

# PART 4

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Strategy and Policy Overview:  
Addressing the Displacement of  
Vulnerable Residents in Gentrifying  
Neighborhoods

## Introduction

This part of the report provides an overview of a diverse set of strategies and policies for addressing the displacement of vulnerable residents in gentrifying neighborhoods. The discussion of each strategy and policy is guided by the following vision statement:

**Low-income residents and persons of color (and their children) in historically disadvantaged communities have the opportunity to stay and return to their neighborhoods in the face of rising property values and an influx of more affluent residents. Over time, opportunities remain for new low-income residents to live in the community. Residents have a meaningful role in shaping the future of their neighborhood.**

The strategies and policies are organized around a set of six overarching goals (see below). This organizational framework provides a reference point for understanding how certain strategies and policies further different displacement mitigation goals, while not furthering others. The framework also highlights how one type of strategy might advance one goal while actually undermining another. For example, lowering property taxes for homeowners would help low-income homeowners remain in their homes, but also shift more of the property tax burden to landlords, potentially contributing to increased rents and hurting Austin's vulnerable renters.

### Goals for addressing displacement in gentrifying neighborhoods

- 1 Vulnerable renters in gentrifying neighborhoods are not displaced from their current homes and neighborhoods.
- 2 Vulnerable homeowners in gentrifying neighborhoods are not displaced from their current homes and neighborhoods.
- 3 The existing affordable housing stock (subsidized and non-subsidized) in gentrifying neighborhoods is preserved so that the units are in good condition while remaining affordable to low-income residents.
- 4 City planning and land use decisions incorporate inclusive and equitable anti-displacement strategies, and low-income persons and communities of color are empowered to participate early and meaningfully in land use decisions that shape their homes, neighborhoods, and communities.
- 5 Vulnerable residents are able to remain in or return to their communities by accessing the new affordable housing opportunities in their neighborhoods.
- 6 New affordable housing options are created to serve current and future vulnerable households in gentrifying neighborhoods.

We do not provide an in-depth analysis of the policies here. Instead, each policy overview includes a one- to two-paragraph summary of how the policy works, some examples of where the policy has been used, if applicable, and a short summary of "pros" and "cons," which consider some of the benefits of the policy as well as considerations that may deter cities from adopting the policy (such as fiscal impacts, political implications, etc.). In Part 5 we provide a deeper discussion of a subset of these policies, using criteria designed to further highlight trade-offs.

This overview is geared towards strategies, policies, and programs that a city can adopt or help incubate, although many require partnerships with nonprofit organizations and other private entities. The focus here is also on strategies and policies that can be targeted to individual neighborhoods facing displacement pressures, although some of the policies are citywide in scope. We did not include in this overview any policies that are illegal in Texas. We have instead summarized those following the policy overview.

The overview does not represent our endorsement or recommendations of policies that the City of Austin should pursue, but is instead intended to provide a range of options for policymakers to consider. Our selection and analysis of the policies were drawn from a review of recent literature, our experience in the field, discussions with local experts and practitioners, and the case studies we developed. The literature we reviewed included local and national studies, reports, and toolkits focused on gentrification and displacement, along with actual ordinances and statutes. We also looked closely at policy recommendations made by local advocacy groups and task forces focused on issues related to gentrification, displacement, racial justice, and affordable housing.

## Summary of Strategies and Policies Available to the City of Austin to Mitigate Displacement of Vulnerable Residents in Gentrifying Neighborhoods

### GOAL #1: Vulnerable renters in gentrifying neighborhoods are not displaced from their current homes and neighborhoods.

Renters in gentrifying neighborhoods face recurring rent increases, and the most vulnerable groups of renters (low-income renters, persons of color, etc.), are at the highest risk of eviction. The displacement of low-income renters from their homes can lead to homelessness and contributes to lower school performance. The following is a summary of strategies and policy tools that can be used by the City of Austin in gentrifying neighborhoods to help low-income renters stay in their current homes and neighborhoods, with a focus on direct financial assistance, legal protections, and other types of support. Additional strategies related to renters are discussed under Goal #3, related to preserving Austin's existing affordable housing stock for low-income residents.

#### ➤ Strategy 1a. Provide direct financial relief to vulnerable renters who are at risk of being displaced from their homes in gentrifying neighborhoods.

##### Policy Tools:

- **Increased local funding for emergency rental assistance.** Emergency rental assistance programs provide short-term, direct relief to residents facing an immediate threat of eviction from their rental homes in gentrifying neighborhoods. In Austin, the Travis County Family Support Services provides a limited amount of rental assistance to tenants at risk of eviction. With additional funding, programs like this could help mitigate the displacement of additional vulnerable renters and target renters in gentrifying neighborhoods.
  - **Examples:** Seattle (Rental Housing Assistance Program; up to six months assistance); New York City (One-Shot Deal Program and Homeless Diversion Unit).
  - **Pros:** Helps vulnerable families weather a financial crisis and reduces homelessness.
  - **Cons:** Short-term solution. Not directed towards helping families who need longer-term assistance to remain in their homes.

- **Neighborhood stabilization voucher program.** A neighborhood stabilization voucher program would provide longer-term relief to renters facing displacement in targeted gentrifying neighborhoods, by funding the gap between market rate rents and what a low-income renter can afford. By using local dollars, a voucher program would act as a supplement to federal Housing Choice Vouchers (commonly referred to as “Section 8”), which are in short supply relative to need and not targeted to particular neighborhoods. The program could target residents whose properties are exiting affordable housing programs, who are unable to pay their current rent, or are living in unsafe conditions and need to move to another property. The program could be tenant-based as well as property-based. For more information on this strategy, see the discussion on vouchers in Part 5.
  - o **Examples:** D.C. (Local Rent Subsidy Program); Denver (Lower Income Voucher Equity Program).
  - o **Pros:** Allows vulnerable families to remain in their community and continue accessing all of their community support networks; reduces student mobility by helping kids stay in their neighborhood schools.
  - o **Cons:** Does not create long-term affordability for future residents. Expensive to provide the on-going rent subsidies in areas with rapidly appreciating property values. Requires cooperation from landlords.
- **Strategy 1b. Increase city legal protections for renters to reduce evictions and other forms of displacement in gentrifying neighborhoods.**

**Policy Tools:**

- **Mandatory tenant protections for all rental properties receiving city support.** The City could require residential properties receiving city support or approval (such as city rental housing development funds and property tax abatements, as well as federal Low Income Housing Tax Credit and tax-exempt bond projects) to provide a designated set of robust tenant protections. Some of these tenant protections could also be extended to properties in the City’s Repeat Offender Program for code violations. Tenant protections could include: (1) organizing protections (see also below under strategy 1e), (2) opportunities to cure alleged lease violations, (3) rights of first refusal to purchase (see below under strategy 1d), (4) longer advanced notice of rent increases, (5) lease renewal protections (i.e., barring non-renewals without just cause), and (6) caps on rent increases.
  - o **Pros:** Enhanced legal protections will help reduce displacement of renters living in complexes with rising rents or seeking to redevelop, as well as help protect tenants seeking to advocate against the rent increases or redevelopment. These protections are a critical accessory to any tenant right-to-purchase program (see below under strategy 1d).
  - o **Cons:** Funding for monitoring and enforcing violations of these protections would be required to ensure their effectiveness.
- **Expansion of legal and mediation support for tenants facing eviction.** Research shows that providing legal support to tenants in eviction proceedings dramatically reduces the number of evictions and thus also reduces the negative impacts to both families and communities that flow from evictions. These impacts include shelter costs associated with homelessness, and the harm to students and school districts of moving students to new campuses. Using D.C.’s Office of Tenant Advocate (OTA) and New York City’s eviction defense programs as a guide, the City of Austin could fund similar programs locally to provide legal support for vulnerable tenants in gentrifying neighborhoods as well as other areas of the city. D.C.’s OTA receives \$2.4 million in annual city funding and has four attorneys on staff who provide legal assistance to tenants and tenant associations and intervene in judicial cases impacting tenants’ rights.

- o **Examples:** Washington, D.C. (Office of Tenant Advocate), New York City (Office of Civil Justice); Boston (Office of Housing Stability).
  - o **Pros:** Systematizes and strengthens what is at present an incomplete and underfunded network of advocates for renters. Would help redress the under-representation of Austin's majority renter population in city policies.
  - o **Cons:** The long-term viability of an eviction support program would require a long-term commitment of general funds.
- **Improvements to the city's anti-retaliation ordinance and anti-harassment protections for tenants.** Tenants who speak out against rent increases and living conditions in their housing units risk retaliation from their landlords including non-renewals of leases. Austin has an anti-retaliation ordinance, but its provisions are weak and could be strengthened to provide enhanced protections for tenants, including greater protections against harassment. Further research is needed to determine best practices in this area.
    - o **Examples:** Oakland (Tenant Protection Ordinance); San Jose (Tenant Protection Ordinance).
    - o **Pros:** Strengthens the hand of advocates already working to help protect Austin's renters. These protections are a critical accessory to any tenant right-to-purchase program (see below under strategy 1d).
    - o **Cons:** Funding for monitoring and enforcing violations of these protections would be required to ensure their effectiveness.
  - **Eviction notification ordinance/required notice to city.** Under an eviction notification ordinance, landlords would be required to notify the city when they intend to evict a large number of tenants or not renew their leases.
    - o **Example:** Boston (Jim Brooks Stabilization Act).
    - o **Pros:** Improve the ability of the city, tenant associations, tenant advocacy groups, and social service providers to assist the tenants and intervene in mass-displacement actions as well as address impacts on schools.
    - o **Cons:** Funding for monitoring and enforcing violations of the ordinance would be required to ensure its effectiveness.
- **Strategy 1c. Assist renters who have been displaced with relocating in their neighborhoods.**

The following tools would help tenants who have been displaced from their rental housing but want to remain in their neighborhoods.

**Policy Tools:**

- **City expansion and funding for tenant relocation assistance and counseling.** Austin has, on paper at least, a relocation assistance and counseling program for displaced renters, with a notice requirement that covers apartments undergoing demolition. However, the City Council has not yet provided funding for the program and has not yet adopted the fee that is supposed to be paid by apartment redevelopments seeking zoning changes. To better assist tenants who are displaced from their apartments, Austin could amend its relocation ordinance to cover a broader range of redevelopment projects contributing to the displacement of tenants and move forward with adopting a relocation fee.
  - o **Examples:** Boston, Chicago, Seattle, Maryland.
  - o **Pros:** Financial assistance helps tenants afford the cost of moving to a new apartment, but just as important is relocation counseling, which helps tenants navigate the rental market and access housing in their neighborhood and school attendance zone.

- o Cons: Requires a nexus study to assess the fee.
- **City relocation assistance requirements tied to increased rents.** Modeled on Portland’s new Mandatory Rental Relocation Association Program, the City could adopt an ordinance requiring landlords to provide monetary relocation assistance when landlords increase rents by at least 10 percent a year. The Portland relocation assistance, which ranges from \$2,900 to \$4,500 a month, depending on the number of bedrooms, is available to renters who end up moving as a result of the increased financial burden from the rent increases.
  - o **Example:** Portland (Mandatory Renter Relocation Assistance Program).
  - o **Pros:** When coupled with relocation counseling (see below), relocation assistance funds provide critical support to help tenants relocate in their neighborhoods and reduce public school mobility, thereby enhancing public school performance. If the costs of assistance are high enough, the assistance program would help shift new market housing development to projects that involve less direct displacement of existing tenants or none at all.
  - o **Cons:** Likely pushback by the Texas Legislature.

