



Affordable Housing Collaborative

Best Practices in Affordable Housing Austin, TX

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I. Executive Summary

Austin TX has seen unprecedented growth over the last 20 years, driven by very successful economic development strategies creating an attractive business climate. However, this growth has put tremendous strain on infrastructure, especially the housing sector. It seemed to the Affordable Housing Collaborative that Austin would be a great community to connect with to see how they are dealing with their housing challenges.

What we found was a community, who over last five year or so, have recognized they have significant challenges and need to bring the community together to focus on solutions.

The five primary obstacles Austin identified that exacerbated their housing sector were as follows:

- **Tax Policy** — A regressive tax structure lacking income tax (no state income tax in Texas) combined with property taxes having to fund the need for schools alongside the limited ability for local jurisdictions to enact taxes due to state legislature restrictions.
- **Other State Policies** — State law forbids inclusionary zoning and impact fees used elsewhere to generate more affordable housing. It also forbids rent control. Priorities around LIHTC favor other parts of the state and mean only one to two projects from Austin per year can likely access them.
- **Development Capacity** — Lack of key players often found in other markets including housing-focused Community Development Financial Institutions; for-profit, national, and regional affordable developers; and few large local nonprofit housing developers. This is due to in large part to the lack of funding streams for them to access.
- **Hot Housing Market** — As reported by HousingWire, “Tech heats up the already hot Austin Housing market,” the number of tech and tech-adjacent companies moving to Austin continuing to grow, leading to higher costs and lower inventory. The high land costs, rising rents, and increased displacement make it even more difficult for affordable housing developers to secure land and ensure projects are financially feasible and for long-term residents to remain and continue to make the case for affordable housing. The vast majority of those forced out are lower-income, families of color, many of whom have lived in Austin for generations.
- **Rapid Growth** — The Austin metro area has grown exponentially over the last two decades — from about 500,000 to over 2,000,000 — and the mindsets, capacity, and funding levels of residents, elected officials, government staff, business leaders, and philanthropists have not been able to keep pace, leaving systems in place that work better for a smaller city than a booming metro area.

II. City Demographics

Austin/Round Rock/Georgetown TX MSA (Data as of 2019)

Population - 2,227,083

Households - 810,679

Number of Households that pay more than 30% of income for housing and utilities (cost burdened) - 256,627 or 31.7%

Form of Government - Mayor/City Manager form government with 10 city counselor districts

Military Presence - minimal

Austin is the state capital

Austin is also the home of the University of Texas at Austin which is a public research university which is composed of 50,000 undergraduate and graduate students and over 24000 faculty and staff

III. Austin Housing Strategic Plan

In 2017, Austin City Council adopted a Strategic Housing Blueprint to address ongoing issues of affordable housing. As one of the country's fastest growing cities, Austin has expanded to nearly a million residents in just the last few years. Some predict the region's population could reach nearly 4 million people by 2050.

Developing the Blue Print

The Department of Neighborhood Housing and Community Development (NHCD), a city department, was tasked with developing an integrated, multi-faceted approach to addressing affordable housing. From the start, it was an inclusive process with extensive community outreach for resident input. NHCD hosted more than 30 public meetings over 18 months at senior center, faith-based communities, and schools, as well as conducting a statistically valid, bi-lingual survey.

Residents used the forums to stress the importance of affordable housing across Austin and ensure balanced livability for all income levels. Residents also urged the City to build affordable housing in close proximity to transportation choices, particularly for the elderly and residents with disabilities.

Setting Goals for Success

In addition to community input, NHCS staff conducted a detailed analysis of national planning models, tracked long-term building trends, and examined a range of potential local economic scenarios for the next decade. The intent was to be as diligent as possible when setting future housing goals and ensuring that households within each income category across the city could continue to find affordable housing and avoid the risk of displacement.

