



# AFFORDABLE HOUSING BRIEFING

*A FOCUS ON:*

- OVERVIEW OF 2012 BOND DEVELOPMENT PROCESS
- COMMUNITY NEEDS
- A RETURN ON INVESTMENT

*A presentation by:*

- The City of Austin
- HousingWorks Austin

Austin City Council Presentation: April 25, 2013

# Today's Objective

## **Follow up to Resolution No. 201301177-061**

Directs staff to present on a series of topics to address the full spectrum of affordable housing

# Presentation Overview

- Definition of Affordable Housing
- Imagine Austin Public Input
- 2012 Bond Development Process
- Snapshot of community needs
- Investment Principles
- Return on Investment (ROI)
- Next Steps

# Affordable Housing and Household Affordability

## Affordable Housing:

Housing in which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.

*Definition from HUD*



## Household Affordability (Imagine Austin Priority Program):

Takes into consideration not only household costs such as mortgage, rent, and utilities but also transportation and access to daily and weekly needs as essential and inter-related components of household affordability.

*Definition from Imagine Austin*

## Based on Median Family Income:

30% of Median Family Income: \$15,400 for 1-person household; \$21,950 for a 4-person household  
50% of Median Family Income: \$25,650 for 1-person household; \$36,600 for a 4-person household  
80% of Median Family Income: \$41,000 for 1-person household; \$58,550 for a 4-person household  
120% of Median Family Income: \$61,500 for 1-person household; \$87,840 for a 4-person household

*Per HUD as of December 2012 for the Austin-Round Rock-San Marcos MSA*

# Imagine Austin Affordable Housing Input

- Resulted in over 18,500 points of community input
- Organized into four Community Forum Series, neighborhood meetings and working groups between 2009 and 2012
- Affordable housing and affordability were identified as a community priority early in the development process and became one of the 8 Priority Programs



# 2012 Bond Development Process

- **October 2011** – City Council creates citizen’s Bond Election Advisory Task Force
- **December 2011** – City Council approves the Guiding Principles for bond development
- **February 2012** – City Staff provides \$1.49 billion Needs Assessment to Task Force
- **February to May 2012** – Task Force consideration of Needs Assessment and formulation of recommendations
- **June 2012** – Task Force and City Manager recommend bond packages and provide to City Council
- **August 2012** – City Council approves placing \$385 million worth of bond propositions on the Nov. 6 ballot

# 2012 Task Force Work on Affordable Housing

- Task Force consideration of affordable housing (13 meetings)
- Affordable Housing Committee (February-April 2012)
  - Staff presentations, community input
  - 4 committee meetings held
- Multiple Opportunities for Citizen Input/Participation
  - Community Workshops (4)
  - Task Force Community Forums (2)
  - Other means of citizen feedback
    - Website, email, Speak Up Austin, bond hotline, etc
  - Task Force was provided summary of all input received