➤ **Strategy 1d. Support tenant acquisitions of their apartment units.**

**Policy Tools:**

- **Tenant right-to-purchase program ordinance.** Adopting an ordinance modeled on Washington, D.C.’s Tenant Opportunity to Purchase Act would provide tenant associations in multifamily properties or a tenant-designated nonprofit with a right of first refusal upon the sale of their apartment complex. The ordinance could be city-wide or apply just to subsidized properties. As the D.C. model has shown, to be effective, the right to purchase would need to be coupled with financial support for the acquisitions, technical assistance, capacity building, and tenant organizing.
  - o **Examples:** Washington, D.C. (Tenant Opportunity to Purchase Act and other supporting programs).
  - o **Pros:** A powerful tool for minimizing resident displacement; helps create rare low- and moderate-income homeownership opportunities in gentrifying neighborhoods.
  - o **Cons:** Might attract hostile action from the state legislature. In Washington, D.C., scattered cases of tenants gaming the system to their advantage (e.g., by selling their right to purchase) have been widely publicized and undermined support for an otherwise helpful ordinance. Requires significant funding and capacity-building support from the city and nonprofit technical assistance providers.

➤ **Strategy 1e. Support tenants to be active participants in advocating for and implementing displacement mitigation strategies.**

**Policy Tools:**

- **Financial support for tenant organizing and tenant engagement.** Before a displacement event occurs, renters need to know their rights and options and need organizing support so they can effectively advocate for their interests. Austin provides some financial support for tenant engagement through Building and Strengthening Tenant Action (BASTA), which could be expanded to support tenants in acquiring their units and engaging in other advocacy actions to mitigate displacement.
  - o **Example:** Washington, D.C.
  - o **Pros:** Investing in tenant organizing facilitates the formation of tenants’ associations and empowers tenants to make landlords more accountable for their actions. Tenant organizing is critical to the effectiveness of a tenant right-to-purchase program.

- o **Cons:** Requires on-going funding for long-term effectiveness.
- **Tenant right-to-organize ordinance.** Tenants do not currently have the right to organize into tenant associations and engage in organizing activities in their apartment complexes unless they are living in public housing or certain classes of federally-subsidized housing. Austin could adopt an ordinance providing similar protections for all tenants.
  - o **Example:** Washington, D.C. (Tenant Right to Organize Act).
  - o **Pros:** The right to organize is a critical legal protection for tenants seeking to engage other tenants and form a tenant association to purchase their building under a right to purchase program.
  - o **Cons:** None identified.

## GOAL #2: Vulnerable homeowners in gentrifying neighborhoods are not displaced from their current homes and neighborhoods.

As a neighborhood gentrifies, low-income homeowners face mounting financial pressures in the form of recurring property tax increases and inability to cover other housing expenses such as repairs. In Austin, 956 homeowners with a homestead exemption have two or more years of delinquent taxes; one-third of those homeowners are seniors.

While rising property taxes impose a heavy burden on many homeowners in Austin, homeowners who are the most vulnerable to displacement are those with the lowest incomes living in the most rapidly appreciating neighborhoods. In Austin, owners with multiple years of property tax delinquencies are concentrated most heavily in the city's gentrifying zip codes, with the heaviest percentage residing in Central East Austin. While constitutionally-mandated tax savings are available via various homestead exemption policies, many low-income homeowners who qualify for these exemptions do not have one in place.

The following strategies and tools can be adopted by Texas cities in gentrifying neighborhoods to help vulnerable homeowners who want to stay in their current homes, by lowering property taxes, providing direct financial relief and targeted outreach and education, and helping owners access the equity in their homes. See Appendix 5 for a more detailed description of these policies.

### ➤ **Strategy 2a. Lower the property tax burdens for vulnerable homeowners.**

Texas law heavily restricts what Texas cities can do to provide property tax relief for struggling homeowners, but there are still a number of useful policies they can enact. The first three policy tools (Homestead Preservation Center, homestead exemption enrollment program, and partnership with county tax assessor) would have the lowest fiscal impact on the city and be fairly easy to implement.

#### **Policy Tools:**

- **Homestead Preservation Center.** By funding a new Homestead Preservation Center, the City of Austin could support education about homestead exemptions and other property rights and responsibilities that come with homeownership, targeting services towards vulnerable households in gentrifying neighborhoods who do not have an exemption or are delinquent on their taxes or mortgages. The center could also provide vulnerable residents with financial counseling to help them reduce debt—and with legal assistance to help eligible owners (such as heirs-property owners and mobile home owners, who often do not have an exemption)

qualify for homestead exemptions. Another function of the center, which the city could operate through a partnership with a nonprofit, could be proactive outreach to help vulnerable owners negotiate payment plans with the tax collector and mortgage modifications with their lenders.

- o **Examples:** Cleveland (ESOP); Oregon (Homeownership Stabilization Initiative); Affordable Housing Centers of Pennsylvania; New York City Financial Empowerment Centers.
  - o **Pros:** Relatively low-cost solution to help vulnerable homeowners save hundreds of dollars in property taxes and stay in their homes by accessing constitutionally-mandated exemptions. Cities are able to tailor assistance to low-income homeowners in gentrifying neighborhoods.
  - o **Cons:** None.
- **Homestead exemption enrollment program.** Short of creating a Homestead Preservation Center, the City of Austin could provide funding to a community-based nonprofit, such as Meals on Wheels Central Texas, to conduct in-person outreach to homeowners without a tax exemption and provide on-the-spot assistance signing up for the homestead exemptions they qualify for. About a decade ago, the nonprofit PODER partnered with the Travis Central Appraisal District to provide targeted, door-to-door outreach to assist homeowners without homestead exemptions, after close to 800 homeowners were identified as not having an exemption. The City of Austin currently funds income tax and health insurance enrollment programs that could serve as a model for a homestead exemption enrollment program.
    - o **Pros:** Low-cost program that would lower the property tax burden of vulnerable homeowners and help them stay in their homes.
    - o **Cons:** None
- **Partnership with county tax assessor to expand notice of property tax deferrals.** A partnership could provide targeted notices about the property tax deferral option available to seniors, persons with disabilities, and disabled veterans under state law, and make the notices more accessible to homeowners who are not fluent in English. These classes of eligible taxpayers are able to defer part or all of their property taxes until they die or move, with interest of five percent on the taxes owed. The interest and penalties for homeowners not in the deferral program is 24 percent. Providing door-to-door outreach to homeowners by trusted community members would likely have the greatest impact in informing tax delinquent homeowners about the financial benefits of enrolling in the deferral program rather than paying late penalties and interest for delinquent payments.
    - o **Pros:** Low-cost policy that would save vulnerable homeowners up to thousands of dollars a year and help them stay in their homes.
    - o **Cons:** None.
- **Emergency homestead stabilization fund.** An emergency homestead stabilization fund set up and funded by the City of Austin could provide short-term property tax and mortgage assistance to low-income, cost-burdened homeowners at risk of losing their homes because of a financial crisis. The assistance could be provided through the Homestead Preservation Center (see above) or another nonprofit such as the East Austin Conservancy, and could be coupled with financial coaching and other assistance to help stabilize families experiencing a financial crisis. In May 2018, Austin Mayor Pro Tem Kathie Tovo proposed a similar type of stabilization program funded by the City for low-income homeowners, directed towards assistance with mortgages versus property taxes.
    - o **Examples:** Seattle (Foreclosure Prevention Loan Pilot Program); Cleveland, Ohio (ESOP Senior Property Loan Program); Milwaukee (Property Tax Rescue Assistance Program); State of Florida (Elderly Mortgage Assistance Program); Atlanta (Westside Community Retention



Collaborative); Michigan (Step Forward Michigan).

- o **Pros:** Helps families hold onto their homes during a short-term financial crisis.
  - o **Cons:** Does not provide long-term relief for vulnerable families unable to afford on-going tax increases or make their mortgage payments.
- **Neighborhood stabilization loan program.** Some of the most vulnerable low-income homeowners need longer-term financial assistance to be able to stay in their homes and pay their mounting property taxes. The City of Austin could create a neighborhood stabilization loan program in gentrifying neighborhoods to provide longer-term, low-interest interest loans to low-income homeowners who are paying more than 30 percent of their income on housing costs. Each loan could be forgivable in exchange for the homeowner agreeing to a longer-term affordability restriction, ensuring that the home would be sold to another low-income owner and remain owner-occupied. The program could also provide forgivable loans for low-income residents whose parents have utilized a property tax deferral under state law and, when their parents die, are suddenly faced with a large property tax bill. The loan could be forgivable only to the extent the family member is income-eligible and agrees to remain in the home. While under state law a household with a homestead exemption is entitled to enter into a property tax payment plan with the tax collector, interest accrues at 12 percent a year, the plan cannot exceed 36 months, and a homeowner can enter into a new plan only after two years. Without a repayment plan, interest and penalties on delinquent taxes accrue at 24 percent a year.
    - o **Pros:** Provides lower interest and longer-term assistance to households than what is available under a payment plan with the tax collector and could cover housing needs beyond property taxes; possible gain for the city in permanently income-restricted affordable housing units for a relatively low cost compared to building new units.
    - o **Cons:** Longer-term and forgivable loan terms carry a larger financial burden for the city.
- **Tax abatement program for homeowners.** The Texas Tax Code provides multiple mechanisms by which a city can grant tax abatements to homeowners and other property owners in a “reinvestment zone.” With a tax abatement, the city abates (i.e., waives) the city’s property taxes on the increase in the appraised value of a property. A city can provide a partial or full abatement and must adopt guidelines and criteria for awarding the abatements in a reinvestment zone. A city can tailor the abatements to serve the most vulnerable homeowners in gentrifying neighborhoods (such as by pairing abatements with low-income persons participating in a city home repair program), as long as the area meets the definition of a reinvestment zone. Issuing an abatement is contingent on the owner making specific improvements or repairs to the property, but the state statute does not set forth a minimum level of repairs that must be made.<sup>1</sup> Counties and other taxing entities can extend property tax abatements to homeowners by entering into an abatement agreement identical to the city’s agreement.
    - o **Examples:** Fort Worth; Philadelphia; Portland (new homes only)
    - o **Pros:** A city is able to tailor tax relief to the most vulnerable homeowners.
    - o **Cons:** Administrative burden on city to process applications and enter into agreements with homeowners; homeowners with abatements may be hit with a sharp increase in property taxes when the abatement agreement expires.
- **Freeze on property taxes for homeowners who are seniors or disabled.** Texas law provides homeowners who have a senior or disability exemption with an automatic tax freeze on the amount paid for school district taxes. With a tax freeze in place, once a homeowner qualifies for a senior or disability exemption, the school district taxes will never increase unless improvements (other than normal repairs or maintenance) are made to the home. The City of Austin has authority to adopt a similar tax ceiling via the City Council or petition and election by the city’s citizens.<sup>2</sup>

- o **Examples:** Fort Worth, Tarrant County, Williamson County, Cedar Park.
  - o **Pros:** Provides tax relief to many persons on fixed incomes.
  - o **Cons:** The tax freeze cannot be limited to low-income seniors and shifts the city's property tax burden onto renters and younger homeowners.
- **Increase in the city's senior homestead exemption.** Each taxing unit in Texas has authority to offer an additional flat dollar exemption for homesteads of seniors and persons with disabilities. In 2017, the City of Austin increased to \$85,500 the amount of its exemption for seniors and persons with disabilities. Austin has authority to increase its exemption further.
    - o **Examples:** Houston (\$160,000); Dallas (\$90,000); San Antonio (\$65,000).
    - o **Pros:** Provides tax relief to persons on fixed income and less expensive for a city to adopt than a tax freeze.
    - o **Cons:** Benefits wealthy seniors as well as low-income seniors, although low-income households benefit more from the flat dollar exemption available through the senior homestead exemption than percentage exemptions. Cities are barred by state law from tailoring the tax freeze to low-income seniors, and the freeze shifts the city's property tax burden onto renters and other homeowners.
  - **Senior volunteer tax break coupled with a senior volunteer program.** To help low-income seniors cover their property taxes, the City of Austin and Travis County could partner to provide seniors with volunteer opportunities, in exchange for the seniors' property taxes being forgiven. The Texas Tax Code (Section 31.035) allows cities to offset a senior homeowner's property taxes by the current federal minimum wage (\$7.25) for each hour of volunteer work for the city or county.
    - o **Pros:** In addition to the tax benefits, the volunteer tax break provides an opportunity for seniors to stay engaged in their community and to connect with other residents.
    - o **Cons:** Unavailable for seniors who do not have the capacity to volunteer as a result of a disability, illness, or other barrier.