Ultimately, the Blueprint evolved into a holistic plan to preserve affordable homes in established communities and to increase the supply of housing to help mitigate the competition for the housing that is affordable to lower-income households. Over all, the Blueprint recognized that any approach to expanding availability of affordable housing must also maintain the livability standards and benefits for people who perform all types of jobs and whose contributions are essential to making Austin a vibrant culturally diverse, and livable city.

Austin Community 10-Year Affordable Housing Goals (MFI -median family income)

135,000 Housing Units in 10 years

50,000 Housing Units - Affordable to 121% MFI and above

Key Strategies

- Federal Funding
- Local Funding

25,000 Housing Units - Affordable to 81-120% MFI

Key Strategies

- Strike Fund
- CodeNEXT Changes

15,000 Housing Units - Affordable to 61-80 MFI

Key Strategies

- Strike Fund
- Density Bonus Programs
- other incentives

25,000 Housing Units - Affordable to 31-60% MFI

Key Strategies

- Federal Funding
- Local Funding
- Density Bonus Programs

20,000 Housing Units - Affordable to 30% MFI and Below (includes Permanent Supportive Housing and Home Repair)

Key Strategies

- Federal Funding
- Local Funding

Additional Goals

- At least 75% of new housing units should be within 1/2 mile of Imagine “Austin Centers and Corridors”.
- Preserve 10,000 affordable housing units over 10 years.
- Produce 100 Permanent Supportive Housing (PSH) units each year, with half of those units (50) being Housing First (a homeless assistance approach that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life).
- At least 25% of new income-restricted affordable housing should be in high opportunity areas.
- At least 30% of new housing should be a range of housing types from small-lot single -family to eight-plexes to help address Austin’s need to multi-generational housing.

Within Each City Council District:

The Blue Print emphasized that this affordable housing would extend new and affordable housing choices for all Austinites in all parts of Austin, particularly along the city's transit corridors.

To meet these goals, City Council identified specific affordable housing goals within each Council district and along transit corridors

- At least 10% of rental housing units will be affordable to households earning at or below 30% MFI (which is \$24,300 or less for a 4-person household in 2016); and
- At least 25% of ownership housing units will be affordable to households earning at or below 120% MFI (93,360 or less for 4 person household in 2016)

Affordable Housing Goals by Imagine Austin Corridors:

The Blueprint also calls for at least 75% of new housing to be located within half a mile of "Imagine Austin Centers and Corridors". It also sets a goal for 90 percent of newly built or preserved affordable housing to be located within 3/4 of a mile of transit service. Putting affordable housing in close proximity to transit corridors is an important component of increasing affordability. Living close to transit means Austinites have easier and more affordable access to work, services and shopping.

These specific centers and corridors, outlined in the City of Austins strategic plan, allow people to reside, work, shop, access services, people watch, recreate, and hang out without traveling far distances. Within them, the design and scale of buildings and the design and availability of parks and gathering spaces will welcome people of all ages and abilities.

Key Actions to Meet Housing Needs and Support Community Values:

Throughout public engagement, NHCD heard from residents and community leaders who clearly voiced the desire to prevent families from being priced out of the Austin market, to invest in housing for those of greater need, and to help residents reduce transportation costs and household expenses whenever possible. These recommendations ended up being organized into five categories, each focused on achieving the best outcomes, including:

- **Prevent households from being priced out of Austin.** Support legislation to allow flat dollar-amount Homestead Exemptions, create a preservation property tax exemption for properties to minimize displacement of low-income renters, expand the use of shared-equity ownership and mechanisms to preserve and create ownership options for households at 80-120% MFI, and invest in preservation strategies to combat gentrification.
- **Foster equitable, integrated, and diverse communities.** Promote strategic investments and create protections for low-income renters by developing a strike fund (or layered fund) to preserve multi-family buildings to retain affordable housing units, implement Austin's Fair Housing Action Plan, bolster enforcement of FairHousing requirements, and undertake strategic land banking for affordable housing,

