to what is happening at various key points. As we engage with the general public, the commissions themselves and city council. As the progress of the draft continues, we are targeting public hearings with the planning commission with draft number 2 that has the benefit of both the text and the map having been reviewed by the community and input provided, and that will be delivered to the commissions in September for potential consideration of first reading by the council in December, December 14th is what your timeline shows. Obviously, this is a work in progress and is subject to change, but we look forward to engaging not only with the community, but with the council, the commissions, and the council to make this online effective for everyone's needs. So trying to channel our consultant in this phase of the presentation, we're looking at how the analysis will fit and inform the various pieces I've just described, starting from September of this year, and all through February of 2017, how the information on density bonus liability will apply and will inform the various products that I've described. So this does inform the code details themselves, but the caveat that we will need to go back and retool, recalibrate the tools that you'll see come out at the end of January. You'll see at the end of January will be the first draft, that obviously will need to be re-examined, recoded, recalibrated for efficacy. It would also inform the codenext mapping process, by which we start to target where would be potential areas that a density bonus program could be effective based on market conditions. And we'll also provide recommendations that the council as a policymaking body may want to consider in order to tweak and make these programs effective.

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So this is a broad overview of where we are in the process in terms of the scope, and how we have started with our consultants to gather the assumptions. Where we are today is in the zoning unconstrained analysis. There is not a consideration of zoning at the moment or land value acquisition prices, just to get an understanding of where some of these density bonuses would be effective if you had that best case scenario. And then start to narrow the universe of where the application of these density bonuses could be applied. So the validation of the market data is something we're consulting, extremely interested in engaging with specific stakeholders that do this and compete in the market for acquiring properties and developing these kind of products that could potentially include density bonuses within their development, and particularly, the development prototypes. We are in cooperation and will be able to demonstrate how the various building types and developing patterns could accommodate density bonuses. As the process continues, we'll be able to dive deep into the incentive calibration based on the inputs that we received in this phase, test the policy alternatives, and be, again, able to recalibrate these alternatives in line for a final analysis. So this will not necessarily inform the draft that will be coming out at the end of January, but it will continue to inform the recalibration of not only the zoning districts, the zoning tools, but also the mapping as we move forward. So our consultant took some time during the presentation to show us a series of maps. I want a caveat. This is not the codenext mapping exercise. This is a depiction of the incentives lab tool that they are using in order to examine and study the Austin market and

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to make it specific to Austin, and this slide is showing residential vacancy rates, market rates, office vacancy rates, and so on down the list, where they're able to, by incentive strike, as the depiction you're seeing on the screen, be able to judge where the market is taking shape in terms of the effectiveness of the economic realities on the ground. When they showed us this example of Seattle, Washington, they used the same approach. You're essentially looking at Seattle Bellevue, and the downtown area is the depiction of where those two places are. It started a test for these same market realities that we are seeing in comparison in Austin. We're starting to get an understanding of, in this example, the multi-family rents by sub market, and where would be it would be efficient to start looking at the application of the density bonus tools. Here's one example that if you were to take a particular building type, in this case I think they called it a garden apartment, I believe here in Austin, we just know them as apartments. [Laughter] Showed you a building type that said, essentially, this is where the effectiveness of doing that type of product would result in that context around the Seattle area. And the green areas show where if you had to pay zero for the land, essentially the developer or the property owner would get the land for free, based on the market input of the analysis of the market conditions in this area, the green areas would show you where there would be a generation for this kind of product. The rent areas, essentially, it wouldn't have an impact no matter how many density bonuses you offered, or how many storage was entitled through the zoning district. There wouldn't be the effectiveness of the density bonus programs in the red areas. And they show us various product