➤ **Strategy 2b. Assist vulnerable homeowners in gentrifying neighborhoods with repairs to their homes.**

Rising property taxes mean that low-income homeowners in gentrifying neighborhoods have a harder time paying for repairs to maintain their homes. This can put them at risk of having their homes condemned due to poor condition. Assisting the most vulnerable homeowners with home repairs helps prevent displacement.

**Policy Tool:**

- **Expand Austin's home repair assistance programs in gentrifying neighborhoods.** The City of Austin currently offers two home repair programs: (1) the Home Rehabilitation Loan Program, which provides a partially forgivable, zero percent loan for low-income households to bring their homes up to code; and (2) an Emergency Home Repair Program through the Austin Area Urban League for low-income homeowners facing a life-threatening condition. Both of these programs provide critical repairs to help low-income residents stay in their homes and, with additional funding targeted towards serving low-income residents in gentrifying areas, could help mitigate the displacement of additional vulnerable homeowners.
  - o **Examples:** Milwaukee (Strong Homes Loan Program and Compliance Loan Program).
  - o **Pros:** Repairing existing homes is generally a less expensive method of creating safe, affordable homeowner opportunities than building new affordable homes. In many cases,

home modifications, such as ADA-compliant entry ramps or bathrooms, can help residents remain in their longtime homes rather than undergoing disruptive moves.

- o **Cons:** Repair programs typically come with less restrictive resale restrictions than programs such as community land trusts and thus do not provide for long-term affordability. Current home repair programs are not geographically targeted to neighborhoods most at risk of increased displacement due to gentrification pressure. Major home repairs can lead to an increase in property taxes, and thus repair programs in gentrifying neighborhoods would ideally be coupled with a tax abatement program.

➤ **Strategy 2c. Assist low-income homeowners with accessing the equity in their home through non-predatory products.**

For lower-income homeowners in rapidly appreciating areas, the equity in their homes is an asset that can be leveraged to assist with property taxes and other costs of living, but many vulnerable homeowners who tap into their equity are targeted by predatory loan products with excessive interest rates and unnecessary fees. African-American and Hispanic homeowners are the biggest victims of predatory lending products. These products jeopardize the ability of homeowners to stay in their homes and deplete the wealth of black and Hispanic households. The following tools could be deployed by the city to assist low-income homeowners with accessing the equity in their homes while avoiding predatory products.

**Policy Tools:**

- **Enhanced fair lending education and enforcement.** The City of Austin relies largely on federal funding for local fair housing enforcement, but with local dollars the City could enhance local efforts to investigate violations of fair lending laws and bring legal actions against predatory lenders targeting vulnerable homeowners and engaging in redlining. Austin’s 2015 Fair Housing Action plan calls for such enhanced funding for fair lending enforcement. The funding could also support financial education to vulnerable homeowners about safe and affordable financial products and help homeowners improve their credit to increase their chances of qualifying for safer lending products.
  - o **Examples:** New York (Fair Housing Justice Center and Office of Financial Empowerment); San Antonio (Financial Empowerment Center—financial counseling); Nashville (Financial Empowerment Center)
  - o **Pros:** A focus on fair lending practices could lead to systematic changes in shutting down discriminatory lending and expanding vulnerable homeowners’ access to safer lending products.
  - o **Cons:** Fair lending legal actions are difficult to litigate and can take years to work their way through the courts.
- **Community homeownership loan fund.** Nonprofit, mission-driven community loan funds play a key role in helping low-income households access safe and affordable financing. These funds are typically operated by organizations classified as community development financial institutions (CDFIs) through the U.S. Treasury Department, which in 2013 opened up financing for below-market homeownership through its CDFI Bond Guarantee Program.
  - o **Examples:** Indianapolis Neighborhood Housing Partnership, Homeownership Center of Charlotte, Homewise (Santa Fe), Chicago Community Loan Fund, Nashville Housing Fund.
  - o **Pros:** Nonprofits and CDFIs can act as trusted interlocutors in neighborhoods with a long history of distrust stemming from past actions taken by the city government.
  - o **Cons:** Administrative complexity is somewhat high; city must act in partnership with non-governmental entities.

➤ **Strategy 2d. Increase ability of vulnerable homeowners to cover housing costs by generating income from their homes and lots.**

**Policy Tools:**

- **Allow for creation of internal accessory dwelling units.** Although the City of Austin loosened land use rules that restricted the construction of Accessory Dwelling Units (ADUs) in 2015, the rules mostly only affected external ADUs—ADUs detached from a single-family home. Internal ADUs—separate dwelling units with their own kitchens and entrances carved out from within existing single-family houses—are limited by city requirements that the units be occupied by caretakers or relatives of the homeowner. While a freestanding ADU can easily cost up to \$200,000 or more to construct, many internal ADU projects are feasible for under \$50,000. This brings them within reach of far more homeowners.
  - **Examples:** Portland, Oregon; Santa Cruz, California; Vancouver, Canada.
  - **Pros:** Internal ADUs help existing homeowners generate income by making use of excess space, a common scenario for empty nester and elderly residents. They involve almost negligible changes to the physical look of the home's exterior. Internal ADUs are also likely the cheapest possible way to add a new housing unit to already developed neighborhoods.
  - **Cons:** Would engender political opposition due to increased unit density.
- **Support ability of low-income homeowners to build an external accessory dwelling unit.** While the City of Austin greatly eased land use restrictions on single-family homeowners adding a detached ADU to their properties, research from other cities, including Seattle and Portland, strongly suggests that without intervention very few low- or moderate-income homeowners will build ADUs. Financing based on the future earning potential of ADUs is largely unavailable. Low- and moderate-income homeowners need viable financing options as well as technical assistance navigating the complex, intimidating, and risky processes of design, financing, construction, and property management for ADUs.
  - **Examples:** Austin Community Design and Development Center (ACDDC); West Denver Renaissance Collaborative (WDRC); Multnomah County, Oregon.
  - **Pros:** An ADU support program would broaden access to the documented benefits of ADUs—extra living space; rental income; the ability to move into a small, modern housing unit while renting out the existing house; etc.—beyond affluent homeowners to low- and moderate-income homeowners.
  - **Cons:** Existing large-scale efforts elsewhere in the U.S. and Canada are nonexistent. Would require policy and program innovation and likely a partnership with local nonprofits and financial institutions.
- **Allow homeowners to subdivide and sell a portion of their lots while remaining in place.** On thousands of parcels in neighborhoods throughout Central Austin, small houses in poor condition built in the 1960s or earlier lie on spacious parcels. Between rising property taxes and deferred maintenance, the economic pressure is high for homeowners to sell to homebuilders, who in most cases will opt to tear down the existing house and replace it with one or two new and far larger houses. One possibility for helping homeowners stay in place while monetizing a portion of the considerable gain in their property values would be to allow them to subdivide their lots. They would then have the ability to sell one of the resulting parcels (perhaps a portion of the backyard) to a homebuilder, who could then build a small house. The policy could be structured to give the city or a nonprofit the right of first refusal to purchase the newly-created parcel.
  - **Examples:** No identified examples of such a policy in the United States.
  - **Pros:** One of very few policies that would allow homeowners to receive a large quantity of

money—perhaps upwards of \$100,000 in some cases—at once while remaining in place without using debt to improve and maintain their current home. Participating homeowners’ property tax burden would also be reduced via the reduction in lot size and redevelopment potential.

- o **Cons:** This idea is admittedly untested in the United States. It would engender controversy because of the resulting physical changes and construction activity in existing neighborhoods. Unknown effects on property values and taxes of parcels that do not subdivide.

➤ **Strategy 2e. Support mobile home residents’ acquisition of mobile home parks and ability to stay in their communities.**

Mobile home parks are the largest source of unsubsidized affordable homeownership in the United States and also home to some the city’s poorest and most vulnerable residents. While the residents typically own their homes, they rent the land their mobile home sits on. Mobile home households face special challenges when they are displaced as a result of rising rents or mobile home conversions, since moving a mobile home costs an average of \$5,000 to \$10,000, and many homes are in such poor condition they cannot be moved. Austin’s declining stock of mobile home parks makes it that much more difficult for the mobile home owners to relocate. The closure of mobile home parks has a particularly heavy impact on Latinos, with Latinos comprising close to 60 percent of Austin’s mobile home park population. See also strategy 3b.

**Policy Tools:**

- **Comprehensive mobile home park resident acquisition program.** Around the country, there are many examples of successfully preserving mobile home parks through resident acquisition and governance. In New Hampshire, for example, residents have purchased over 120 mobile home communities, preserving more than 7,200 homes. Public policies to support resident ownership typically include a right to purchase; funding for resident organizing, legal assistance, and technical assistance; and legal protections to allow residents to organize and form associations. Fortunately, financing is already available for qualified resident acquisitions of mobile home parks through groups like ROC USA, a national nonprofit social venture with a proven track record of financing resident ownership of mobile home communities. ROC USA has already financed at least one mobile home resident ownership project in Texas (Pasadena Trails).
  - o **Examples:** New Hampshire, Oregon, Boulder.
  - o **Pros:** Provides mobile home residents with greater housing security and wealth.
  - o **Cons:** Purchases by low-income residents are likely to require public subsidy, especially in areas in the later stages of gentrifying; success more likely with on-going public financial support for technical assistance and tenant organizing.
- **Relocation fee for mobile home parks.** Austin’s relocation assistance ordinance requires that developers pay a relocation fee to mobile home parks residents to help cover the costs of relocating when the developer seeks a rezoning or other discretionary land use approval from the City Council that is likely to result in tenant displacement. However, the City has not yet adopted the fee schedule, and a fee is not required if the conversion does not require a rezoning or other city approval.
  - o **Pros:** Provides critical assistance to help mobile home owners cover the high costs of transporting their mobile homes to new sites, if a new site can be secured.
  - o **Cons:** Costs of performing the nexus study.

- **Designate new sites for mobile home zoning.** When homeowners in mobile home parks are forced out of the park they have little or no alternatives of places to move their mobile homes, since Austin has, overall, very few parcels of land that are zoned for mobile home parks.
  - o **Pros:** Designating new sites across the City for mobile homes parks would open up opportunities for mobile home residents to remain in the city.
  - o **Cons:** This policy would likely not result in new mobile home residents being able to stay in gentrifying neighborhoods unless it were coupled with subsidies to support city, nonprofit, or tenant acquisition of land for a mobile home park with lease rates that remain affordable to lower-income households.
- **Enhanced legal protections and organizing support for mobile home park residents.** To enhance their ability to remain in their mobile home parks, residents of mobile homes, similar to traditional renters, need enhanced legal protections, including a right to organize and form associations and enhanced protections from retaliation and harassment, as well as legal and mediation support and financial support for tenant organizing and engagement. For further discussion of these protections, see strategies 1b and 1e.

**GOAL #3: The existing affordable housing stock (subsidized and non-subsidized) in gentrifying neighborhoods is preserved so that the units are in good condition and remain affordable for low-income residents.**

The most cost-effective method of providing affordable housing opportunities in gentrifying neighborhoods is usually to preserve existing affordable housing instead of building new. Austin has more than 16,000 units of privately-owned subsidized housing units with restricted rents and tens of thousands more non-subsidized affordable rental units. Without intervention, many of these rental properties will no longer be affordable over the next ten years. Other units are at risk because of deteriorating property conditions, including those whose owners anticipate future redevelopment on the site.

The largest source of funding for preserving or building new affordable housing in the country and Austin is the federal Low Income Housing Tax Credit (LIHTC) program, which is responsible for close to 17,000 affordable rental units in Austin (including publicly-owned units). Tax credit properties built prior to 2003 have the highest risk of exiting out of their rent restrictions. For example, at least three LIHTC properties in East Austin are currently in the process of phasing out of the LIHTC program, which will result in the loss of close to 750 affordable rental housing units. To subsidize the new development of this many units would require at least \$70 million in public funding (for rents at 60 percent of the median income) and more in late stage gentrifying neighborhoods.