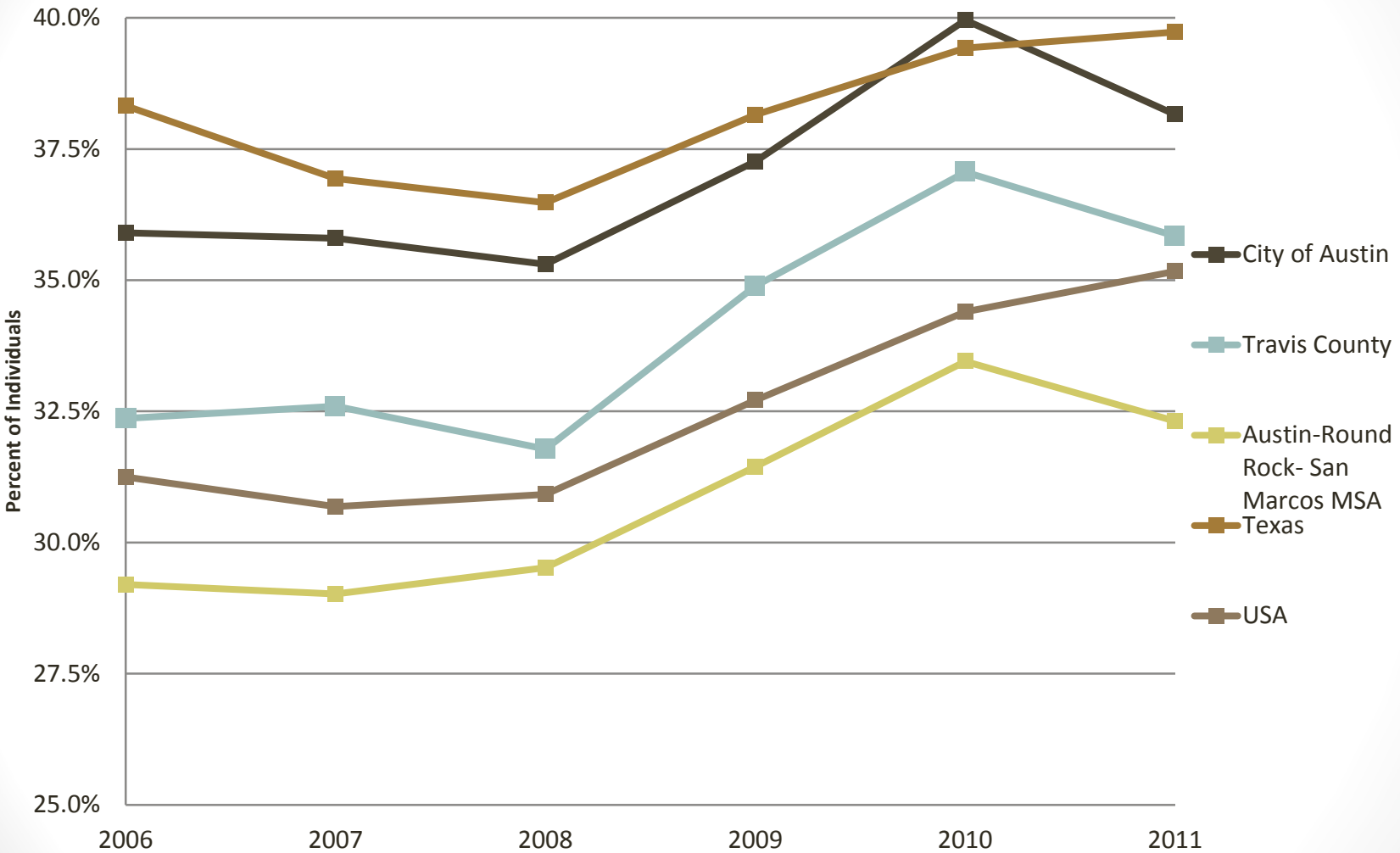
# Current needs assessment

## Action Plan Process Underway:

- Community Needs Assessment (March 20 – April 26)
- Two Public Hearings (April 2013)
- DRAFT Action Plan to include Community Needs Report released (June 1)
- Public Input on DRAFT Action Plan (June 1 – July 1)
- Action Plan due to HUD (August 15)