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types. In this case, it's a four over one. And you start to see that the university begins to shrink. Here's another product type. The towers where you see that mostly concentrated in the core, essentially like in downtown, where there would be the feasibility to have this kind of product type, and you will start seeing a greater effectiveness of the density bonus programs combined with that product type. So this is -- essentially the land acquisition program. Winners would take place in terms of their ability to band for potential projects based on the market conditions on the ground, and the type of product that you see on the bars would be effective and would be coded, in this case, by a census tract to be considered. Going back to what our consultant is doing in trying to identify the market realities here in Austin, we're reaching out to our stake holders, the folks that do this kind of work, and create these kind of building types for the calibration of those assumptions from the get-go to be able to insert into the incentives lab exercise to be able to get a return on the effectiveness. We're going to work with our consultant to compile and share the latest inputs based on what we've received on this consultant that we just had. Being able to combine and refine the linkages in the codenext draft and how that informs not only the standards, but eventually the mapping. Offer recommendations on bonus policy for relations, so you will see a formulation recommendation in the text itself, based on the analysis that's being done to date. And further, an update on the incentive lab outputs based on the base zoning inputs that we are working on today. Knowing that those will need to be recalibrated as the process goes on. And then be able to provide a

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final density bonus policy recommendations to the council for consideration as to where those could be effective. In a nutshell, that is the basis of the presentation on this portion. We are looking into having the ability to bring the consultant back for further engagement with stake holders and the possibility to

provide you a presentation, if that's something that the council is interested in. Thank you for listening to the presentation. Thank you. >> Renteria: Is this website -- the incentive lab, can anyone look at it now, or is it still under construction? >> The incentive labs are a proprietary tool that the consultants have, but what they're basing it on is public information, and that's included in your packet. There's a listing of all the industry standards. For example, the real estate transaction standard and co-star, which are easily accessible by the public. All the data that's being fed into the models is being derived from, and that's the kind of engagement, our consultant is looking to test the validity of those inputs based on the Austin market. >> Renteria: Okay. Any other comments? >> Casar: I'm really glad that we are doing this work, and I know obviously there's some debate here today around whether the density bonuses or linkage fees or some of both. If we are going to do density bonus programs, I'm really glad that we have stepped up to get the market information, because I think we're all on the same page, that it's really hard to know whether to set it at 10% or 12% or 8% or 60%, for 40 years, 99 years, and that actually counterintuitively, sometimes going too high means you're going to get less affordable housing, or going too low means you'll get less affordable housing, and I've never known how to do that pick because I'm

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not a real estate market analyst and I'm glad that we've sorted that part out, so I just want to thank you all for engaging a consultant that has lots of experience. >> Thank you. >> Kitchen: I have one quick question. >> Renteria: Go ahead. >> Kitchen: So the deliverable that will come back to us, if I'm understanding correctly, is really mapping -- basically, we would be looking at the whole city, right? And it will show us in what parts of the city using density bonus as a policy might be effective? >> That's correct. >> Kitchen: And to your point, it will also show us what parameters of that policy might produce that effectiveness. >> That's correct. That's my understanding. >> Kitchen: And you mentioned this, but just confirm for me again the timeline for when -- when they'll be finished, when they'll be finished with their -- >> We're looking at the data coming back to us on these next several phases by late January. >> Kitchen: Okay. >> So a piece of that may inform the initial draft that you see in the site itinerary. Most of it will happen in time for our development of the following draft. You will see the greatest impact of the recalibration of the zoning tools themselves, and will also inform mapping, so during the spring, as we dive into the recalibration of the zoning tools along with the mapping exercises, that's where this kind of economic analysis will have its greatest impact. And the community will be part of that as well. >> But I'm thinking more of the -- I'm sorry. >> Kitchen: I wasn't specific. I'm thinking more of the process for thinking through the density bonus policy itself, which is a separate activity from codenext, if I'm understanding correctly, because any policy we have -- or maybe I'm misunderstanding. The written policies we have around density bonus, is that actually in the code? >> Yes, it is, council member.

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>> Kitchen: So it's going to parallel. We have some policy issues that are actually written in a different section, and outside the code, but this one is actually in the code. Okay. >> Casar: I'd like to recognize that the fair housing initiative has multiple departmental components within codenext, and that there's other issues, but one that was a part of it, part of a resolution that we passed at -- I guess it was at the very end of 2015 or the very beginning of this year, asking for the code to present as many affordable housing options for austinites at a range of incomes, range of family sizes throughout the city, so apart from the density bonus part of the conversation, and to talk about fair housing impact states related to the different housing types that you provide. Is that something that the staff is working on, or that -- are there consultants that are working with us on the positive or negative impacts to fair housing off different parts of codenext? >> I'm not able to talk on the fair housing department -- I will defer to our

counterparts on that. >> So that analysis is something that we are working on collaboratively, and we'll be getting back to you in the next couple of months. >> Casar: So as part of the codenext, you'll be able to identify for us what kinds of housing types that are being proposed in codenext, how they actually -- how they affirmatively further fair housing or don't? >> Yes, our analysis of that, yes. >> Casar: That would be very helpful. And I think the third metric in that was to make sure that whatever it is we're rolling out, we think that it will -- you know, what parts of the code can help accommodate the increasing demand for housing and slow housing shortages that also have negative fair housing