➤ **Strategy 3a. Create programs and policies for proactively identifying, monitoring, and preserving at-risk affordable multifamily rental properties in gentrifying neighborhoods.**

The following programs and policies would enhance the City’s ability to identify and monitor affordable multifamily properties that are at risk in gentrifying neighborhoods—either because of expiring affordability restrictions or deteriorating physical condition—and facilitate early interventions to safely preserve them. Some funding mechanisms targeted towards preservation—critical components of any preservation program—are discussed below, while general funding mechanisms for affordable housing are discussed in a separate section of the report. Ideally the adoption and implementation of these policies would be guided by a comprehensive preservation

strategy and program. Cities with comprehensive preservation programs include New York City (Proactive Preservation Initiative); Los Angeles (Affordable Housing Preservation Program); and Chicago/Cook County (Preservation Compact).

### Policy Tools:

- **Affordable rental housing preservation officer.** A city affordable rental housing preservation officer, with support staff, could oversee and coordinate city programming related to the preservation of multifamily affordable housing and mobile home parks, including: (1) implementing a citywide preservation policy; (2) coordinating a preservation network (see below), (3) coordinating preservation interventions; (4) matching apartment owners with preservation-minded buyers; and (5) working with tenants to ensure they are notified and aware of their rights and preservation options.
  - o **Example:** Washington, D.C.
  - o **Pros:** Would enable the City of Austin to move towards a proactive rather than reactive posture regarding rental housing preservation.
  - o **Cons:** None.
  
- **Affordable housing preservation network.** Modeled on the successful D.C. Preservation Network, an Austin-based preservation group could likewise regularly convene community-based organizations, tenant groups, government agencies, and other stakeholders to identify and monitor at-risk multifamily properties and collaborate on preservation efforts, including engaging with property owners. A network also plays a key role in tracking the city's inventory of at-risk housing (see below).
  - o **Examples:** Washington, D.C. (Housing Preservation Network); Colorado (Housing Preservation Network); Chicago/Cook County (Preservation Compact); Chicago Rehab Network.
  - o **Pros:** Helps mobilize and coordinate preservation interventions among a variety of stakeholders.
  - o **Cons:** On-going costs to hire staff or out-source the coordination of the network.
  
- **Database to track at-risk properties.** Preservation databases track at-risk properties by incorporating detailed information about properties' expiring subsidies, habitability and code violations, and other indicators of vulnerability, gathering information from on-the-ground resources, including stakeholders in a preservation network (see above). A comprehensive database would focus not only on properties with expiring subsidies but also on those in disrepair and in need of intervention.
  - o **Examples:** Washington, D.C. (D.C. Preservation Catalog); Colorado (Housing Preservation Network); Chicago (Chicago Rehab Network Preservation Database); New York City (Proactive Preservation Initiative).
  - o **Pros:** Would strengthen and reinforce the success of the two policies listed above.
  - o **Cons:** Costs of maintaining and updating the database.
  
- **Notice requirements.** Model notice ordinances require a subsidized affordable property owner to provide the city and tenants with advance notice when the owner intends to sell the property or convert the property to market-rate rents. Most affordable housing subsidy programs, including the federal Low Income Housing Tax Credit (LIHTC) program, have a notice requirement, but notice is typically only required for the tenants and not the city. And for many LIHTC properties in Texas, the notice requirement for properties exiting the program ends 30 years after the property came online. Several cities and states require notice terms that exceed the minimum notice period required by federal housing programs and expand the

triggers for that notice (e.g., expiration of affordability term, sale, pre-payment, early exit).

- o **Examples:** Denver (one-year notice), Los Angeles (one-year notice); Portland (one-year notice); Massachusetts (two years); Chicago (one-year notice to city and tenants with broad triggers).
- o **Pros:** Notice requirements provide the city with the time to formulate a strategy to minimize the impact of the property's conversion, such as securing financing to purchase the units, locating alternative housing for tenants, and coordinating with the local school district regarding changes in school enrollment.
- o **Cons:** Requires active monitoring by city staff or another organization.
- **City right of first refusal/right to purchase for rent-restricted properties being sold.** Purchase ordinances provide cities or tenants, or both, with a right to purchase a rental property when the owner decides to sell the property or convert it to market rate. A "right of first refusal (ROFR)" provides a right to match a private offer to purchase the property during a set period of time. A "purchase right" gives the city or tenants the right to purchase the property at fair market value when the property is exiting the affordability program. ROFR and purchase rights can extend to: (1) all subsidized apartments requiring city funding or approval (such as 4% LIHTC/tax-exempt bond projects); (2) all subsidized apartments, regardless of the source of funding; or (3) all apartments, regardless of whether the property is subsidized. See also strategy 1.d.
  - o **Examples:** Washington, D.C. (District Opportunity to Purchase Act and Tenant Opportunity to Purchase Act—all rental properties); Chicago (subsidized rental properties); Denver (subsidized rental properties); Maryland (subsidized rental properties).
  - o **Pros:** A powerful tool for minimizing resident displacement; can be used to create rare low- and moderate-income homeownership opportunities in gentrifying neighborhoods.
  - o **Cons:** Requires significant funding and capacity-building support from the city and technical assistance from nonprofits. In Washington, DC, scattered cases of tenants gaming the system to their advantage (e.g., by selling their right to purchase) have been widely publicized and undermined support for an otherwise helpful ordinance. Close attention would need to be paid to addressing potential loopholes upfront when the ordinance is drafted.
- **Rental registration and proactive inspection program.** Conducting proactive inspections of rental properties on a rotating schedule is a key tool used by cities around the country to identify rental properties at risk because of deteriorating conditions and, after identifying an at-risk property, to engage in appropriate interventions.
  - o **Examples:** Dallas; Fort Worth; Irving, Texas; Los Angeles; Sacramento; Seattle; San Diego.
  - o **Pros:** Helps cities identify and remediate deteriorating building conditions and engage in enforcement before it is too late to feasibly address the conditions; provides a disincentive for landlords to "milk" properties while awaiting redevelopment opportunities.
  - o **Cons:** To effectively address displacement, inspection programs must be accompanied by adequately-funded programs to help with repairs that landlords are unable or refuse to make. A city may need to incentivize landlords to keep rents low after making extensive repairs, such as by offering tax abatements; otherwise the improvements could lead to increased rents, evictions, and sale of the property.
- **Small-site acquisition program.** Small-site acquisition programs target preservation of smaller multifamily buildings. As of 2013, more than 95,000 units of rental housing (48 percent of rental units overall) in Austin were in small complexes of between 5 and 49 units. Close to 65,000 of



these units rented for less than \$1,000 per month—with the bulk renting for between \$700 and \$999 per month.<sup>3</sup> In general, small, older rental housing is more likely to be owned by local landlords who manage their own properties. Many of these properties are being purchased by investors who renovate them and raise their rents.<sup>4</sup> Between 2014 and 2016, Austin lost approximately 7,600 of these units.<sup>5</sup>

- o **Examples:** San Francisco (Small Sites Program; buildings with 4 to 25 units); Washington, D.C. (Small Properties Preservation and Affordability Program, properties with 5 to 50 units).
- o **Pros:** Lowers displacement in central neighborhoods and near transit corridors where many small rental properties are located.
- o **Cons:** Most preservation programs, such as Low Income Housing Tax Credits, are geared to larger, contiguous properties, making it harder to leverage outside funds to support preservation of these small properties.

➤ **Strategy 3b. Create infrastructure, programs, and land use policies for proactively identifying, monitoring, and preserving mobile home parks in gentrifying neighborhoods.**

As of 2016, Austin had 50 mobile home parks with nearly 7,500 mobile homes. A number of these parks have since been lost or are at high risk of redeveloping. A recent report by the Latino Research Initiative at the University of Texas at Austin identified 1,299 low-income households living in 16 mobile home parks at risk of being redeveloped in Austin, with several of these parks located in gentrifying neighborhoods.<sup>6</sup> The following bundle of tools would further the preservation of mobile home parks and reduce the displacement of mobile home owners from the city. See also Strategy 2e.

**Policy Tools:**

- **Comprehensive mobile home preservation program.** Comprehensive mobile home preservation programs typically focus on resident and nonprofit acquisition of mobile home parks. For a more extensive discussion of policies supporting resident acquisition of mobile home parks, see strategy 1f. Many of the tools above under Strategy 3a, regarding the preservation of multifamily properties, can also be incorporated into a comprehensive mobile home preservation program. Specific tools to consider as part of a comprehensive program include the following: (1) an inventory and active monitoring of mobile home parks most at risk of redevelopment, which could be done through a city preservation officer and preservation network (see above); (2) a right of first refusal for residents and the city, with a requirement that owners negotiate in good faith; (3) a set aside of acquisition funding for mobile home parks; and (4) city funding to provide support for mobile home resident organizing and capacity building for cooperative ownership. Austin already has an advance notice requirement for mobile home parks, whereby owners must notify the residents at least 270 days before applying for a site plan, change of use permit, or rezoning. The ordinance, however, does not require notice to the city and does not require notice prior to the property being sold. The ordinance also does not provide residents with a right of first refusal or require the owner to negotiate in good faith with the residents.
  - o **Examples:** New Hampshire (robust acquisition program), Florida (right of first refusal and advance notice), Pennsylvania (good faith negotiation requirements), New York and New Jersey (rights of first refusal).
  - o **Pros:** Would help stabilize one of the few forms of truly affordable homeownership in Austin and reduce the vulnerability of these frequently overlooked communities. In some cases, mobile home park owners simply want to “cash out” their investment and do not oppose working with residents to acquire their properties if the owners’ needs are met; appropriate policies can therefore make “win-win” outcomes more likely than at present.

- o **Cons:** Acquisition of mobile home parks for the benefit of low-income residents are likely to require public subsidy in Austin (although probably much less subsidy than the cost of site acquisition and development of multifamily housing), especially in areas in the later stages of gentrifying; success with this tool is more likely with ongoing public financial support, including funding for technical assistance and tenant organizing.
- **Extend mobile home zoning to all mobile home parks and include mobile home preservation prioritization in Austin’s comprehensive plan.** Some of Austin’s mobile home parks are not zoned as “MH”, Austin’s special zoning category for mobile home parks, making these residences especially vulnerable for redevelopment. Rezoning these areas as MH, or adding an overlay designation prohibiting other types of development, would help secure the future of these sites as mobile home parks. The Austin City Council is currently exploring this policy. Amendments to Austin’s comprehensive plan calling out the importance of preserving mobile home parks would also help limit any future re-zonings of these sites.
  - o **Examples:** In addition to Austin, many other cities across the country have mobile home zoning districts, including Portland, Oregon; Fort Collins, Colorado; Salt Lake City; and Madison.
  - o **Pros:** Low-cost regulatory solution to restrict redevelopment of mobile home parks.
  - o **Cons:** Costs and time of going through the rezoning process; likely opposition from current mobile home park owners.
- **Strategy 3c. Enact land-use restrictions that disincentivize redevelopment and demolitions of current affordable homes in gentrifying neighborhoods.**

**Policy Tools:**

- **Neighborhood stabilization overlay:** A neighborhood stabilization overlay (NSO), also called a neighborhood conservation district, is deployed at a neighborhood-scale and requires new development to meet standards more stringent than the zoning baseline (such as setbacks, building height, floor-to-ratio, etc.). While communities have many different goals for adopting neighborhood stabilization strategies, some communities have adopted these policies with the specific goal of slowing down displacement of vulnerable residents. For example, in 2012, residents in Dallas’s La Bajada neighborhood, a low-income neighborhood in a gentrifying area, voted to adopt an overlay restricting building heights through Dallas’s NSO ordinance, with the goal of preserving the affordable single-family homes in the neighborhood that were threatened by redevelopment pressures spreading into West Dallas. The process of creating the overlay, which required community buy-in along with approval by the City Council, enhanced the political capital of the neighborhood.
  - o **Examples:** Dallas (Neighborhood Stabilization overlay), Seattle (Neighborhood Conservation District).
  - o **Pros:** Slows down redevelopment pressures in a neighborhood; helpful as a short-term intervention in neighborhoods with accelerating tear-downs and housing costs. In Dallas’s La Bajada neighborhood, the NSO has created a strong political statement that preservation of the low-income neighborhood is a priority and has been used to defeat rezoning requests that threaten existing affordable single-family units.
  - o **Cons:** (1) There is no evidence yet of neighborhood stabilization tools permanently halting displacement of vulnerable residents—as long as the real estate market in a city is hot, market pressures will eventually catch up in a neighborhood where these tools are used. (2) If applied to limit development of denser housing types (duplexes, 4-plexes, etc.) across a city, an NSO will limit citywide supply of housing and exacerbate accelerating housing prices. (3) Depending on how an NSO is structured, the overlay can make it more difficult

to build new rent-restricted affordable housing. (4) Could lead to a reduction in property values for owners of single-family houses.

