



MEMORANDUM

TO: Mayor and Council Members

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

DATE: May 24, 2019

SUBJECT: Strategic Housing Blueprint: Methodology for Geographic Affordable Housing Goals

The June 6, 2019 City Council will include an item requesting that City Council approve a resolution to adopt geographic affordable housing goals for city council districts and 2016 Mobility Bond Corridors to refine the affordable housing goals included in the [Strategic Housing Blueprint](#). These geographic goals are responsive to [Resolution No. 20170413-024](#), which directed the City Manager to consider refining and developing the Strategic Housing Blueprint goals: 1) To prevent displacement in corridors, refine the geographic goals for non-market housing (including affordable housing, subsidized housing, and income restricted housing) related to corridors and centers and draw on data from the University of Texas Corridor Housing Preservation Tool to assess existing housing stock, preservation opportunities, and benefits to low-income individuals; and 2) Refine goals for council districts and/or master planned districts to propose incorporation of affordable housing and housing types not currently present in these areas and make recommendations for how the goals will be implemented, recognizing where affordable housing currently exists. The geographic goals are also responsive to [Resolution No. 20170413-025](#), which directed the City Manager to consider using the Corridor Housing Preservation Tool to help assess current conditions and set corridor-specific numeric goals for the creation and preservation of affordable housing for corridors throughout Austin, beginning with those corridors that will receive funding through the 2016 Mobility Bond.

The attachment provides information about the methodology used to establish geographic affordable housing goals responsive to these resolutions. The objective of the geographic goals is to guide policy and programs, including affordable housing programs funded by the 2018 Affordable Housing Bonds, and to help facilitate community partnerships to achieve a shared vision. That shared vision includes developing and maintaining household affordability throughout Austin as articulated in the Imagine Austin Comprehensive Plan. It also helps to implement the Strategic Direction 2023 Economic Opportunity and Affordability outcome by focusing economic opportunities and resources that enable us to thrive in our community. The attachment also includes responses to questions from council members regarding the geographic goals and NHCD's short term Blueprint implementation work plan.

Please feel free to contact me with any further questions.

cc: Spencer Cronk, City Manager
Rodney Gonzales, Assistant City Manager

Attachment: Methodology for Calculating Affordable Housing Goals by Council District

Methodology for Calculating Affordable Housing Goals by Council District

General Methodology

- The Strategic Housing Blueprint, adopted by City Council in 2017, sets a goal for the creation and preservation of 60,000 units affordable to households at or below 80% of the median family income (MFI) in ten years.
- Based on the goals set in the Blueprint and feedback provided by the City Council Housing and Planning Committee, the 60,000 unit affordable housing goal was divided into 15,000 units each for: 1) high opportunity areas; 2) high frequency transit or Imagine Austin centers/corridors (merged); 3) gentrifying areas; and 4) geographic dispersion of subsidized housing.
- For high opportunity areas, high-frequency transit and Imagine Austin areas, and gentrifying areas: subtracted parks, green space, preserves as well as airport from total “area” included in calculations for each Council District

25% high opportunity areas - 15,000 units allocated across districts according to their total land area share of the below area (minus parks, green space, airport)

- GIS was utilized to cross-reference Enterprise Community Partners Opportunity360 data with Census tracts at the regional scale for all three counties.
- GIS was utilized to clip out all Census tracts that did not intersect with the City boundaries. This gave us a set of City-only tracts to use for our analysis – however, it was noted the Opportunity360 indices remained normalized at the regional scale.
- The median value for each Opportunity360 index within the City was calculated -- that is, using the City-only tracts, the median index value for Health and Well-Being, Housing Stability, and so forth through all nine Opportunity360 indices.
- Nine new GIS attribute table fields were created that categorized whether a certain tract was above or below the median for the City-only tracts for each of the Opportunity360 indices. Each tract was assigned a "1" value if it was above the median, or a "0" value if it was below the median.
- To define High Opportunity areas, the total for each census tract over all nine indices was summed. If a particular Census tract was above the median for six or more of the Opportunity360 variables. This implies that the tract is high in opportunity compared to all the other tracts in the City (not the region) because the median was calculated based on tracts within the City only.

25% high frequency transit or IA centers/corridors (merged) - 15,000 units allocated across districts according to their total land area share of the below area (minus parks, green space, airport)

- Data was provided by Capital Metro showing current and future high-frequency transit routes (“future” improvements within the data were implemented in 2017).
- Imagine Austin Centers and Corridors data was provided by the City of Austin.
- A buffer of ¼ mile walking distance was instituted on both data sets.
- A geographic merge of the two data sets defined the total area within ¼ mile of a high-frequency transit corridor, within ¼ mile of an Imagine Austin center or corridor, or both.

25% gentrifying areas - 15,000 units allocated across districts according to their total land area share of the below area (minus parks, green space, airport)

- Used final data from the University of Texas Gentrification Study conducted for the City and the Anti-Displacement Task Force.
- Areas identified as “gentrifying” include all those categorized as Early through Continued Loss by the University of Texas methodology.