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implications. Are we working with the consultants to make sure that whatever you roll out, you're able to identify how much housing shortage we think we can send out through changes on regulations. >> Yes, there is a connection to how the provision of additional building types that have an impact on the provision for affordable housing opportunities will be discussed in the code, and how improvements to the code that go beyond just zoning, for example, or building types, process, procedures, etc., all affect the provision of diverse housing choices. So there will be a connection to those specific items in the code. We'll be able to work with our consultants to identify that, and then also present to the council, with a menu of choices, that even may consider or touch upon some policy direction about the council wishing to consider, only as a recommendation to our consultants, to be able to study those other options that could include on-site provision of affordable units, could include a fee in lieu. These are examples of some of the things that we're exploring that we'll be able to come back to the council and present as part of an overall structure and framework for billing. >> Casar: I think Mr. King actually mentioned in his comments, as we go through codenext, it will be helpful, for us to know that we're talking about housing in a particular area, that if we go ahead and do that, if that is, indeed, furthering some of our affordability and fair housing goals, or if, indeed, it's going to have little impact, because the market is not really there, or because, if it might have a negative impact because it may displace some existing residents, I just would love for us to be able to have some of that conversation so that we know which fights are worth -- which battles are worth so I think it would be a

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helpful context for us. And I think there's still room for discussion around traffic and impact and parking and height and character and all that stuff, but at least for us to be able to know what the particular fair housing impacts might be of certain decisions I think will have weight with this group. Please do continue to help us with that and with the community too. I think it will help the community make some decisions as well as others. >> Of course. >> Renteria: Thank you very much. Colleagues, that brings us to item 7. Is there more report on that? >> Kitchen: Go ahead. >> Chairman, we wanted to also provide where we're at in the procurement process or we're about to initiate property consumer process I want to be as transparent as possible in that we have been working on a number of items from council. We have a few planners in our policy and planning division which are dedicated to a number of items from council. So this particular one did get designated to our policy division and we are working diligently on as many of the initiatives as we can as quickly as we can. So we do envision that the procurement or the request for proposal will be out the beginning of next year, but Lauren Alveoli has been assigned to it and working on the scope of work. She's also been working with the law department as well as our procurement department and can give you an update on where we're at. And we do also envision a process by which we would like to solicit feedback from our community development commission and also provide an opportunity for the public to weigh in on whatever the components are of the request for proposal that's possible at the beginning of next year, which would probably be

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about January. So I'd like to invite Lauren up here and she can provide the context by which we can, recognizing that it will be a procurement process. >>> Good afternoon, councilmembers. As Rebecca mentioned, my name is Laura Alveoli, I'm a planner with the housing and community development office. I guess briefly for viewers at home or those in the room who don't really know what a linkage fee is, I'll try to do my best to describe it. It's basically a fee on new development that is used to fund the construction of affordable housing. The need for which is generated by the new development. Specifically through the new service jobs that are generated by the spending that those households in that new development generate. So as Rebecca mentioned, we have been working with the law department on a varied draft scope of work, specifically talking with them about the legal requirements that would be needed for a scope of work for a linkage fee or as it's called in other places an affordable housing nexus study. As well as for a tenant relocation fee nexus study. In your packet the purchasing department has developed a packet of information that sort of clarifies what the steps are in a general solicitation for a request for proposals or rfp that may be helpful because we understand there have been some questions around this. But in the last page of your packet, which is posted under backup, there is a phase timeline that sort of goes through generally speaking, the amount of times that these solicitations take. But as Rebecca alluded to, embedded in the process, in the solicitation process, there is a mechanism for the

