




MEMORANDUM

TO: Mayor and Council Members

FROM: Rosie Truelove, Director, Housing and Planning Department / Treasurer, Austin Housing Finance Corporation 

DATE: May 20, 2022

SUBJECT: Response to City Council Resolution No. 20180308-010, Austin Community Land Trust – Program Update

Summary

This memorandum and attached document describe updates to the Preference Policy Pilot implemented through the [Austin Community Land Trust \(ACLT\)](#) and are provided in response to [Resolution No. 20180308-010](#), which directed the City Manager to propose a preference policy that relates to the distribution of affordable housing units for low- and moderate-income households based on generational ties to the city and a policy that relates to the distribution of units based on household size.

The Austin Housing Finance Corporation (AHFC) will implement the preference policy by selling ACLT ownership units. The ACLT is unique in that it separates the ownership of the house from the land. It creates affordable housing by taking the cost of land out of the purchase price of an ACLT Home. It keeps housing affordable for future buyers by controlling the resale price of ACLT Homes through a Ground Lease and resale formula. If a homeowner sells their ACLT Home, the Formula Price ensures the ACLT Home remains affordable for the next family.

The ACLT application and lottery process includes a weighted scoring system that will include preferences for household size, disability, and three types of preferences related to generational ties and displacement. Those three types are:

1. households that currently reside or did reside (not prior to the year 2000) in census tracts identified as gentrifying in the University of Texas study, [Uprooted](#);
2. households that have been displaced since 2000 due to natural disaster, government action, or from properties triggering the City's Tenant Notification and Relocation Assistance Ordinance or the federal Uniform Relocation Act; or
3. households that have immediate family residing in the city.

The ACLT was designed with objectives to further the City's obligation to fair housing and to include a method to prioritize applicants on a waitlist or interest pool for programs and resources.

To implement this pilot, AHFC will conduct a lottery and application process through our website, ACLT-Homes.org. This online platform will educate the community on the Austin Community Land Trust, how



to apply, and how to move through the home-buying process. Furthermore, the website will help to ensure that ACLT units are marketed and advertised to historically underserved groups.

Resources for Managing the ACLT Pilot Program

To implement this pilot preference policy on AHFC units, the following resources will be used:

Need	Resource Available
Online application portal to allow applicants to submit their applications electronically	Austin Housing Finance Corporation (aclt-homes.org)
Staff resources to process preference policy applications and documentation	Ownership unit applications will be processed by dedicated AHFC staff. ¹
Software platform that can house applications and associated documentation, and conduct a lottery on applications	Formstack and Internal Database

Staff will provide an update to Council following a period of having the pilot in place. The update will include recommendations on whether or not to implement a permanent program. If additional resources are required to implement a permanent program, which is likely as AHFC would seek to scale the ACLT program if the pilot proves successful, the update will include permanent new resources required.

To ensure that all affordable units administered by AHFC, including the units offered through the preference policy, are properly marketed and advertised to historically underserved groups, AHFC has crafted and launched an affirmative marketing campaign. AHFC created an affirmative marketing plan for the available units, which includes the ACLT-Homes.org website, and an aggressive online presence through social media.

ACLT Ownership Products & Pricing:

Pricing is based on HUD HOME 2021 80% median family incomes (MFI), targeting households at 65% MFI. ACLT requires applicants obtain Homebuyer Education from a HUD approved counseling agency and a 30 year fully amortized mortgage loan. ACLT will provide applicants with a list of preferred lenders and HUD counseling agencies that are trained and familiar with the ACLT process. ACLT homes for sale consist of both single-family residences and townhomes with the following bedroom, bathroom count:

- 2 BR/ 1 BA
- 2 BR/ 1.5 BA
- 2 BR/ 2 BA
- 3 BR/ 2 BA
- 4 BR/ 2 BA

¹ A dedicated HPD staff member will run the ACLT program. More staff may be needed and will remain under review throughout the lottery process.



80% MFI			
1BR SFH	2BR SFH	3BR SFH	4BR SFH
\$170,600.00	\$195,900.00	\$221,000.00	\$246,300.00

Timeline for ACLT-homes.org Pilot:

AHFC will implement this pilot Spring 2022. The pilot will continue into 2023 to ensure that the units listed below are marketed and sold under the ACLT program. Staff may adjust the Lottery/ Application periods:

Ownership Properties & Lottery Schedule:

Council District(s)	# of Units	Lottery Period
1	1 (1018 Linden St, 78702)	Late Spring 2022
1, 6	8	Summer 2022
1,6	4	Fall 2022
6,7	5	Winter 2022
1	5	Spring 2023
2,4,8,5	5	Summer 2023

Expanding the Policy

Piloting the preference policy through the ACLT will enable AHFC to identify refined or appropriate procedures and resolve issues in a controlled environment. Once AHFC has tested our implementation of the policy and established a process that is clear, streamlined, and effective, it can potentially be implemented on other types of affordable units that are not within AHFC’s sole sphere of control, including density bonus units or units created with AHFC funding.

It is important to identify and resolve issues on a pilot basis before imposing an untested policy across all other types of affordable units in the Affordable Housing Inventory.

Preference policy expansion should begin with outreach and input from stakeholders like Austin’s housing authorities, affordable housing developers, and property managers to determine how the policy might interact with Low Income Housing Tax Credit or federal subsidy requirements before expanding the policy to incentivized affordable units.