- **Residential infill project.** A variation of an NSO is the Residential Infill Project, which is under consideration in Portland, Oregon. Portland’s proposed Residential Infill Project would restrict the size of new development to avoid super-sized single-family homes, called “McMansions,” by lowering the maximum size of a new home from 6,750 to 2,500 square feet. At the same time, the ordinance would loosen restrictions on internal subdivisions and accessory dwelling units (ADUs) with the intention of increasing the number of less expensive housing options in the city. A group of Austin Planning Commissioners recently proposed a variation of this policy. Austin currently has a McMansion ordinance, but it is not tied to loosening of restrictions on building smaller, multiple housing units on a lot, and super-sized homes can still be built on many lots in the city under the ordinance.
  - o **Examples:** Portland (draft rules under consideration).
  - o **Pros:** If coupled with affordability incentives, a residential infill project could have a greater impact on generating long-term affordable housing than a neighborhood stabilization overlay.
  - o **Cons:** Depending on how the policy was structured, it could lead to a reduction in property values, with current homeowners building less wealth through their property.
  
- **Deconstruction ordinance.** A deconstruction ordinance requires projects seeking a demolition permit to deconstruct the building, meaning the home or other building must be disassembled, rather than simply demolished, in a manner to salvage as much material as possible for reuse.
  - o **Example:** Portland (for houses built prior to 1916 or designated historic).
  - o **Pros:** Beyond its environmental benefits, acts as a brake on demolition of existing housing by effectively increasing the demolition cost.
  - o **Cons:** Unless exceptions are added, would increase costs of new affordable housing development involving housing demolition.
  
- **Strategy 3d. Create a preservation fund to provide private and public capital targeted towards acquiring and rehabilitating at-risk apartments.**

#### **Policy Tools:**

- **Private preservation investment funds.** In recent years, private investors have become interested in the segment of the housing market serving low-income renters. Investors range from financial Institutions to public sector pension funds, university endowments, wealthy individuals, and foundations. With a private preservation investment fund, investors provide equity investments in a fund that supports the acquisition and rehabilitation of at-risk multifamily properties. Private funds are able to act more quickly to preserve existing affordable housing and have the potential to raise substantial amounts of capital. They typically offer investors between 6 and 12 percent returns on cash investments. A private investment fund backed by Austin’s Mayor was recently created locally (Austin Affordable Fund) to preserve multifamily housing and rent the units to households making 60 to 120 percent of the median family income. See Part 5 for a longer discussion of this tool.
  - o **Examples:** Enterprise Multifamily Opportunity Fund, Turner Multifamily Impact Fund, Chicago Opportunity Investment Fund, Austin Housing Conservancy Fund.
  - o **Pros:** Private funds are able to act more quickly than public entities to preserve existing housing; increase funds available for preservation.
  - o **Cons:** Lack of transparency in governance and decision making; the need to produce

adequate returns for private investors makes long-term affordability and deep income targeting much less likely—the desire for private investors to eventually exit from investments can conflict with long affordability periods.

- **Public-private below market debt funds.** Below-market debt funds offer low-cost loans to affordable housing developers or those seeking to purchase and preserve existing affordable housing. They are capitalized with funds from a combination of public, private, and philanthropic institutions. Such funds blend government and foundation dollars in the form of grants or low-interest loans, with conventional debt from financial institutions. The government and foundation capital allow for loans with lower interest rates than would otherwise be possible. Such funds are “revolving,” meaning that as loans are repaid, new loans can be made. These funds are most viable in markets with a high-capacity city housing department and where there is interest from a strong local philanthropic community. The loans are typically acquisition loans of five to seven years, at which time the properties are refinanced with other loans or subsidies such as federal Low Income Housing Tax Credits. Their success depends on the availability of permanent financing from other sources. Successful funds focused on preservation of affordable rental housing near transit have been created in the Bay Area and Denver. Both have been in existence for around seven years and began with \$10-\$13.5 million in capital from public agencies, later expanding to include equity from banks, community development financial institutions, and foundations.
  - o **Examples:** Denver Regional Transit-Oriented Development Fund; The Bay Area Transit-Oriented Affordable Housing Fund; New Generation Fund (Los Angeles).
  - o **Pros:** Focused on preservation of existing housing targeted to current renters’ housing needs, with the ability to target much lower incomes than a private investment fund.
  - o **Cons:** Requires significant public investment to seed the fund and strong interest from local foundations. Permanent financing must be available for the fund to revolve. Administration can be complex.

### ➤ **Strategy 3e. Utilize property tax relief to preserve rental properties.**

Providing property tax breaks is an important strategy for incentivizing private owners of multifamily housing to preserve their units as affordable housing. It is of particular importance in cities in Texas, where property taxes are high and assessed values reset every year. The following are two property tax relief tools that can be used locally to promote preservation of Austin’s affordable multifamily housing.

#### **Policy Tools:**

- **Property tax abatement program for existing affordable multifamily rental properties.** Owners of multifamily properties who make extensive upgrades to their properties are typically hit with increased property bills, making it harder to keep rents affordable. Similar to tax incentive programs enacted in Chicago and New York, the City of Austin has authority under the Texas Tax Code to provide up to 10 years of a property tax abatement for part or all of the increase in property taxes on multifamily rental properties, in exchange for the property owner making repairs to the property and agreeing to continue to rent to low-income renters.
  - o **Examples:** Cook County (Chicago) Class 9 Program and Class S Program, New York City (numerous programs including J-51 and UDAAP), Spokane.
  - o **Pros:** Incentivizes multifamily property owners to maintain and repair their properties while also incentivizing them to maintain affordable rents.
  - o **Cons:** Loss of property tax revenue; cost of monitoring compliance.

- **Property tax exemptions via publicly-owned land.** Another property tax relief tool available to cities in Texas for preserving multifamily rental complexes is the 100 percent exemption that exists for publicly-owned land used for public purposes such as affordable rental housing. As a preservation strategy, the City of Austin, county, and housing authorities—along with public facility corporations owned by a government entity (see Local Government Code, Chapters 303 and 392)—can acquire the land under multifamily buildings and then lease the land back to a third party under a long-term ground lease, which results in the land being 100 percent exempt from all property taxes. The private entity maintains ownership of the buildings. Several public entities across Texas, including the Housing Authority of the City of Austin, have been using this tax break tool.
  - o **Examples:** Housing Authority of the City of Austin; San Antonio Housing Public Trust Corporation (created by City of San Antonio).
  - o **Pros:** Ability to provide large property tax breaks.
  - o **Cons:** Concerns about the transparency and oversight of these deals and impacts on public school finance. There have also been reports of abuses of this tool, with developments providing limited affordable housing in exchange for large tax breaks.

**GOAL #4: City planning and land use decisions incorporate inclusive and equitable anti-displacement strategies, and low-income persons and communities of color are empowered to participate early and meaningfully in land use decisions that shape their homes, neighborhoods, and communities.**

Paying attention up front to how development plans and land use policies may impact the displacement of existing residents of vulnerable neighborhoods—and including their voices in the process—will produce better outcomes for these residents than reacting to projects or proposals once they are underway. Identifying the particular issues that can trigger displacement—and building in strategies for preventing or mitigating displacement as plans are being adopted or updated—will allow for early and more effective interventions. Identified policies and programs to reduce displacement can also be more easily incorporated into city budgets.

- **Strategy 4a. Create and support planning processes that incorporate a focus on mitigating displacement, with ongoing input and oversight by impacted residents.**

**Policy Tool:**

- **Community-driven, neighborhood-scale displacement mitigation plans with dedicated funding and oversight infrastructure.** A displacement mitigation plan covering a neighborhood or collection of neighborhoods, similar to the plans adopted in Guadalupe and North/Northeast Portland discussed in this report’s case studies, should incorporate meaningful community participation at every step in the process. Plans should include the identification of annual goals, strategies, and priorities, and annual performance assessments. Plans should be based on an inclusive process setting forth strategies and measurable goals with clear timelines for implementation. A community oversight committee like the one used in North/Northeast Portland, which meets regularly to review the programs and outcomes, provides transparency and accountability in the implementation of the plan. The success of a comprehensive displacement mitigation plan is also contingent on dedicating funding towards the implementation of the plan. The dedication of tax increment financing (TIF) funds—such as through a Homestead Preservation Tax Increment Reinvestment Zone or a Chapter 311 TIF—or a set-aside of General Obligation bond monies are two mechanisms available to the

City of Austin for creating an ongoing stream of funding for implementation of neighborhood-level displacement mitigation plans. See the funding tools section in this Part of the report for a longer discussion of these finance tools.

- o **Examples:** Portland’s North/Northeast Neighborhood Housing Strategy (2014); Guadalupe Community Development Project Plan (Austin, 1980)
  - o **Pros:** Allows for clear identification of goals, strategies, and tools that are responsive to community needs; sets clear timeframes and geographic targets; and provides a mechanism for ensuring that city investments in the area are responsive to the community. When backed with deep levels of funding, enables cities to have a deep, concentrated impact on mitigating displacement in a neighborhood, in a way that is transparent and responsive to community needs.
  - o **Cons:** Requires significant city funding and staff resources to develop, oversee, and implement the plan.
- **Community impact analyses.** Community impact analyses require developers and public agencies to analyze how proposed developments, zoning changes, public investments, or infrastructure projects will impact a community. Austin currently requires affordable housing impact statements to determine how “any ordinance, rule, or process impacts housing affordability.” Other cities require impact statements that incorporate a racial justice lens. To better assess how Austin’s decisions impact vulnerable communities, the City of Austin’s impact statement ordinance could be amended to include a broader focus on how city decisions will impact the displacement of vulnerable residents and cover a broader range of city decisions such as large public infrastructure projects in an area. To be effective, the impact statement must include a clear and accepted methodology for assessing impacts. An impact statement should not be a substitute for a city policy delineating what types of developments to support or oppose, but should instead complement such a policy.
    - o **Examples:** Austin (affordable housing impact statement); Atlanta (affordable housing impact statement); Portland (racial equity toolkit worksheet); King County, Washington (Equity impact review tool); Seattle (Racial equity analysis).
    - o **Pros:** Community impact analyses raise awareness of how certain city decisions impact vulnerable communities, thus increasing public transparency and increasing potential for elected officials to be more responsive to the needs of vulnerable residents and communities. They can also enhance the ability of stakeholders to identify displacement threats and thus develop and implement strategies for remediating the displacement.
    - o **Cons:** The analyses do not include enforceable measures for limiting the displacement; they only identify the impact of potential developments or investments. Cities and developers can still proceed with a development even when the community impact statement shows a negative displacement impact.