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public to provide input on the creation of the scope of work, on the deliverables and on evaluation criteria that the consultant would be held to once the contract is executed. So in the spirit of that we'd like to post the draft scope of work once we've kind of fleshed it out more with the law department. At the January meeting of the community development commission. So there we hope to receive feedback from the commission and also from the public on that scope of work, those deliverables and those evaluation criteria because we know that there are many people that are interested in both of these. We want to -- analyse and we want to provide information and provide feedback before we get to a part of the solicitation where we're unable to do that. So that's where we are, but I can take any questions if you have them. >> Kitchen: I just have a quick question. Do we have an idea right now what the timeline is that we'll be getting back the results from the consultant? >> Like the proposals? Or the actual product? >> Kitchen: Yeah, the actual product. And let me tell you why I'm asking. I'm trying to think about whether that information will come back to us and how it will dovetail with our timing for Codenext. Because of course as part of Codenext we're looking at various tools, including the density bonus that we just talked about. I'm wanting to know if this will be back in time to consider as part of the Codenext process or how it will relate to Codenext process is really the better question from a timing perspective? >> So if we take the scope of work to the CDC in January and get the feedback, then we would have the purchasing office sort of formalize the scope of work and the solicitation and then they put it out for at least 28 days. So I'm going off the timeline that the purchasing department has provided.

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So from there it's like a six to nine-month process to get someone under contract, and then a certain number of months for them to actually do the analysis. >> Kitchen: Okay. Let me back up and ask a more basic question. If we were to choose to do anything with regard to linkage fees, is that information that

would go into the code? Into the land development code? Or would that be a separate ordinance? And if this is something that would go into the land development code that's why I'm asking about the timing. Will we be in a position to consider the results of this analysis as we are considering changes to the land development code as opposed to it coming later? That's what I'm trying to figure out. >> Sure. So council will not be adopting the land development code before this is complete. So this analysis will be complete before the code is brought before you. >> Kitchen: Okay. >> Linkage fees would not be part of the land development code. They would be adopted by a separate -- >> Kitchen: They would be in a separate place. >> Correct. >> Kitchen: Okay. >> Casar: And you'll recall we raised the parks fees recently and so -- and so we of course could choose to take the affordable housing fees. And the way that I've found that I don't have to explain myself is if I call them affordable housing fees instead of linkage fees. Just like we raised the parks fees as a separate stakeholder process and its own ordinance, I anticipate that we could do this before or after -- before or after codenext, but of course some of the economic bundling that they're probably doing for codenext probably takes into account generally how much the cost of construction is and the cost of our fees. So it may be good for them to have some of those numbers in front of them.

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>> Kitchen: Yeah. It's just that we're going to be having a fair amount of discussion as part of codenext about our tools for affordability. So I'm wanting to figure out if this -- the discussion around this tool will be around the same time. So that's really what I'm -- it sounds like it will. Because we're talking about this coming back to us, what, next fall? Is that what we're thinking? Okay. >> When we -- when the city adopted the park fee, it was a competitive type -- the housing people brought that up first about the housing fee, but the park people were able to pass their resolutions and create the park fee, but the housing didn't have enough support at that time. And I think that bringing it back up begin, you know, there's a big need by not doing it back then that now we're facing a housing crisis in affordable housing. So I would like to see that. I would like to see that happen as fast -- as soon as possible. >> Kitchen: Okay. >> Casar: And I understand that y'all's department does get a lot of attention and items from council. So I -- and you have limited staff capacity. So I recognize -- >> Kitchen: Thank you for the list. >> Casar: But at the same time I think you're hearing from members of the committee and the public that we do want it to happen expeditiously, but we do want to do it right. So I think people seeing the scope of work is hopefully saving us from the situations we've been in in other high profile sort of rfp and rfq processes for everybody to feel bought into this so we get it done right and well. So we'll work expeditiously on it and thank you for the transparent update. >> Renteria: Yes, thank you. >> Thank you. >> Renteria: Now we're back to the last item.

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That's -- item 7 is for our next meeting update, if anyone that has anything for it. Yes. For future items. And I know I had one request. I would like to see an update for our next meeting on the temporary and emergency displacement policy that the staff was directed to address on the 2015 tenant relocation resolution. That's going to be one of my requests for an update. And if y'all don't have any requests yet, y'all can always submit it. >> Kitchen: Okay. >> Renteria: Okay. That completes our agenda. Without objection the meeting of the housing and community development committee will be adjourned. All those in favor? Okay. Got it.