- **Invest in housing for those most in need.** Every effort should be made to protect the most vulnerable populations. The City should pursue General Obligation Bonds and General Fund appropriations for affordable housing, leverage low-income housing tax credits, incentivize the private sector to fund affordable workforce housing, maximize the use of public properties for policy housings and expand housing for citizens with disabilities.
- **Create new and affordable housing choices for all Austinites in all parts of town.** Facilitate the streamlining of City codes and permit processes, revise the S.M.A.R.T. Housing Program (Safe, Mixed-income, Accessible, Reasonable Prices, Trust-Oriented), relax regulations on affordable housing products (including cooperatives and Accessory Dwelling Units) and create a Multifamily Property Tax Exemption Program.
- **Help Austinites reduce their household costs.** More can be done to help Austinites through projects that connect housing with transportation choices, educate and increase efforts to help households to reduce utility costs through weatherizations of current residences, and ensure that future housing developments are in proximity to healthy grocery stores, health care services, and social support agencies.

Implementation and Ongoing Engagement:

The Austin City Council directed the City Manager to create an interdepartmental Action Team comprised of the Department of Neighborhood Housing and Community Development, Department of Transportation, Planning and Zoning, Economic Development, Financial Services, and Law Department to coordinate implementation steps for each of the Key Actions, and to document progress and obtain ongoing public feedback.

IV. Key Affordable Housing Organizations in Central Texas

- **Neighborhood Housing and Community Development (NHCD) a Division of the City of Austin:**

This is the department within the city of Austin whose mission is to cultivate a diverse and economically inclusive City by creating affordable housing opportunities and mitigating community member displacement.

- **Programs include;**

Affordability Unlocked Development Bonus Program- This program waives or modifies some development restrictions in exchange for providing low-and moderate-income housing. The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included. In return for setting aside half of a development’s total units as affordable, bonuses

include height and density increases, parking and compatibility waivers, and reductions in minimum lot sizes. The 'Affordability Unlocked' Development Bonus Program looks to capitalize on the \$230 million in Affordable Housing Bonds that voters approved in 2018 by enabling developers to include more affordable units in their developments. The program is designed to help the City meet its goal of building 60,000 affordable housing units by 2027, which the City committed to through the *Strategic Housing Blueprint*. The program applies citywide and offers extensive waivers and modifications of development regulations in exchange for setting aside at least half to a development's total units as affordable. For rental units, that means the affordable units must serve households with incomes averaging up to 60% of the median family income (MFI), with a portion of those serving households up to 50% MFI, for 40 years. For ownership units, the affordable units must be sold to households with incomes averaging up to 80% MFI; these units must be affordable for 99 years.

The Affordability Unlocked program allows applicants to select from two levels of affordability. The first level, Type 1, includes entry-level requirements that must be met to utilize the program. The second level, Type 2, includes requirements in addition to all Type 1 requirements and allows for more development bonuses. *Prior certification from NHCD is required before a site plan or building permit application can be processed. Applicants should apply to use the Affordability Unlocked program before submitting funding, S.M.A.R.T. Housing, site plan, or building permit applications.*

Architectural Barrier Removal- Architectural barriers are physical elements of a home that can make it difficult to easily enter, leave or move around your home. Eligible homeowner and renters can receive up to \$15,000 for improvements.

Austin is My Home- Due to the rapid growth of Austin, some homeowners may be feeling pressured by aggressive real estate investors and changing neighborhoods. Some homeowners may be feeling financial stress from maintaining their homes. Some may want to stay in Austin but their homes require some upgrades to make it safer to age-in-place. Elements of program include help in;

- "Know the signs of predatory investors" educational series
- Apply for home repair programs
- Learn about mortgage relief options and protections
- Make sure you have all the tax relief tools available to you
- Apply for weatherization assistance

Colony Park Sustainable Community Initiative- The city of Austin has an opportunity to help an underserved East Austin community create a vibrant plan for more than 200 publicly-owned acres in Colony Park. The Colony Park Sustainable Community Initiative began in 2012 as a three-year master planning process supported through a \$3 million U.S. Department of Housing and Urban

