



## MEMORANDUM

**TO:** Mayor and Council Members

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

**DATE:** August 10, 2020

**SUBJECT:** Response to Resolution No. 20180215-050 Regarding Right of First Refusal Cooperative Purchase Policies

The purpose of this memorandum is to provide staff's recommendations in response to [Resolution No. 20180215-050](#), which directed the City Manager to research the successes and limitations of "right of first refusal" cooperative purchase policies that have been enacted in the United States and analysis of operational and legal issues associated with these policies if applied to the City's "Repeat Offender Property" List. This list includes rental properties that have received numerous health and safety complaints within 24 consecutive months and by City Ordinance [No. 20130926-012](#) and [No. 20141120-003](#) are required to register their property with the Repeat Offender Program (ROP). The purpose of the ROP is to protect the health and safety of rental unit dwellers in Austin. It also holds property owners responsible for maintaining rental properties that meet City of Austin codes and ordinances to ensure the safety of its tenants.

A memo dated [November 14, 2018](#) provided research on this issue. It highlighted some distinct differences between the housing landscape in Washington, DC – where the Tenant Opportunity to Purchase Act (TOPA) has been successful – and Austin, Texas. This includes D.C.'s strong tenant protections, enforcement support by the Office of Tenant Advocacy (which has an \$820,000 annual budget) and city funding for tenant organizing groups and technical assistance providers, including cooperatives. The City of Austin does not have the same tenant protections, nor robust funding for tenant organizations and technical assistance. Building off that information, staff have determined that purchasing properties with substantial deferred maintenance would unnecessarily expose tenants to liability and unforeseen costs. The owners of the properties are in a better position than tenants to remediate rental properties with deferred maintenance and numerous health and safety violations under City of Austin Codes and Ordinances. Neighborhood Housing and Community Development continues to develop a program for eviction prevention services, including the execution of contracts for tenant advocacy and legal representation for tenants at risk of eviction. These contracts are expected to be finalized in August.

Based on research to date, staff is not recommending pursuing establishing a "right of first refusal" cooperative policy or associated financing mechanisms. A direct preservation-focused outcome will be realized with our current policy trajectory, including more income-restricted affordable housing units. Austin Housing Finance Corporation's scoring criteria continue to facilitate opportunities for cooperatives utilizing a community land trust.

Should you have any questions, please do not hesitate to contact me at (512) 974-3064.

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

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