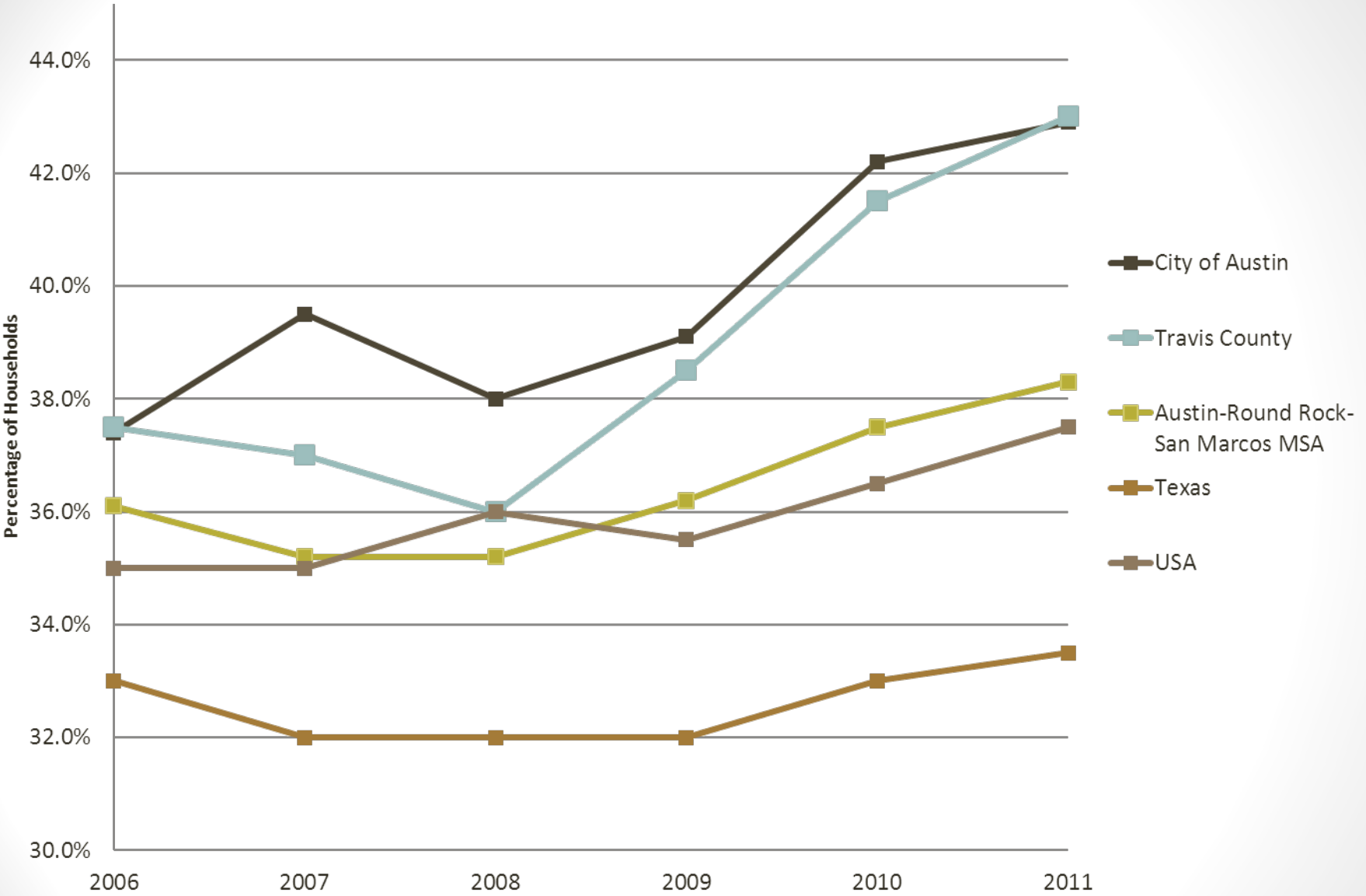


# % of Individuals Living Below 200% of the Federal Poverty Level



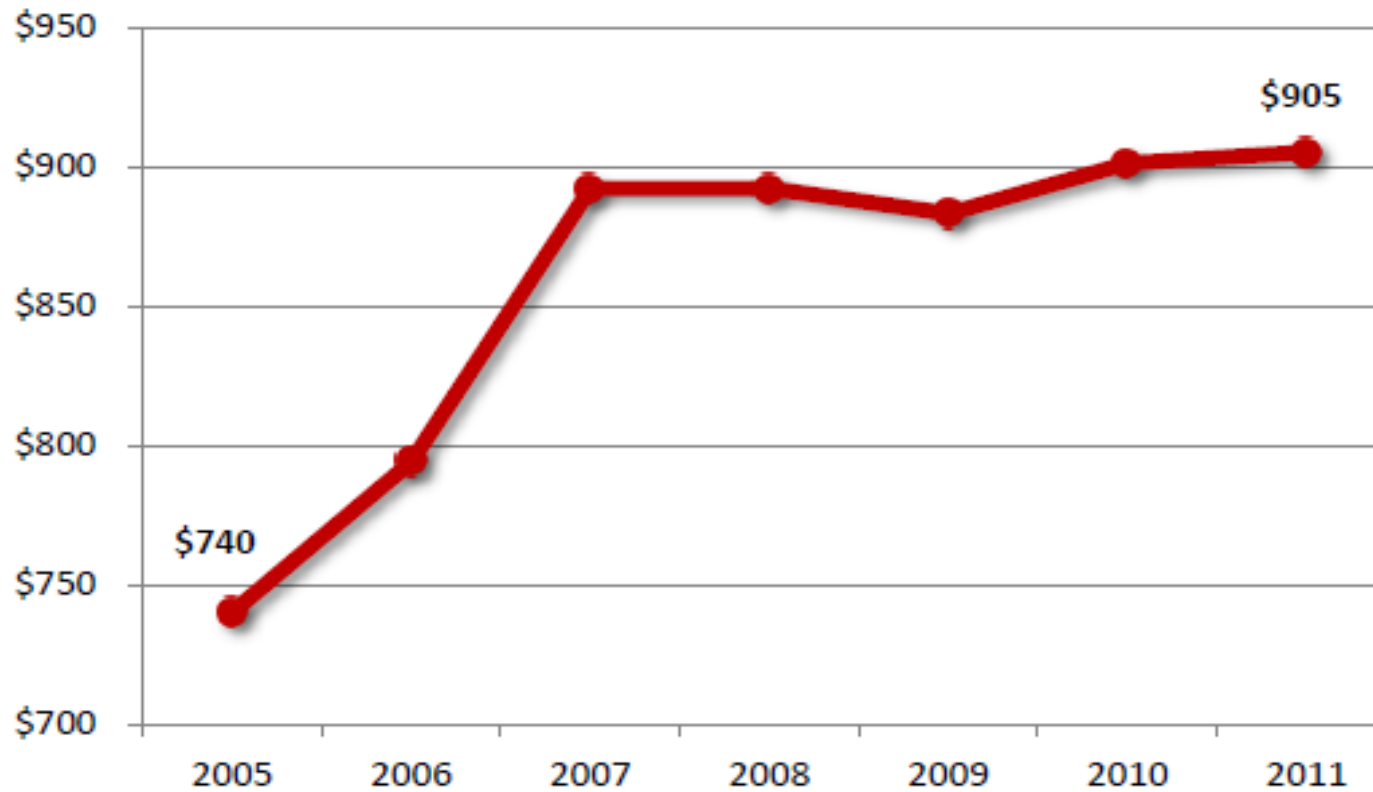
Source: U.S. Census Bureau American Community Survey 1-Year Estimates Table S1701

# % of Households that are Cost-Burdened



# Increase in rents

## Median Gross Rental Rate Trend



Source: 2005-2011 U.S. Census ACS 1-Year Estimates Table B25003

# Affordable Housing Gaps

## Housing Market Study Findings (2009)

### Rental:

- Gap of almost 40,000 rental units for those earning less than \$20,000 per year.
- One in 6 renters earning less than \$20,000 could find affordable housing in Austin.