➤ **Strategy 4b. Strengthen vulnerable residents’ ability to have a voice and active role in the development of their neighborhoods.**

**Policy Tool:**

- **Invest in community organizing and legal support to assist tenants and other communities with forming and operating associations, building inclusive neighborhood organizations, and actively participating in planning and redevelopment decisions, including through negotiated agreements.** Community organizing is a process of bringing people together and coordinating efforts to promote their common interests. Community organizing is a critical tool for increasing the participation and impact of vulnerable residents in shaping private and public decisions that affect their homes and communities. It can include popular education regarding planning and local issues and also the negotiation of specific agreements with developers and

property owners that ensure that development projects are more responsive to the needs of the community. Community organizing of vulnerable tenants and other residents has been a critical component of several anti-displacement mitigation efforts in Austin. See also strategy 1e. Effective negotiation and enforcement of agreements typically requires legal counsel (Texas Rio Grande Legal Aid has provided this support for several tenant groups in Austin).

- o **Examples:** Washington, D.C., Boston (Boston Tenant Organizing Program), New York City (Partners in Preservation). Strategic Action for a Just Economy (Los Angeles)
- o **Pros:** Increases the participation and impact of vulnerable residents in decisions that affect their homes and communities.
- o **Cons:** Requires city funding.

#### ➤ **Strategy 4c. Increase resident and community ownership of land.**

As the Guadalupe Neighborhood case study in this report highlights (see Appendix 4), residents who own their land or govern a community organization that owns land have much greater power in influencing land use and redevelopment decisions. In the Guadalupe neighborhood, the Guadalupe Neighborhood Development Corporation strategically acquired as many lots as it could afford to in the neighborhood to limit encroaching large-scale redevelopment, expanding the CDC's and residents' influence at City Hall over land use decisions in the neighborhood. Several of the tools for increasing resident and community ownership are also discussed under strategies 1d and 2e, under the strategies for tenant acquisitions of apartment complexes and mobile home parks.

#### **Policy Tools:**

- **Capacity building support and incubation of neighborhood-centered community development corporations.** Austin has a small base of neighborhood-centered community development corporations (CDCs) run by community members and could benefit from increasing the number and scope of CDCs. Community development corporations are nonprofit, community-based organizations focused on improving the quality of life in the neighborhoods they serve and are often focused on affordable housing. CDCs such as Guadalupe Neighborhood Development Corporation in Austin are governed by residents of the neighborhoods served by the CDC, empowering residents to shape the future of their community. Establishing a successful CDC requires extensive capacity building and leadership development, which the city could support by: (1) funding local experts to help incubate and provide technical assistance to CDCs, (2) providing seed and on-going administrative funding for CDCs, and (3) funding leadership development programs for residents. City support for community organizing, discussed in other sections of this report, could also be linked to the formation and support of CDCs.
  - o **Example:** Memphis CDC Capacity Building Fund.
  - o **Pros:** Community-based CDCs can facilitate anti-displacement planning and provide housing that meets locally-identified needs. They can also help residents build their own capacity to voice their concerns and push for the funds and policies needed to meet them.
  - o **Cons:** Requires ongoing city funding for operating support to be effective, until the CDC is able to build a reliable stream of revenue, such as from rental income from properties owned by the CDC (if there is limited debt in the property or after the debt is paid off).

➤ **Strategy 4d. Reduce barriers to participating in planning and land use decisions impacting gentrifying neighborhoods and utilize effective community engagement tools to elevate community voices.**

Many community members who are most directly impacted by displacement also have the highest barriers to entry for participation in public planning and decision-making processes. These barriers include childcare obligations, transportation, work obligations, and potential lost income if meetings conflict with work schedules. Beyond reducing barriers, planning processes need to incorporate cultural competence and inclusivity in their outreach and engagement. Cultural competence allows situation-specific barriers, needs, values, and issues to be understood and addressed appropriately, and also serves a longer-term goal of building communication and trust between planners and directly-impacted communities.

Community participation around the issue of displacement presents a further difficulty: Many directly-impacted former residents with historic ties to the area no longer live there, yet still arguably deserve a voice in the planning process. In North/Northeast Portland, the social networks that existed in the local African-American church community were used to connect with former residents. Neighborhoods that were known to contain high numbers of displaced people were also targeted for outreach. Future residents from vulnerable groups are also unrepresented in planning unless tenant advocacy groups and other advocacy organizations are brought to the table to represent their interests.

Balancing between homeowner and renter interests is another concern, and renters are usually underrepresented in participatory planning processes. Tenant advocacy groups can be useful voices to make up for the known difficulty of getting consistent renter participation in these processes.

**Policy Tools:**

- **Comprehensive community engagement strategy.** A comprehensive community engagement strategy should be developed and implemented each time a city seeks to engage residents and should include: (1) understanding who makes up the community and setting clear engagement goals, (2) measuring the effectiveness of engagement efforts by tracking who is and is not participating and adjusting efforts as needed, (3) providing relevant information that is easy to understand; (4) using diverse and accessible forums for participation; (5) understanding and removing barriers to participation; and (6) targeting areas where displaced residents are known to live.
  - o **Examples:** Portland's North/Northeast Neighborhood Housing Strategy forums; Diversity and Civic Leadership Program (City of Portland, Oregon); Code for America partnership (Boulder, Colorado); Center for Urban Pedagogy's Making Public Policy collaborations, People's Planning School (SAJE, Los Angeles)
  - o **Pros:** Increases accountability and responsiveness to the needs of vulnerable persons and communities and can result in plans that are more effective and innovative. Plans created through community engagement also have stronger community buy-in.
  - o **Cons:** Requires additional city resources and time compared to "top down" planning processes. May reveal divisions within the community that require further, in-depth engagement and time.
  
- **City ordinance requiring mandatory community engagement plans for development project applicants in vulnerable communities.** Mandatory community engagement plans require development project applicants in vulnerable communities to prepare and follow an inclusive plan for how the applicant will actively engage with the community concerning the proposed project. The City of Oakland has a five-step community engagement process



that project applicants are expected to follow, which includes preparation of a community engagement plan, partnership with a community-based organization that has experience working with impacted stakeholders, contacting the stakeholders in multiple languages and different forums, and conducting the actual engagement activities. The applicant must submit the proposed process to the city for review and approval.

- o **Examples:** Oakland (Community Engagement Guidelines).
- o **Pros:** Improves opportunities for impacted residents to provide input and actively participate in the decision-making process concerning the project.
- o **Cons:** Requires city funding and staffing to review and monitor the plans, as well as community organizations with experience working with impacted stakeholders. If there are none, then the city would need to help incubate some.

## **GOAL #5: Vulnerable residents are able to remain in or return to their communities by accessing the affordable housing opportunities in their neighborhoods.**

To ensure the effectiveness of city programs helping vulnerable residents remain in or return to their communities through the provision of new affordable housing opportunities in gentrifying neighborhoods, it is important to also address the barriers that many residents may face in accessing the new housing. These barriers include lack of access to information about the housing opportunities, application hurdles, and competition with residents from outside the community for the new units. The following are strategies and tools utilized in several cities across the United State to address these barriers.

- **Strategy 5a. Give displaced residents and residents at risk of displacement higher priority on waiting lists for affordable housing programs in their community.**

### **Policy Tool:**

- **Community Preference Policy.** Several cities and nonprofit organizations across the United States utilize community preference policies for their affordable housing programs to redress prior racial injustices (such as displacement precipitated by urban renewal and freeway construction), further their displacement mitigation goals, and help stabilize communities. These policies are typically created at a neighborhood scale and provide priority placement for affordable units in a neighborhood or group of neighborhoods to low-income applicants who have been displaced from their neighborhood, are current residents at risk of displacement, or are descendants of displaced residents. See, for example, the preference policies discussed in the case studies for the Guadalupe neighborhood in Austin and North/Northeast Portland (Appendix 4). The City of San Francisco has several community preference policies; its HUD-sanctioned preference policy for a federally-funded senior apartment complex gives preference for 40 percent of units to low-income seniors living in census tracts at the greatest risk of displacement.

A preference policy must be carefully crafted to avoid violating the Fair Housing Act by ensuring that the policy does not perpetuate segregation or have a disparate impact on persons of color or other protected classes (such as families with children or persons with disabilities). For example, if a preference policy prioritizes current residents of a neighborhood and the residents who qualify for the affordable housing program are more likely to be white compared to a program serving applicants drawn from a larger geographic area, the policy would have a disparate impact under the Fair Housing Act. To avoid disparate impacts in gentrifying neighborhoods which are becoming predominantly white but were historically communities of

color, a city should consider giving preference to low-income residents who are at the highest risk of displacement (such as renters), have long ties to the community, or have already been displaced—or to applicants whose family members have been displaced. This is how North/Northeast Portland's and the Guadalupe neighborhood's preference policies are generally structured. But again, to comply with the Fair Housing Act, each policy needs to be carefully tailored to the particular community, and analyses need to be regularly conducted to ensure the policy is not having a disparate impact or perpetuating segregation.

- o **Examples:** Portland, Oregon (N/NE Portland); San Francisco.
- o **Pros:** Community preference policies increase the ability of a city to further its displacement mitigation goals and remediate prior racial injustices such as prior city actions that led to or contributed to the displacement of persons of color from their communities.
- o **Cons:** Preference policies do not actually produce affordable units but instead only provide preference for units that are produced by other means. Preference policies also do not ensure eligibility for the affordable housing programs, which can lead to confusion among program applicants. If structured improperly, a preference policy can illegally restrict housing choices for persons of color or perpetuate segregation and thus be vulnerable to legal attack.

➤ **Strategy 5b. Improve vulnerable residents' access to information about affordable housing opportunities and streamline the application process.**

Residents trying to secure a rent-restricted unit in a particular neighborhood must first identify the available affordable housing opportunities and then navigate a morass of different eligibility requirements, applications, and waitlists. Residents can pour precious time and hundreds of dollars into applications only to find they do not qualify or units are unavailable. The following tool helps vulnerable residents find and secure affordable housing.

**Policy Tool:**

- **Single-entry, online affordable housing application portal.** Portland, Oregon, recently funded a start-up app, [OneAppOregon.com](http://OneAppOregon.com), to help residents identify affordable apartments they qualify for and to streamline the application process. Residents submit one application online and view a listing of all properties they are qualified to rent. New York City also operates a single-entry application process. The City of Austin recently created an online directory listing income-restricted affordable housing funded or incentivized by the City or Austin Housing Finance Corporation. This directory is an important contribution to increasing vulnerable residents' access to information about affordable housing opportunities, but it does not list rent-restricted units funded through other housing programs, and does not include a mechanism for determining eligibility. Residents must still go to each property's website to determine how to qualify, and they must apply individually to each property.
  - o **Examples:** Portland, Oregon; New York City.
  - o **Pros:** Increases vulnerable residents' access to information about affordable properties they qualify for and cuts down on burdensome application processes.
  - o **Cons:** Costs to start up and operate the software and to maintain the portal.

## **GOAL 6: New affordable housing options are created to serve current and future vulnerable households in gentrifying neighborhoods.**

The following overview focuses on strategies and tools related to creating new affordable housing options that are specifically tailored to the opportunities and challenges presented by gentrifying neighborhoods. Specifically, these tools are focused on creating housing that remains affordable for both current and future vulnerable households.

### ➤ **Strategy 6a. Intervene early to acquire control of land in strategic locations of gentrifying neighborhoods.**

For neighborhoods that are vulnerable or in the early stages of gentrifying, a city should support the acquisition of as much land as possible in strategic areas of the neighborhood. As gentrification picks up steam in a neighborhood, it becomes much more difficult to feasibly acquire properties for affordable housing. For neighborhoods that are susceptible to gentrification or in the very early stages of gentrifying, it can be hard to envision the kind of rapid rise in property values that often comes in later stages of gentrification. But buying land in this early period gives cities, community groups, and residents more capacity to mitigate displacement when change does come.