Development Sustainable Communities Challenge Grant. Through this process, the City engaged hundreds of community stakeholders through community meetings, workshops, and family-focused events to create a community vision for the project. This vision is captured in the **Colony Park Master Plan and Design Guidelines**, which includes priorities that will guide the development of the 208 acre City-owned site. The Austin City Council adopted the Colony Park Master Plan and **Planned Unit Development (PUD) zoning district** in December 2014. Following the Master Plan and PUD adoption, the City of Austin worked with the community to secure a master developer partner for the Colony Park Sustainable Community. The City of Austin signed an Exclusive Negotiating Agreement with Catellus Development Corporation (Catellus) for the project in May 2020.

Go Repair! Grants/Home Repair- This addresses substandard housing conditions to make safe and barrier-free homes for Austinites. Low-income families struggling to make required home repair may be eligible. Grants are up to \$20,000 to fix structural issues for homeowners. There are also other programs for income -eligible Austinites to assist people for staying in their homes. Homes that present health or safety hazard may need financial assistance . This program helps eligible homeowners to make critical and necessary repairs. Minor Home Repair Grants are up to \$5,000 per home.

Housing Development Assistance- The Housing and Planning Departments and the Austin Housing Finance Corporation (AHFC- a public, nonprofit corporation of the City of Austin) use funding tools and regulatory incentives to encourage both for profit and non-profit developers to create affordable housing. Both funding and/or regulatory incentives support developers to create affordable multi-family or single-family housing.

Affordable Housing Density Bonus Programs allow developers to build more units than are allowed by a site's base zoning if the developer agrees to set aside a portion of units for income-restricted affordable housing or in some cases pay a fee-in-lieu of providing affordable housing.

S.M.A.R.T. Housing Initiative stimulates the production of affordable housing for residents that is Safe, Mixed-Income, Accessible, Reasonably Priced, and Transit-Oriented (i.e. S.M.A.R.T.) by providing waivers for certain development fees.

The S.M.A.R.T. Housing Policy Initiative has the following eight components:

- 1) It names the Austin Housing Finance Corporation (AHFC) as the lead agency to foster partnerships with neighborhoods and the home building industry to develop, finance,, rehabilitate, relocate, and operate S.M.A.R.T. Housing™ in the City of Austin.
- 2) It designates the Neighborhood Housing and Community Development Department (NHCD) as the lead agency on housing policy issues and the single point of contact to facilitate S.M.A.R.T. Housing™ developments. The single point of contact designation

empowers NHCD to assume a leadership role in working with other City departments to assist in the successful development of S.M.A.R.T. Housing™ projects.

3) AHFC has a right of first refusal for receiving any City-owned surplus property for development as S.M.A.R.T. Housing™, except for land with an adopted master plan.

4) It allows full or partial fee waivers for up to 1,500 service units¹ annually in developments in which a portion of units are “reasonably priced” and all units meet S.M.A.R.T. Housing™ standards. A sliding scale creates incentives for mixed-income developments. A list of fees waived is included in this Guide.

“Reasonably-priced units” are those units rented or sold to families who earn no more than 80% of median family income² and who would spend no more than 30% of their family income on housing, or up to 35% if a household member receives City-approved homebuyer counseling).

5) Requires NHCD to catalogue opportunities for improvement identified during the review, construction, and inspection of S.M.A.R.T. Housing™ developments and requires collaboration among city departments in implementing collaboration among city departments in implementing these suggested improvements.

- **Long-Term Homeownership Affordability Tools:** Long-term housing generally refers to home ownership, whether it be individual homes or subdivisions, or multi-unit properties (e.g., duplexes, condominiums, etc.). Availability of reasonably priced housing can be important to ensuring the affordability in communities citywide. The City of Austin strategically provides resources to help in the construction and preservation of such housing, as outlined below:

Homestead Preservation Districts/Homestead Preservation Reinvestment Zones- are a type of Tax Increment Reinvestment Zone (TIRZ) that generate revenue to create and preserve affordable housing within the district. The tool uses tax increment financing to dedicate tax revenues from that district to support affordable housing in that district.