### Ownership

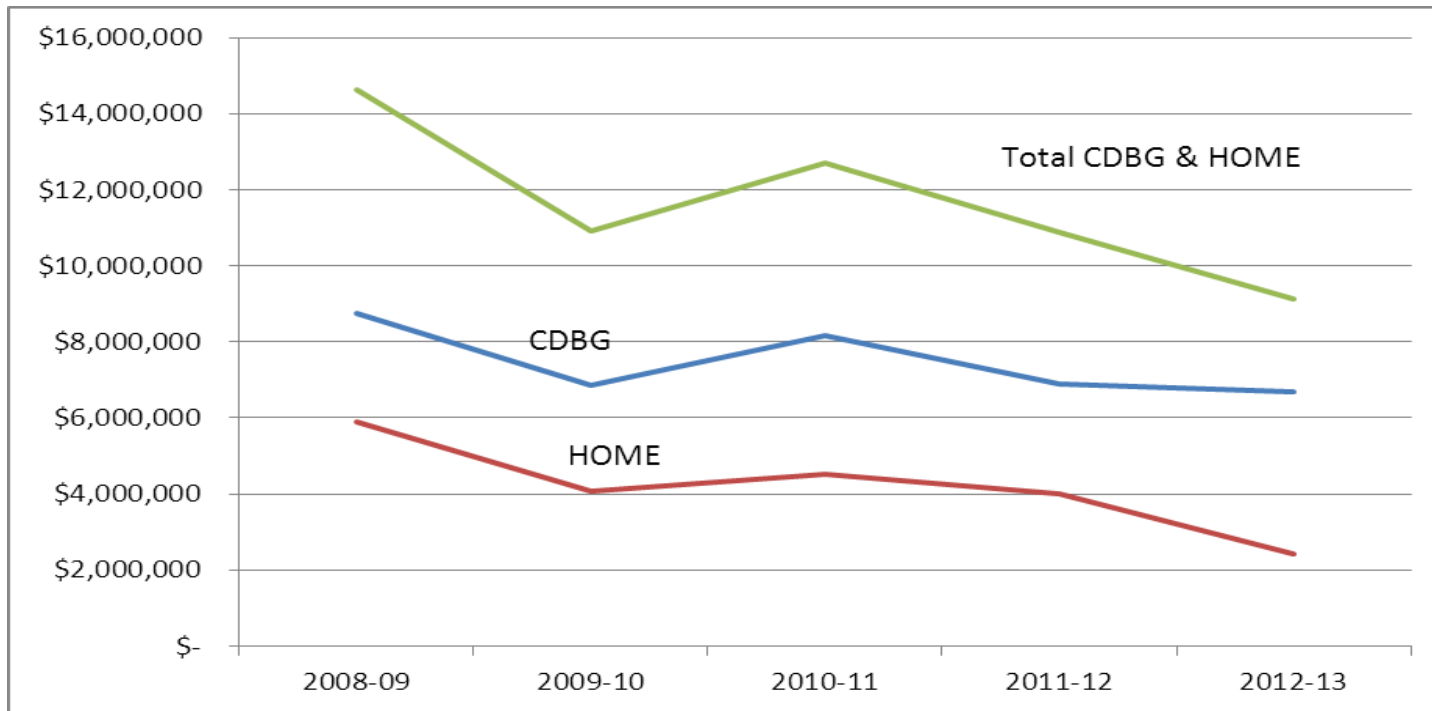
- Renters earning less than \$50,000 who wanted to buy a home in Austin would have found just 16% of the market affordable to them in 2008.

### Future Housing Market Study

- May/June 2013: Request for Qualifications (RFQ) to be released. Study finalized in early 2014

# Federal funding constraints

To accomplish our mission, NHCD directly administers a variety of programs to serve the community's housing, community development and economic development needs and provides grant funding to various agencies and non-profit organizations.