#### **Policy Tools:**

- **Acquisition and land banking of property for future affordable housing development.** Even if plans or funds are not yet in place to build a new affordable housing development, the city can acquire parcels of land of varying sizes in neighborhoods that are at risk or in the early stages of gentrifying, while prices are still relatively affordable, and bank that land for future affordable housing development. The land is then made available to developers for construction of affordable housing and other community amenities. A land bank best serves the needs of gentrifying neighborhoods when it works in tandem with a community land trust, making the land available via a 99-year lease to ensure permanent affordability of the land. The Urban Land Conservancy in Denver focuses on acquiring properties near current and future transit stations—areas where large increases in property values are anticipated. The Conservancy banks the sites for up to five years while funds and plans are assembled for new affordable housing and other community uses on the site and then leases the land via 99-year leases.

Cities can support land banking by creating a streamlined system to track vacant parcels that are appropriate for residential or mixed-use development. Eminent domain is also available to Texas cities for land acquisition for affordable housing, although this tool should be used on a very limited basis with community vetting, and special attention has to be paid to avoid any racially discriminatory uses of eminent domain.

  - o **Examples:** The Urban Land Conservancy (Denver region).
  - o **Pros:** In addition to the lower land costs that come with acquiring land in an early-stage gentrifying neighborhood, the acquisition gives a community more control to shape future redevelopment, as shown in the Guadalupe Neighborhood case study (see Appendix 5).
  - o **Cons:** Dependent on having access to a reliable source of affordable financing (see below) and, depending on the land values, city subsidies.
- **Land acquisition fund.** Having access to “quick” and affordable capital is critical to any land acquisition program. The Urban Land Conservancy in Denver relies on the Denver Transit Oriented Development Fund for funding its land acquisitions. The \$24 million fund is used to pay for purchasing, holding, and eventually developing sites in the Denver region along current and planned transit corridors for affordable housing and other community amenities. The fund

is supported by contributions from the City of Denver, foundations, and private investors. See also strategy 3d.

- o **Examples:** The Denver Transit Oriented Development Fund; Minneapolis Hiawatha Land Acquisition LRT Fund.
- o **Pros:** Enhances cities' capacity to quickly jump on land acquisition opportunities in gentrifying neighborhoods.
- o **Cons:** Requires high level of city investment and development of new local capacity to create and operate the fund.

### ➤ **Strategy 6b. Dedicate surplus public land to affordable housing development.**

Surplus public land is often the most accessible source of land for affordable housing in gentrifying neighborhoods. In the Guadalupe neighborhood (see case study in Appendix 5), the utilization of surplus public land was a key strategy in the neighborhood's early development of affordable housing. For over a decade, many citizen task forces and council resolutions in Austin have called upon the City to dedicate surplus city land to affordable housing development, but the City has made very little progress towards implementing this strategy. Other public entities in Austin also own surplus or underutilized land in gentrifying neighborhoods that could be utilized for new affordable housing.

#### **Policy Tool:**

- **Public land for affordable housing policy.** A public land for affordable housing policy could include a number of components to address current barriers to redeveloping surplus land with affordable housing, including: (1) setting a clear and enforceable city policy regarding the minimum level of affordable housing that must be included on redeveloped city land that is suitable to residential development; (2) adopting annual goals for the number of city parcels to redevelop with affordable housing; (3) incorporating a requirement that any city-owned land be first offered for affordable housing development; and (4) to cut through inter-department politics and silos, creating a new city position that reports directly to the city manager and who would regularly assess opportunities for developing affordable housing on public land and kick-start the redevelopment process.

Part of the charge for the new leader of the city's public lands strategy would be to interface with other units of local government, such as the Austin Independent School District, to put their surplus land parcels into use as affordable housing, through mechanisms such as partnerships and land swaps. This can occur when opportunities arise, such as following school closures, and in cases where goals align, as with below-market teacher housing. One example of an effective public land strategy for affordable housing is New York City's New Housing Market plan, which considers underutilized, publicly-owned sites (such as older low-rise buildings) as redevelopment opportunities for affordable housing.<sup>7</sup>

- o **Examples:** King County, Washington; San Francisco; New York City; Montgomery County, Maryland.
- o **Pros:** Using public land allows the city to contribute land, rather than perpetually scarce dollars, towards affordable housing objectives. Public ownership of land helps insulate housing development decisions from market pressures, allowing the provision of housing types that for-profit developers will not provide, such as large, family-sized apartments.
- o **Cons:** Using publicly-owned land towards affordable housing requires the city to prioritize this set of objectives over maximizing its fiscal strength. Land costs are only a small proportion of the cost of a new affordable housing development; thus, providing publicly-owned land, on its own, will typically not be enough to achieve deep affordability.

➤ **Strategy 6c. Leverage the power of hot real estate markets in middle and late-stage gentrifying areas to include affordable housing in market-rate development.**

Austin currently has a hodge-podge of about ten density bonus programs, whereby certain types of developments in certain parts of the city are eligible to receive increased building entitlements in exchange for including a percentage of units or paying a fee in lieu of building housing onsite. One of the City's most effective density bonus programs in terms of generating affordable housing outcomes in different parts of the city has been the Vertical Mixed-Used (VMU) ordinance. VMU does not allow for a fee in lieu of building affordable housing and has resulted in the development of more than 585 affordable units at no cost to the City, with rents at 80 percent (approximately 2/3 units) and 60 percent (1/3 units) of the area median income. To subsidize these units in an off-site development would have cost the city more than \$30 million (at a conservative \$50,000 subsidy a unit). Meanwhile, because of the geographic limits of Austin's current density bonus programs, many developers have been able to obtain up-zonings of parcels (such as to MF-6) without including affordable housing, since the City's density bonus programs do not extend to this type of development. In most of the City's density bonus programs, developers have been able to opt out of providing affordable housing onsite by paying fees that do not come close to covering the cost of building a replacement affordable unit offsite.

**Policy Tools:**

- **Expansion and modifications to Austin's density bonus programs.** A number of current city initiatives and policies call for expanding and modifying Austin's density bonus programs to make them more effective. The City's Strategic Housing Blueprint calls for tying any increase in development capacity in Austin's Activity Centers and Corridors to an affordability requirement. The Blueprint also calls for the City's density bonus programs to incentivize and provide additional opportunities for housing units with two bedrooms or more, particularly in high opportunity areas. The Council has also recently adopted a resolution for staff to work on recalibrating density bonus fees to incentivize more on-site affordable housing.
  - o **Pros:** Results in income-restricted affordable housing in high opportunity areas along transit corridors with no subsidy by the city.
  - o **Cons:** The economics of density bonus programs do not typically allow for units that serve families below 60 percent of the median family income, unless they are coupled with additional policies and programs, such as the Montgomery County's partnership with the local housing authority. The efficacy of density bonus programs is highly dependent on market conditions; density bonuses can become "out of tune" with market conditions as the business cycle progresses and thus must be frequently calibrated. Finally, maintaining the affordability on the resulting units requires active monitoring by the city.
  
- **Adoption of inclusionary zoning in Austin's Homestead Preservation District.** Inclusionary zoning has been an important local tool for generating new affordable housing in gentrifying neighborhoods, utilized in more than 866 jurisdictions around the country.<sup>8</sup> Inclusionary zoning requires the inclusion of a certain percentage of affordable housing units (typically 10-15%) in new market rate developments. Montgomery County, Maryland's inclusionary zoning program has been especially notable, generating more than 12,500 affordable housing units.<sup>9</sup> The Texas Local Government Code bars Texas cities from adopting inclusionary zoning for homeownership units, but the ban only extends to homeownership units and specifically exempts Homestead Preservation Districts from this ban.<sup>10</sup> Inclusionary zoning is legal in the rapidly gentrifying areas of Central East Austin that are contained in Austin's Homestead Preservation District.
  - o **Examples:** Montgomery County, Maryland; Washington, D.C.; Sacramento; San Diego.
  - o **Pros:** No public subsidies required.

- o **Cons:** Special attention must be paid to calibrating the ratio of onsite affordable housing to market-rate units. Inclusionary zoning programs do not typically serve families below 60 percent of the median family income, unless they are coupled with additional policies and programs, such as Montgomery County's partnership with the local housing authority. The adoption of inclusionary zoning would likely face pushback from the Texas Legislature. See other drawbacks of density bonuses listed above.

➤ **Strategy 6d. Retain city or community ownership of land or require long-term resale restrictions to ensure permanent affordability of housing units for future generations of residents.**

Wherever possible, the City should keep land out of the real estate market by retaining ownership of land or ensuring that a nonprofit or community-controlled entity with a commitment to permanent affordability retains ownership or control of the land.

**Policy Tools:**

- **Community land trusts.** Through a community land trust, a nonprofit organization or the city maintains long-term ownership of the land to provide permanently affordable housing for the benefit of the community. Community land trusts typically incorporate residents into the governance of the CLT. A community land trust can be used with single-family housing as well as mixed-used and multifamily development, and with homeownership as well as rental housing. For homeownership units, the land is typically leased for 99 years to an income-eligible family for an affordable price (one CLT in Austin charges \$25 a month). An income-eligible family purchases the home sitting on the land at an affordable price with mortgage financing, typically from a bank. When the family wishes to sell the home, the nonprofit CLT has a right of first refusal to purchase the home, and the resale price is restricted to ensure it remains affordable to future buyers. For rental CLT units, a nonprofit entity owns the home and then leases the home to an income-eligible family for an affordable price. See the Guadalupe case study in Appendix 5 and the discussion in Appendix 6 for additional information on this tool.
  - o **Examples:** There are more than 240 CLT programs in 46 states, including: Austin (City of Austin, Guadalupe Neighborhood Development Corporation, Austin Habitat for Humanity), Champlain Housing Trust (Vermont), Chicago Community Land Trust, Urban Land Conservancy (Denver), Burlington Land Trust, and City of Houston (in the works).
  - o **Pros:** Provides opportunities for future generations of low-income residents to live in a gentrifying neighborhood and reduces turnover of properties. CLTs also result in substantial property tax savings for low-income homeowners in Texas.<sup>11</sup>
  - o **Cons:** Requires an entity with capacity to actively monitor the resale restrictions and work closely with the homeowners to ensure that the home is maintained and that the restrictions on the home are complied with. Community control of land can be an unfamiliar concept to many residents, and often requires extensive education efforts to counter suspicions of a “land grab.”
- **Shared equity appreciation with resale restrictions and rights of first refusal.** When a community land trust is not utilized, restricting the resale prices of homeownership units coupled with a shared equity model—where the owners recoup their investment and the return on appreciation is capped via a restrictive covenant recorded in the deed records—is critical to ensuring the long-term affordability of the homes. As discussed in the Guadalupe case study, the Guadalupe Neighborhood Development Corporation’s earlier homes were sold with long-term resale restrictions but without caps on the resale price, and thus, as property values have skyrocketed, several homes have since been resold at market prices way beyond the means of other low-income families. The City of Austin currently requires shared equity appreciation for

30 years when providing more than \$10,000 in funding for homeownership through its down payment assistance program. The City also has a right of first refusal on the home when it is sold, giving the City the right to buy the home and resell it to another low-income household. The shared equity restrictions go away at year 30.

- o **Pros:** See above under CLTs.
- o **Cons:** See above under CLTs. The wealth-building that can occur in unrestricted homeownership in gentrifying areas can be muted in shared-equity homeownership.

➤ **Strategy 6e. Require longer affordability terms in new affordable multifamily properties.**

As discussed earlier under goal #3, the federal Low Income Housing Tax Credit (LIHTC) program is the largest affordable rental housing development program in the country and has been responsible for producing close to 17,000 affordable units in Austin. Texas regulations drastically reduce the long-term effectiveness of the LIHTC program, since many new properties placed in service can exit the program after 30 years (and most properties with credits allocated prior to 2002 can exit after 15 years). In Austin, rapid gentrification is increasing apartment owners' incentive to exit early from the LIHTC program. The following is a tool that the City could adopt to ensure new tax credit properties coming online include longer affordability requirements.