25% geographic dispersion of subsidized housing - 15,000 units allocated across districts based on desire to ensure all districts are contributing to subsidized housing needs and to minimize concentration of poverty

- Add together the total number of existing affordable units with the 60,000 new units called for by the Strategic Housing Blueprint.
- Assume that each of Austin’s 10 Council Districts should have a goal of housing one-tenth of these units if geographic dispersion was to be maximized. Therefore, work from the premise that all districts should have the same number of units after distribution (goal of 4971.2 units).
- Districts 1, 2, and 3 exceed these goals, and should therefore not be assigned more units in this category because that would only exacerbate uneven distribution.
- Distribute a share of the 15,000 total “geographic dispersion” units to other districts based on how far their existing unit count is from the goal.
 - The total shortage of units is greater than 15,000 therefore it was determined the percentage of the total shortage each district contributes to (how “short” is each district compared to the desired 4971.2 units?) and used this number to distribute the 15,000 units allocated to minimize Geographic Dispersion across districts.

Methodology for Calculating Affordable Housing Goals by 2016 Mobility Bond Corridors

General Methodology

- The University of Texas Corridor Housing Preservation Analysis Tool provides a way to analyze the stock of affordable, rental housing units that contribute to the supply of housing for low-income populations.
- The tool provides “scores” for each corridor based on three key questions:
 - How much transit access to jobs does a corridor provide to low income residents?
 - How many affordable rental units are vulnerable to redevelopment?
 - How intense is the development pressure?
- Based on the Corridor Preservation Tool analysis, goals were established for producing and preserving affordable units at or below 80% MFI within ½ mile of the 2016 Mobility Bond Corridors.
- These corridors constitute 31% of the total length of all Imagine Austin Corridors, and should therefore absorb 31% of the City’s housing goal for the areas within ½ mile of Imagine Austin corridors.
- Production goals were defined by prioritizing areas with low development pressure where the cost of land is feasible to purchase, while preservation goals were defined by prioritizing areas with high development pressure.
- Adjustments were made for the length of each corridor, and feasibility was checked based on the number of developable acres and the number of vulnerable affordable units near each corridor.

Responses to Questions Posed By Council Members Regarding Geographic Goals

Is double counting occurring because of high opportunity and geographic dispersion?

The method used to calculate the Council District goals does include both high opportunity areas and geographic dispersion as 25% contributors to each District goal. However, this is not "double counting" so much as reflecting that these are both values that the City of Austin holds.

It's not just a coincidence that affordable housing is not located in high opportunity areas. These two items are historically and economically correlated, and this project is not in any way attempting to deny the correlation.

However: wanting to locate affordable housing in high opportunity areas to give people access to resources, and wanting to geographically disperse it to avoid concentrating poverty, are fundamentally both values that the City holds. Using one of these values as a proxy for the other would ultimately muddy both rationales and would make it difficult to track progress moving forward.

At a more data-centric level, it makes sense to keep the high opportunity and geographic dispersion variables separate because it's easier to measure, update, and visualize improvement if they stay separate.

- NHCD can update high opportunity areas as the Opportunity360 database is updated if the variables are separate.
- NHCD can also measure and show how new developments are or are not geographically dispersed from existing developments -- potentially as part of a map that tracks this over time.
- Combining the two variables will tend to make the analysis harder to update and will make the concepts NHCD is trying to track more abstract and less easily understood.

How were parks and open space taken into account when setting Council District Goals?

Parks and open space were subtracted from the potential “area” for area-based variables in each Council District.

- High opportunity “area” in each District does not include areas that are designated as parks, open space, preserves, or airport land.
- “Area” near high frequency transit and Imagine Austin centers in each District does not include parks, open space, preserves, or airport land.
- Gentrifying “area” in each District does not include parks, open space, preserves, or airport land.
- Geographic dispersion is not an area-based variable and therefore area was not factored into this calculation -- it is simply based on the number of existing affordable units in each District.

Are housing units skewed along longer (distance) transit routes vs. higher capacity/transit supportive land uses closer in?

High-frequency transit and Imagine Austin areas both have some locations that are located toward the outer areas of the City because they are working to accommodate future growth. This is a feature and not an unintended consequence of these plans -- the city is growing and the city's housing options need to grow with it. A few reasons why this calculation outperforms other data options:

- Consistent with officially adopted plans: For the purposes of this calculation, the key thing is where people will have access to transit, not where they could potentially have better access -- so keeping with the officially-adopted Connections 2025 transit routes and Imagine Austin growth areas should keep housing in line with future access to transit and jobs.
- Transit-supportive areas are well represented in calculations: High opportunity areas tend to be transit-supportive land uses because the entire goal of the Opportunity360 calculations is to show where people have access to great services and amenities; gentrifying areas also tend to have growing populations that support transit. Therefore, close-in areas are also well-represented in the calculations.
- Opportunities for strategic land acquisition: Because land near the City's core is already

prohibitively expensive for many affordable housing uses without other resources (e.g. publicly-owned property) to bring to the table, it is important to balance developing as many close-in units as possible with strategic land acquisition in areas that are still less expensive.