Homestead Land Trusts- are organized as non-profit corporations that acquire and hold land to develop and preserve long-term affordable housing within the district. Homestead Land Banks allow cities with an Housing Preservation District to purchase and hold land for the purpose of creating affordable housing within the district.

Community Land Trust (CLT) (Single Family/Townhomes)- Community Land Trusts allow buyers to purchase a home, but lease the land for a small monthly fee. By taking the cost of the land out of the real estate transaction, land trust homes are more affordable than houses on the open real estate market. The benefit is access to quality housing for low- and moderate income families and keeping housing affordable for future buyers by controlling the resale price of the houses on CLT land through a ground lease and resale formula. CLT developers are required to enter to an Austin Housing Finance Corporation, pre-approved, ground lease with the affordable buyer.

Long-Term Affordability Restrictions (Condo)- Developers who build a condominium with a long-term affordability requirement, must enter into an Austin Housing Finance Corporation, pre-approved, land use restriction that is recorded against the property. A second land use restriction will be entered into with the affordable buyer of the condo at closing. By restricting the original sales price and restricting the resale value, these homes are more affordable than houses on the open real estate market.

Neighborhood and Commercial Revitalization - creates opportunities in the East 11th Street and 12th Street corridors, which has led to an improved and culturally rich area. Businesses located in the two commercial/retail buildings provide services and opportunities for private investment. The revitalization effort uses a combination of federal, local and private resources to improve the quality of life for the community. This redevelopment plan, which has been the instrument in the revitalization area, is slated for completion soon.

Permanent Supportive Housing- Ending homelessness with sensible, safe, stable housing approach. On any given night, more than 2,100 Austinites are homeless. Many have been homeless for more than one year. Doing nothing is not an option. So, the City of Austin and Travis County are serving Austin with compassion and action through a sensible, safe, stable housing approach called Roof Over Austin.

On March 25, 2010, the Austin City Council passed a historic resolution directing staff to develop a strategy that would prioritize the City's affordable housing resources - including federal and local monies - for permanent supportive housing (PSH). The unanimous action was the result of several interconnected initiatives that culminated in Austin elected officials pledging to create 350 units by 2014 for residents most vulnerable to homelessness

By the end of 2014, the 350-unit goal was surpassed. In October of 2014, the Council continued their commitment to this effort by approving a second resolution, setting a new goal of creating 400 more PSH units, to include 200 Housing First PSH units, in the next four years.

- **Special Projects and Community Programs-** NHCD manages a number of projects for the Austin community, including acting as receiving agent for U.S. HUD funding, directing commercial and urban revitalization to underserved areas, and improving the quality of life for the community.

Austin Housing Finance Corporation (AHFC)- The Austin Housing Finance Corporation (AHFC) regularly partners with non-profit and for-profit affordable housing developers through a competitive solicitation process to develop AHFC-owned properties with rental and owner-occupied housing reserved for low-income household.

The AHFC was created in 1979 as a public, nonprofit corporation and instrument of the City of Austin under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and Local Government Code. The Austin City Council serves as the AHFC's Board of Directors.

The mission of the AHFC is to generate and implement strategic housing solutions for the benefit of low- and moderate- income residents of the City of Austin. The AHFC's primary functions are to:

- Issue single-family and multi-family bonds for the financing of reasonably priced housing
- Assist the City in the delivery of reasonably priced housing programs using HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) funds granted to the City by the U.S. Department of Housing and Urban Development (HUD)

Housing Authority of the City of Austin (HACA)- Purpose is to cultivate sustainable affordable housing communities and partnerships that inspire self-reliance, growth and optimism.