**CDBG and HOME Federal funding levels have been reduced  
by almost 40% from amounts received 5 years ago –  
Estimated 5% cut for Fiscal Year 2014**

# Investment Principles

Overarching principles to promote a strategic investment of affordable housing:

- **Maintain Flexibility and Adaptability** – Maintain flexibility to adapt to changing economic/political conditions and opportunities.
- **Utilize Partnerships** – Capitalize on partnership opportunities in public and private sectors.
- **Seek Diversified and Inclusive Community Benefit** – Give priority to projects that demonstrate affordable housing core values (deep affordability, long-term affordability, geographically dispersed affordable housing).
- **Maximize Leverage** – Use tax credits, outside financing and City resources to optimize economic leverage.
- **Optimize Return on Investment (ROI)** – Evaluate if investment is well spent by looking at factors including neighborhood investment, economic capital and ability to induce other value.

# Affordable Housing and Return on Investment

HousingWorks Austin

April 25, 2013



HousingWorks

AUSTIN

# 2006 Housing Bonds: A Great Return On Investment

**\$55 MILLION**  
IN AFFORDABLE HOUSING BONDS

**\$196+ MILLION**  
LEVERAGED

**3,417**



NEW HOMES AND APARTMENTS



**648**

HOME REPAIRS FOR LOW-INCOME HOMEOWNERS

**1,398**   
NEW RENTAL HOMES FOR LOW-INCOME FAMILIES

**131**   
NEW ACCESSIBLE HOMES FOR PEOPLE WITH DISABILITIES

**108**   
NEW RENTAL HOMES FOR LOW-INCOME SENIORS



# 2006 Housing Bonds Economic Impact: \$865 Million

**\$55 MILLION**  
INVESTED

**2,919**



JOBS CREATED

**3,417**



HOMES DEVELOPED

\$55 MILLION WILL BRING

**\$865 MILLION**  
TO THE LOCAL ECONOMY

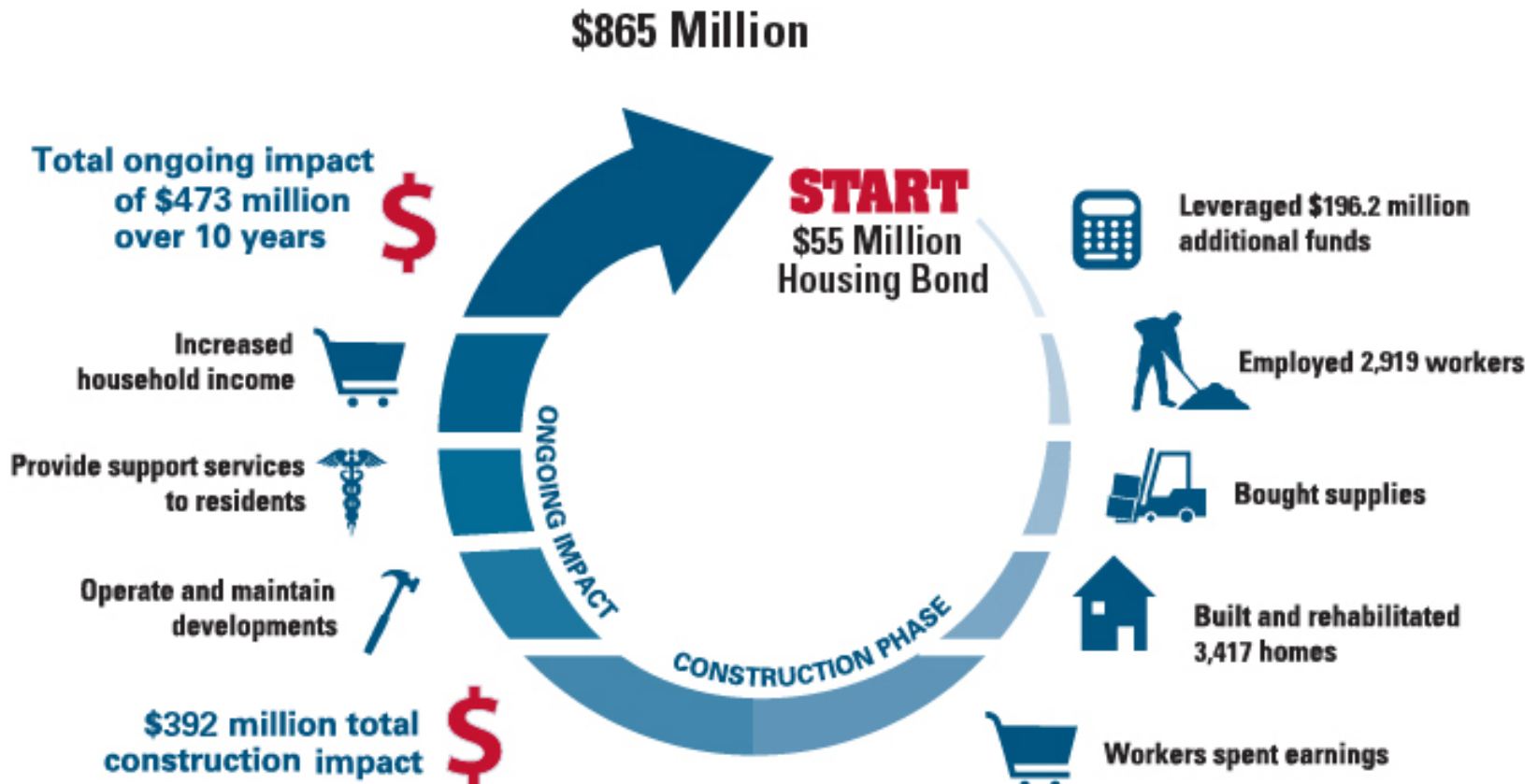
**\$392 MILLION**

TOTAL CONSTRUCTION IMPACT

**\$473 MILLION**

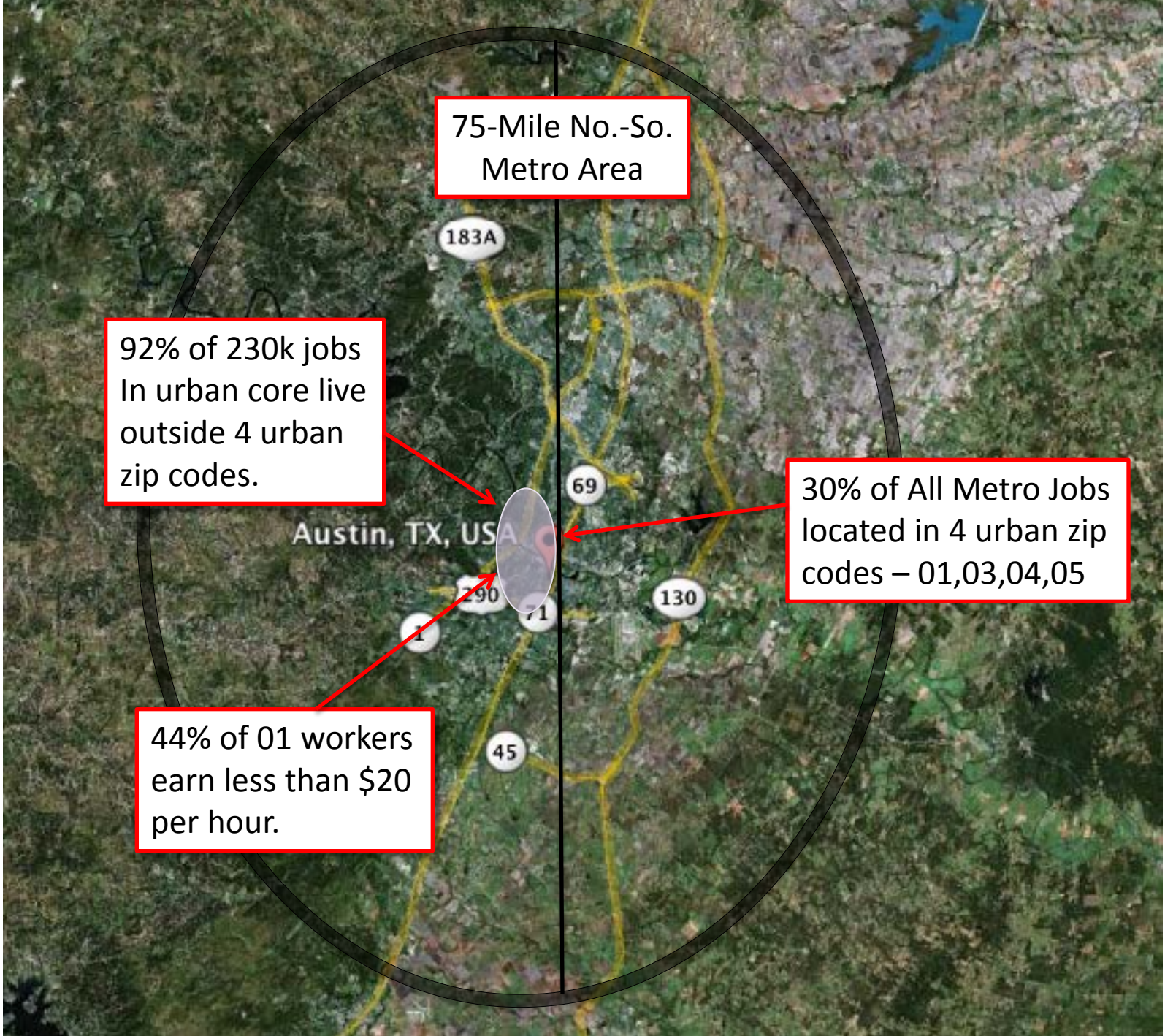
ONGOING OPERATING EXPENSES (OVER 10 YEARS)