Why are the goals lower in districts 9, 5 and 4, which are closer in and along the spine of our core transit system?

Some of the difference in goals is because these council districts have less land area than other districts, and with area-based calculations, smaller districts tend to receive fewer units because there are just fewer potential acres of land where these units can be built. It is understood that redevelopment, reuse of public properties, and other opportunities exist in these districts, but there's only so much ability to access property in these areas to allow for building.

The calculations are ambitious enough that every council district will need all the resources that can be mustered, and more than Austin has now, in order to meet these goals and create a total 60,000 affordable units. NHCD has calculated that \$6 to 11 billion in additional resources would be needed to meet the total 60,000 unit goal. Therefore, these area-based calculations make sense and are a fair and reasonable way to allocate units across districts in order to set an ambitious target for every district. Districts 9, 5, and 4, while they have lower numbers than some other districts, will still struggle to meet their goals without serious policy interventions and major resource allocations.

How are gentrifying areas (displacement) and high opportunity areas (integration) being balanced?

This analysis intentionally factors in displacement and gentrifying areas as a key factor in the analysis. Gentrifying areas are allocated 25% of the total units (15,000 units) outright. Many of these areas are also included in the high-frequency transit and Imagine Austin areas for additional units. NHCD continues to push for a balanced strategy that preserves and builds new affordable units in gentrifying areas, while also locating new units in high opportunity areas with strong access to resources.

Responses to Questions Posed By Council Members Regarding NHCD's Short Term Blueprint Implementation Work Plan

What are specific examples of connecting low-income Austinites in gentrifying areas with services?

NHCD is coordinating with the City of Austin Office of Innovation's i-Team to implement this strategy. The Innovation Office i-Team is prototyping an approach for creating neighborhood-specific strategies, with the intention of transferring the work to NHCD to implement in areas in the city with displacement pressure, if NHCD has sufficient staff capacity. In 2019, the i-Team is working with NHCD and community partners to create a process to:

1. Determine the factors that contribute to displacement pressures in specific neighborhoods;
2. Identify promising interventions from recommendations in existing anti-displacement reports that can affect those contributing factors;
3. Co-create, with neighborhood residents, effective design and delivery of these interventions; and
4. Measure the interventions' effects on the contributing factors.

Is tenant organizing and legal assistance contemplated as an increase to existing contracts with additional general fund support? Does the "other assistance" include support for rent or security deposits or any other financial support for tenants?

NHCD will implement this program via a contract with an external partner. It is anticipated that additional funding for this contract will come from the Housing Trust Fund. The program will offer education around the eviction process and legal aide. Staff has developed a scope of work and will be issuing a solicitation

in 2019. Financial support for rent or security deposits will be included in a separate contract for emergency rental assistance and tenant relocation assistance.

Is emergency rental assistance contemplated as an increase to existing contracts or a shift in how those existing contracts are being paid?

NHCD is planning to release a solicitation for a contract for emergency rental assistance and tenant relocation assistance funded by the Housing Trust Fund. Staff are working on the scope of work, with the goal to release the solicitation in this fiscal year.

Are homelessness contracts contemplated as an increase to existing contracts or a shift in how those existing contracts are being paid?

The homelessness contracts are expected to be continuation of existing contracts from the Housing Trust Fund, which is the current funding source. Additional funding for housing and services to serve people experiencing homelessness are proposed in the City's draft five-year Consolidated Plan for funding from U.S. Department of Housing and Urban Development, which will be considered by Council in June of 2019.

Will capacity building for Community Development Corporations be direct allocations to the organizations or some other type of investment?

In FY 2019, NHCD will release a solicitation for Community Development Corporations to increase their capacity to develop affordable housing. NHCD plans to award a total of \$300,000 to eligible nonprofit organizations. Proposals will be targeted to benefit households at or below 60% MFI. NHCD is contemplating the following eligible activities for non-profit funding:

1. Project and Operations Management improvements, to include:
 - a. Staff salary for new project and operations management positions;
 - b. Training for staff (including both existing and new staff); and
 - c. Technical and management consultants
2. Board Development, with a particular focus on governance to include:
 - a. Training, including travel; and
 - b. Consultants and facilitators.

Applicants will be evaluated based on a variety of factors, including their work plan, budget, and alignment with the Austin Strategic Housing Blueprint.

Provide the rationale (or past example, if available) for financially supporting housing at the 115% MFI level.

An example of the need to be able to support housing up to 115% MFI is to be able to partner with local school districts to create housing for which school district employees could qualify.