Austin Affordable Housing Corporation (AAHC)- AAHC is nonprofit subsidiary of the Housing Authority of the City of Austin (HACA) created j 2003 to ensure and preserve quality, affordable housing opportunities for low- to moderate-income families Austin as well as provide financial literacy and homeownership opportunities. AAHC portfolio includes 2740 units in 18 housing communities of multi-family, single-family and commercial properties.

- Affordable Housing Funding is Generated for these programs from a variety of sources:

Federal Funding from the U.S. Department of Housing and Urban Development (HUD)--such as Community Development Block Grants and HOME Investment Partnerships--assists with affordable housing development, rehabilitation, and home buying.

Rental Housing Development Assistance Program expands the supply of affordable rental housing for low-income households and increases the availability of permanent supportive housing for persons experiencing homelessness or with special needs.

Private Activity Bonds or Multi-Family Mortgage Revenue Bonds are issued by the AHFC to finance multi-family developments. Multi-Family Mortgage Revenue Bonds are purchased by private investors and are repaid through rents collected at the bond-financed property, not by the City of Austin or its taxpayers.

Acquisition and Development Program (Homeownership) provides funding to private and nonprofit developers, including Community Housing Development Organizations (CHDOs), to acquire, rehabilitate, and construct affordable ownership housing for low - to moderate-income homebuyers.

General Obligation Bonds are voter-approved bonds for affordable housing development. Austin voters approved \$55 million in General Obligation Bonds in a 2006 referendum, \$65 million in 2013 and \$250 million in 2018.

Housing Trust Fund supports the development and rehabilitation of owner occupied homes, rental housing development, and acquisition of property for use as affordable housing. The City of Austin City Council dedicates 40% of City property tax revenues from the developments that have been built on previously City-owned land towards affordable housing. The Trust Fund was established in 1999, and the City Council seeded the fund with \$1 million annually for three years to jumpstart it.

Low-Income Housing Tax Credit (LIHTC) The Texas Department of Housing and Community Affairs (TDHCA) provides low-income housing tax credits (LIHTC) that allow housing developers or their investment partners to take a federal tax credit to offset up to either 4 percent or 9 percent of their federal tax liability in exchange for building low-income rental housing.

- **Housing Works Austin:**

HousingWorks Austin is an affordable housing advocacy organization that aims to increase the supply of affordable housing in Austin by providing research, education, advocacy and thoughtful, workable [affordable housing policy](#) recommendations.

A by-product of the unprecedented growth that Central Texas is experiencing is a sharp decline in affordability, in part due to rising home values, increasing rents and growing transportation expenses. By working with stakeholders throughout Central Texas, HousingWorks Austin encourages dialogue and raises awareness of the cooperative effort required to make housing affordable for anyone, anywhere in the city.

HousingWorks Austin provides research, education, and advocacy around the issue of household affordability in Austin and the surrounding region. Affordability is a hot topic, and there are many diverse —and sometimes competing — ideas about how we can make Austin a more affordable city. A nonpartisan organization, HousingWorks Austin provides thoughtful analysis and practical recommendations around affordability. Our efforts unite a wide range of business, nonprofit, real estate, and community leaders around the core value that housing affordability throughout town is crucial to Austin's success.

Examples of work done:

- **Research-** HousingWorks conducts policy research on timely and localized topics related to affordable housing. Our research keeps the community informed on issues related to affordability and enables community leaders to make better-informed policy decisions based on reliable data.

Annual District Analyses- Every year, HousingWorks researches and publishes an analysis of all 10 city council districts in Austin. Working with demographers, business organizations, nonprofits and other sources, we compile data related to housing, income and other factors that affect household affordability. That includes homelessness, home prices, rate of home ownership, amount of subsidized housing and transportation costs. We present the data in graphics that are easy to understand.

Housing Bonds Economic Impact Reports-HousingWorks was involved in the efforts to pass the \$65 million affordable housing bonds in 2013 and \$55 million housing bonds in 2006. We are committed to keeping Austin voters apprised about the developments and other housing initiatives on which funding from these bonds is spent, how many affordable units they are bringing to Austin and the overall economic impact they are generating for Austin. Click below to view the economic impact reports we commissioned through Civic Economics.