# How the 2006 Affordable Housing Bonds are Bringing \$865 Million to Austin



## Two Major Issues Facing Austin

- **Traffic and Congestion** – The reasons are many, but Austin must now address its current congestion and how it will add additional transportation capacity.
- **Housing Affordability** – Our metro area affordability is being largely concentrated in our suburban, outlying areas, creating transportation, land consumption and undue municipal burdens.



75-Mile No.-So.  
Metro Area

92% of 230k jobs  
In urban core live  
outside 4 urban  
zip codes.

30% of All Metro Jobs  
located in 4 urban zip  
codes – 01,03,04,05

44% of 01 workers  
earn less than \$20  
per hour.



# Consider our Growth

- **Austin (metro) is expected to grow 580,000 people over the next 10 years . . .**
- **Based on current trends, that means 78,000 new jobs downtown in 2020.**
- **Based on existing trends, that means an additional 72,000 new cars will be trying to get to work in urban Austin.**
- **We must consider affordable housing near our jobs.**



Eight train stations to Downtown.

If each TOD could house 2,000 housing units and 25% of those were affordable, the Red Line could have **16,000 units** housing between 24,000 to 32,000 residents. 4,000 of those units would be **affordable** to low-income workers and their families.

Could we guess that around 50% of the residents would ride the train? If so, then between 12,000 and 16,000 residents would ride the train.

As such, between **24,000 and 32,000** auto trips per day will be avoided – the equivalent of an arterial road.

# Legal Requirements for Potential Election Dates

Nov. 5,  
2013

- Aug. 26, 2013 is the last date to call an election
- Last regularly scheduled Council meeting is August 22, 2013

May 10,  
2014

- Feb. 28, 2014 is the last date to call an election
- 2014 Council schedule has not been set

Nov. 4,  
2014

- Aug. 18, 2014 is the last date to call an election
- 2014 Council schedule has not been set

# Next Steps/Milestones

## Future Council Briefings

- **June 18:** Funding strategies for affordable housing

## Other Key Milestones (Nov 2013 Scenario)

- **August 22:** Last scheduled Council meeting prior to deadline for calling a bond election
- **August 26:** Last day to call an election for the November 5, 2013 ballot
- **November 5:** Election Day



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