Should you have questions, please contact Rosie Truelove, Director, at (512) 974-3064 or rosie.truelove@austintexas.gov.

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

Attachment: Preference Policy Pilot: Austin Housing Finance Corporation's Austin Community Land Trust



Preference Policy Pilot

Austin Housing Finance Corporation's Austin Community Land Trust

The Preference Policy Pilot implemented through the [Austin Community Land Trust \(ACLT\)](#) is provided in response to [Resolution No. 20180308-010](#), which directed the City Manager to propose a preference policy that relates to the distribution of affordable housing units for low- and moderate-income (LMI) households based on generational ties to the City and a policy that relates to the distribution of units based on household size. This includes homeownership for low- and moderate-income households who are displaced. The ACLT currently manages 16 Community Land Trust homes and will add 28 properties to the ACLT portfolio.

Application of Preferences

The household size preference will apply to all income-restricted affordable units. The disability preference will apply to all accessible affordable units. Due to fair housing considerations, the generational ties and displacement preferences will apply to 50% of the affordable units when two or fewer units are available at a time and 40% of the affordable units when three or more units are available at a time. For ownership units, the preferences will apply each time a unit is available for sale by the Austin Housing Finance Corporation (AHFC).

Preferences

1. Disability: applies to accessible units. Households with disabled members will receive priority for units with disability modifications
2. Household size: household whose square footage requirements for sleeping areas based on the Property Maintenance Code are equal to or are less than the size of the available housing unit
 - a. A one-person household may not occupy a unit with more than one bedroom unless as a reasonable accommodation or an appropriately sized unit is not available.
 - b. In selecting a household to occupy a particular unit, the AHFC may match characteristics of the family with the type of unit available, for example, number of bedrooms [HUD 24 CFR 960.206(c)]. To ensure appropriate use of needed resources, AHFC will use these occupancy standards and the following guidelines. This will serve to ensure that families have the appropriate amount of space and are neither over housed nor under housed. AHFC will use the same occupancy standards for all ACLT homes. AHFC occupancy standards for determining unit size will be applied in a manner consistent with fair housing requirements.



BEDROOM SIZE	MINIMUM NUMBER OF PERSONS	MAXIMUM NUMBER OF PERSONS
0 (efficiency)	1	1
1	1	2
2	2	4
3	3	6
4	4	8

3. Generational Ties & Displacement²: the following preferences address the topics of generational ties and displacement of LMI households:

- a. Eligible Census Tracts: households that reside in census tracts identified as being any gentrification type in maps created as part of [The Uprooted Project](#). The following households would be covered:
 - i. Households that currently reside in an applicable census tract
 - ii. Households that used to reside in an applicable census tract, back to the year 2000
- b. Displacement: households that have been displaced since 2000 due to the following:
 - i. Natural disaster
 - ii. Government action (i.e., eminent domain)
 - iii. Households displaced from properties that triggered the City of Austin’s Tenant Notification & Relocation Assistance Ordinance or federal Uniform Relocation Act
- c. Immediate family reside in the city: immediate family is a parent/guardian or grandparent. To address adult or elderly residents, an applicant’s immediate family could have resided in the city at the time of their death.

Process for AHFC Pilot Units (Ownership)

4. Marketing & Application Period: The lottery process will run 30 days at a time, with 4-5 homes each lottery application cycle. This application/lottery timeline will not only allow applicants multiple chances in the lottery, but also time for applicants to become mortgage ready. The lottery cycle also allows for proper processing time of applications by AHFC staff. During the

² The purpose of this preference policy is to mitigate the displacement of low-income households that results from gentrification and its effects on property values and rents.



30-day “marketing & application period,” submitted applications will be for the units available.

5. **Application Screening:** After the close of the marketing & application period, AHFC staff will screen applications for ownership unit program eligibility requirements. Applications must meet the eligibility criteria established by the program (including income eligibility and preference policy requirements).
6. **Preference Filtering:** AHFC staff or AHFC’s property manager will sort applications that meet eligibility requirements into the following lists:
 - a. **Disability Preference:** If any units with disability modifications are available, applications from disabled households are given first priority for those units.
 - b. **Household Size Preference:** Applications from households that are not appropriately sized to available units (or do not meet the preference through reasonable accommodation) are set aside and will be considered only after applications meeting preferences are exhausted. Applications that are appropriately sized to available units (or meet this preference through reasonable accommodation) move forward in the process, as described below.
 - c. **Generational Ties & Displacement Preferences:**
The list filtered by household size is further refined based on the presence of generational ties and the number of displacement preferences each application meets.
7. **Selecting Applicants:** Applications in each preference list are assigned a unique ID. AHFC staff will utilize an internal tool to score applications based on the preferences and randomly choose eligible households to fill the available units. AHFC staff will contact each applicant to obtain the required documentation. If an applicant cannot provide documentation for a preference, he/she is moved to the appropriate applicant pool. Once the applicants’ documentation has been verified, contracts can be executed with the applicants. If AHFC runs out of applications in the preference lists, AHFC reserves the right to re-open the marketing & application period.
8. **Appeals Process:** If an applicant feels he/she has received a rejection letter or waitlist/interest pool letter in error, the applicant can appeal the decision to AHFC. The AHFC Treasurer will review the appeal and make a final determination.