Transit+Affordability Forum- In conjunction with the UT Community Entrepreneurship and Development Clinic, HousingWorks Austin evaluated the importance of affordable housing in competing for federal New Starts funding.

Building and Retaining an Affordable Housing- a ground-breaking report was the result of a year-long collaboration with the Urban Land Institute Austin, the Real Estate Council of Austin, and the Austin Area Research Organization.

Austin Strategic Housing BLUEPRINT SCORECARD Annual report- The city of Austin hires HousingWorks to analyze and track the City's progress towards reaching the 135,000 housing unit goal by 2028 as specified in their strategic housing plan.

Future Projects-

- Housing + Transit (New Starts Funding)
 - Property Condition / Landlord Registration
 - Affordable Housing Database
 - Eviction Prevention
- **Education-**HousingWorks is dedicated to seeing affordable housing peers in Austin and across the state have access to resources that help them better serve the communities they work within. This ranges from one-on-one work with policy-makers to putting together custom training and can include:
 - Annual Housing Summit
 - Workshop facilitation
 - Affordable Housing Bus Tours
 - Affordable Housing Data
 - Public awareness campaigns

- **Storytelling**

Their biggest educational initiative is their annual housing summit. This is an all-day event that focuses on a different broad industry issue each year. Speakers from across the country come to Austin to educate advocates, policy-makers, and housing professionals through panel discussions and presentations. In the past, we've focused on building equitable communities, housing and health, and housing as economic opportunity.

- **Advocacy-** HousingWorks advocated for the 2018 \$250 million Affordable Housing Bond and joined partner organizations in Keep Austin Affordable Prop A campaign. The 2018 Affordable Housing Bond is critical to meeting community needs and achieving the goals of the Strategic Housing Blueprint. Additionally, HousingWorks has remained deeply involved in the conversation surrounding revising the City of Austin's Land Development Code to leverage more affordable housing opportunities. Some of their specific advocacy efforts include:

- Increasing housing choice for Austinites and allowing accessory dwelling units and other housing types to be built throughout the city
- Increasing the geographic dispersion of affordable housing across the city and ensuring there is adequate housing throughout, including legally-restricted affordable housing
- Assessing and expanding tools to incentivize affordable residential development
- Considering companion policies to the land development code that go beyond the code and help achieve additional goals of the Strategic Housing Blueprint
- Weighing entitlements against affordability, including gaining a better understanding of community benefits and the need to address fair housing concerns
- Improving the development process by creating an expeditious and predictable development process that can ease the pressure on housing supply and contribute to greater affordability
- Preserving existing affordable housing and ensuring that low-income residents can remain in their neighborhoods and have access to high opportunity areas.

- **Austin Community Foundation:**

For 43 years, Austin Community Foundation has brought together philanthropists, dollars and ideas to make Austin a better place for everyone. As a data-driven organization, they are always looking for innovative opportunities that can make the greatest impact for the communities of Central Texas. Recent research led them to re-align their strategic focus to spark even more outcomes.

Their new plan provides a sharper focus on their work in two specific impact areas: affordable housing and economic security. They are creating a dynamic roadmap that encourages growth in these areas while still allowing flexibility to meet the changing needs of our region.

Recently, ACF has created the Housing Affordability Investment Opportunity which involves home ownership through Austin Habitat for Humanity. In Q3 of 2022, Austin Habitat for Humanity will break ground on three projects with the goal of getting more people in homes, that they can afford to own. These projects are focused on density, delivering on the goal to create different types of housing to meet the differing needs of potential buyers. Habitat will produce 150 units of housing for people living between 60% and 120% AMI. Through a partnership with UFCU, home buyers will be eligible for below-market rate mortgages. Additionally, deed restrictions will ensure long-term affordability of each unit through a cap of 2% annual simple interest on the valuation, with a requirement that the resale go either to Austin Habitat or another eligible buyer.

While the land is owned by Habitat and the majority of development and construction costs have been arranged through third party financing, City bond investment and grants there is an opportunity for philanthropy to close a \$4 million gap through strategic impact investing to cover interim construction and site-work.

- **Austin Housing Conservancy/Affordable Central Texas:**

The Austin Housing Conservancy is an open-ended social impact private equity fund for high-net-worth individuals, family offices, private foundations, institutional investors, Bank CRA programs, larger foundations and others. Unlike other impact investment funds, which invest in enterprises with social or environmental missions, the Austin Housing Conservancy Fund is the first to invest long-term equity directly in the problem it endeavors to solve: moderate and middle-income housing affordability.

Our mission is to purchase and preserve multifamily properties to maintain affordable rental rates for our community's teachers, first responders, medical professionals and others vital to Austin's day-to-day livability and success. With a flexible, discretionary investment strategy, the Fund delivers to investors high single-digit financial returns, as well as social and environmental outcomes that directly benefit Austin's working professionals.

- **Fund Characteristics**

- Investment Profile-*

- Purchase existing market-affordable multifamily communities
- Invest in geographically diverse, transit-rich, high-opportunity areas near jobs, good schools and healthy food options
- Target housing serving residents earning between 60% and 120% median income
- At least half the residents in the fund portfolio will earn 80% of median income or less

- Objectives-*

- Purchase and preserve 5,000 workforce units over the next five years
- Partner with experienced, high-quality, mission-driven operators and managers

- Leverage open-ended fund structure for multiple capital raises and closings as needed
- Stable, low risk current yields with high single digit long-term returns
- Any shared profits received by the sponsor, ACT, are reinvested in The Fund

Affordable Central Texas (ACT), in conjunction with Austin Housing Conservancy Fund, works to ensure Austin's workforce can afford to live in greater Austin by building a scalable social impact fund aimed at preserving well-located multi-family apartment properties for long-term affordability. ACT is a 501(c)(3) charitable nonprofit formed by local Austin real estate and affordable housing veterans to manage the activities and investments of the Fund and otherwise act to improve workforce housing in and around Austin.

ACT was established as a charitable organization to relieve the burdens of government and initially serve the Central Texas Area through the preservation of affordable housing. Established in 2016, its founders are experienced real estate professionals and advocates for affordable housing who engage and participate as the sponsor of the Fund. This charitable organization was initially funded through contributions from its founding members and local and national foundations. It continues to obtain additional capital from charitable donations, endowments, foundations and others.

V. Conclusions/Best Practices

- **Financing/Funding/Land Use**
 - General Obligation bond issue for affordable housing
 - General fund appropriating to be used for affordable housing
 - Promote strategic investments such land conservancy investing
 - Leverage public properties for policy housing
 - Strategic land banking for affordable housing
- **Capacity/Incentives**
 - Preservation of property tax exemptions and flat dollar amount homestead exemptions V
 - Leverage LITHC funding Strategically
 - Incentivize private sector workforce housing
 - Revise S.M.A.R.T. Housing program
 - Relax regulations on affordable housing products (including cooperatives an ADU's)
 - Expand shared equity ownership
 - Invest in preservation strategies to combat gentrification
 - Develop a STRIKE fund to preserve multi-family buildings to retain affordable housing units
 - Streamline city codes and permits process
- **Regulatory/Advocacy**
 - Connect Housing with Transportation choices

- Reduce utilities cost through weatherization of current residences
- Ensure that future housing developments are in proximity to healthy grocery stores, health care services and social support agencies
- Create multi-family property tax exemption programs (ad valorem property taxation)
- Support legislation to allow flat dollar-amount Homestead Exemptions (primary residences)
- Create a preservation property tax exemption for properties to minimize displacement of low-income renters,
- Expand the use of shared-equity ownership and mechanisms to preserve and create ownership options for households at 80-120% MFI, and invest in preservation strategies to combat gentrification.