**Policy Tool:**

- **Require developers of LIHTC properties to commit to a 55-year affordability term as a condition of receiving city approval.** LIHTC developers applying for tax credits must obtain city council approval as a condition of receiving the credits (4% credits)<sup>12</sup> or competitively scoring in the state's application process (9% credits). As a condition of providing city approval or any other benefits to LIHTC development, the City could pass an ordinance requiring all developers to commit to a minimum 55-year affordability term with the City. Several cities and states around the country require an affordability term of 40 to 55 years or even longer.
  - o **Examples:** California (55 years); Nevada (50 years), Utah (99 years), Chicago (55 years).
  - o **Pros:** Would help expand the city's inventory of quasi-permanent affordable housing—and signal the city's commitment to securing a mix of incomes within gentrifying neighborhoods for the long term.
  - o **Cons:** Could reduce the participation of for-profit developers in the development of projects using 4% LIHTCs, although cities and states with longer affordability terms have not reported a decline in participation.

# Displacement-Mitigation Tools Off Limits in Texas

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The following is a summary of displacement-mitigation tools used in other states that are illegal in Texas:

## **Linkage fees**

A linkage fee is a form of impact fee used for affordable housing, whereby cities charge developers a fee for new market-rate development, with the funds used to create new affordable housing. The fee is based on the increased demand for affordable housing generated by the new development. Many cities have adopted linkage fees for commercial development, with a more recent surge of cities adding linkage fees for residential development (for example, Los Angeles and Denver). In 2017, the Texas Legislature passed a law (House Bill 1449) barring Texas cities from charging a fee “on new construction for the purposes of offsetting the cost or rent of any unit of residential housing,” thereby making linkage fees illegal.

## **Condo conversion restrictions**

Dozens of cities and states around the country have adopted laws regulating the conversion of rental housing to condominiums, with the goal of discouraging the loss of the affordable rental housing. Most conversion ordinances require tenant relocation fees, advance notice, and rights of first refusal for tenants to purchase their units before they are converted to condominiums. Texas law (Section 81.003(b) of the Texas Property Code) bars cities from regulating condominiums differently from other types of similar structures, and thus presumably bars cities from targeting only condominiums for tenant relocation fees and other tenant protections. Any such regulations would need to extend to similar types of developments, such as a tenant relocation ordinance that extends to all multifamily property sales, re-zoning, and redevelopment resulting in a loss of rental units.

## **Inclusionary zoning for homeownership (with exceptions)**

Inclusionary zoning is a widely-used tool that requires new housing developments to make a percentage of the new housing available at affordable rates to low and moderate-income residents. Texas law (Section 214 .905 of the Local Government Code) bars cities from adopting inclusionary zoning in homeownership developments with several exceptions, including voluntary density bonus programs and areas served by a homestead preservation district. Inclusionary zoning for rental housing is not prohibited under this law.

## **Source-of-income protections from discrimination**

To help low-income renters afford the cost of rental housing in higher-income areas, including gentrifying neighborhoods, many cities have adopted laws prohibiting landlords from discriminating against renters paying a portion of their rent with housing vouchers or others forms of government assistance. In 2017, the Texas Legislature adopted a law prohibiting Texas cities from adopting source-of-income discrimination protections for renters.

## **Real estate transfer tax**

Real estate transfer taxes are used by cities across the country to create a dedicated source of revenue for affordable housing. The tax, which is levied whenever the title of real property is transferred, is typically based on a percentage of the property value. In 2015, Texas voters approved an amendment to the Texas Constitution that bars real estate transfer taxes.



### **Circuit breaker taxes**

Cities with circuit breaker taxes place a cap on the amount of property taxes that lower-income residents pay, based on the homeowner's income. Texas law does not allow for circuit breaker taxes. The Texas Constitution heavily regulates property taxes, requiring that property taxes be equal and uniform based on property values. Local taxing jurisdictions are restricted from adopting property tax exemptions or caps beyond those enumerated in the state constitution and state statutes.

### **Minimum wage**

An important tool that dozens of cities use to help residents afford the cost of living, including housing costs, is a local minimum wage that exceeds the federal minimum wage. Texas law (Section 62.0515 of the Labor Code) bars Texas cities from adopting a minimum wage except through a contractual agreement with a private party such as an economic development agreement.

## **Partial Ban**

### **Moratorium on development and rezoning**

Texas law places heavy restrictions on when a city can adopt a moratorium on new development, redevelopments, and re-zonings. Under Chapter 212 of the Local Government Code, a moratorium on residential development is limited to 120 days, and a local government must follow detailed standards and processes before imposing or extending a moratorium. For a moratorium on residential development, a city must show a need for public facilities generated by the development. A moratorium on commercial development is limited to 90 days, but the allowable justifications for a moratorium are much broader and include an impact on public health, safety, and welfare. Some extensions of the time limits are available, subject to meeting certain standards and processes. A moratorium cannot cover existing building permits or rezoning requests filed before the effective date of the moratorium.

## **Misperceptions about Illegality**

### **Rent control**

Contrary to popular belief, Texas law does not prohibit cities from adopting rent control. A provision of the Local Government Code (Section 214.902) explicitly authorizes cities to establish rent control in the event of a housing emergency due to a disaster, with approval by the governor. But state law does not preempt home rule cities' authority to adopt rent control in other situations.

### **Inclusionary zoning for rental housing**

As discussed above, the state ban on inclusionary zoning applies only to homeownership units and not rental housing.

# Local Strategies to Fund Affordable Housing Development

## Overview

It is an unavoidable fact that implementing some mixture of the strategies detailed in this report at sufficient scale to significantly blunt the forces of residential displacement in Austin will require a major infusion of locally-generated funds. The amount would likely be in the ballpark of hundreds of millions of dollars per year. It is true that, at present, most of the funding for affordable rental housing that takes place in Austin is from federal programs, above all Housing Choice Vouchers and the Low Income Housing Tax Credits. However, these two major sources, as well as other smaller ones, are largely tapped out, and several of the existing tax credit complexes are exiting out of the program. Further expanding the inventory of rent-restricted housing—as well as creating new below-market homeownership opportunities and preserving the existing stock of rent-restricted housing—within gentrifying neighborhoods will require a drastic increase in local spending.

Put bluntly, the amounts of money required will come as a shock to many Austin residents. A 2012 estimate held that about \$22,000 had been spent from the 2006 affordable housing bond per unit of housing built or preserved.<sup>13</sup> Those figures reflect the commingling of local funds with other monies “leveraged” from federal, state, and other sources, as well as much lower costs of development and finished housing units, particularly within rapidly gentrifying neighborhoods in or near the urban core, than exist today. Going forward, costs will be much higher. At present, the amount of subsidy required for a multifamily development in a close-in, gentrifying neighborhood with family-sized apartments that is reserved for families earning less than 30% of the area median income can easily exceed \$300,000 per unit.

Not every project will have such high costs: some will entail preservation rather than new construction; some will have smaller or less deeply subsidized units; some will be in more outlying locations; and so forth. However, some undoubtedly will carry startling price tags, and justifying them to the public will require a protracted public education effort on the part of elected officials, city staff, and housing advocates. These conversations are more advanced in other cities, such as San Francisco, where local expenditures of \$300,000 per dwelling for a new housing development would not raise an eyebrow. For an anti-displacement initiative to operate at scale, Austin voters will need to be convinced to add affordable housing to the roster of big-ticket items that they are already accustomed to funding, such as school facilities upgrades, libraries, parks, public transit projects, and others. Luckily, the needed civic conversations have already begun, via experience garnered from the voters’ prior approval of the 2006 and 2013 affordable housing bonds, and the ongoing Austin Strategic Housing Blueprint process.

While debates over *whether* to increase spending on affordable housing cannot be avoided, there are a number of different mechanisms that policymakers will be able to choose from, with varying tradeoffs, concerning *how* that spending should unfold. The major options are summarized below. All of them involve raising strictly local funds, with two exceptions: the last two options concern realigning city policy to ensure that a greater share of the federal spending on affordable housing in Austin flows towards gentrifying neighborhoods.

Note that in this section, the term “affordable housing” refers to any initiative that results in income-restricted housing. Spending on affordable housing as defined here can take the form of capital costs for new construction or preservation of housing, ongoing spending on local rent vouchers, assistance to existing homeowners, direct funding to support the staff and operations of nonprofit housing organizations, and so forth. Within the context of this report, affordable housing expenditures would be directed towards gentrifying neighborhoods for the purpose of reducing residential displacement.

## **Tax Increment Financing (TIF)**

Tax Increment Financing (TIF) is routinely used in cities across the United States to capture the expected growth in property tax or sales tax revenues to fund a specific project or set of initiatives within a precisely-defined area. When a TIF district is formed, the amount of existing tax collections originating from inside the boundary is set as the baseline. As tax revenues increase in future years, the amount that exceeds the baseline is redirected out of the general fund and is reserved for expenditure on designated projects inside the boundary. Note that the redirected taxes may come from one or several but not necessarily all taxing districts; for instance, a given TIF may capture incremental property taxes owed to the city but not to the county or school district.

Compared to many other cities, Austin has made very little use of TIF as an affordable housing funding mechanism. For instance, in Portland, Oregon, 25 percent of all city TIF revenues in any TIF district—regardless of its purpose—must be reserved for affordable housing. As discussed in the North/Northeast Portland case study, the city has increased the level of TIF funds for affordable housing in the North/Northeast Portland area to an even higher level, resulting in the dedication of \$100 million over a six-year period for affordable housing in one area of the city. A similar 25 percent requirement existed statewide in California until 2011. Since 2005, Dallas has required that 20 percent of all TIF funds allocated to housing developments or mixed-use developments containing housing must be reserved for households earning less than 80 percent of AMI. This policy had, as of 2016, yielded 2,320 affordable housing units.<sup>14</sup> The City of Houston sets aside 30 percent of all funds from its “petition” TIFs (those created by petition of landowners) for affordable housing.

**Pros:** Enacts a form of “value capture,” i.e., ensures that a funding mechanism that may be fueling gentrification includes a built-in contribution towards affordable housing. Funds affordable housing in the future without diverting current tax revenues.

**Cons:** Diverts general fund revenue. Puts the burden of financing affordable housing on future development rather than on the current tax base.

## **General revenue**

Paying for affordable housing from the City’s general fund is the most straightforward possible funding mechanism. In principle at least, Austin’s City Council, as part of its annual budgeting process, could decide to spend more general fund dollars on affordable housing in addition to its typical expenditures on public safety, parks, and other budget items.

**Pros:** Simple, straightforward, and fully transparent. Affordable housing spending could be weighed against other municipal spending priorities via the normal budgeting process. The full tax base of the city—both commercial and residential—would be drawn upon to fund affordable housing. Affordable housing spending would thus be treated as a fully-shared civic responsibility.

**Cons:** The budgeting process is highly politicized and contested, with different constituencies jostling for their varying priorities to receive funding. Affordable housing, particularly in a city like Austin where it has become a major topic of discussion comparatively recently, can seem like a lesser priority compared to traditional bread and butter items such as public safety and street maintenance.

## **General Obligation bonds**

General Obligation (GO) bonds are issued by the City of Austin for a public purpose, of which affordable housing is an example. Affordable housing GO bonds were approved by Austin voters in 2006, for the first time in the city’s history, in the amount of \$55 million. GO bonds are repaid from general fund revenue over time.

**Pros:** GO bonds, once approved, must be repaid in future funds from general revenues. Thus, approving GO bonds for affordable housing effectively shields spending on affordable housing from competing spending priorities during the term of the bonds. GO bonds, like general fund spending, represent a widely-shared financial commitment to affordable housing drawn from the entire tax base, both residential and commercial. Bonds are well-matched to the need for periodic allocations of large sums to fund the capital costs of projects rather than annual ongoing spending allocations. With the right timing, bonds can be authorized to ensure that funds are available for housing construction when the prices of inputs (land and construction labor and materials) are lower.

**Cons:** GO bonds are subject to a public vote. Judging appropriate expenditure levels and weighing competing priorities can be difficult for everyday taxpayers. In addition, particularly in off-year elections, low turnout elections tend to be dominated by affluent, homeowners voters, who are the least likely constituency to support affordable housing spending and to be personally affected by residential displacement. Finally, proceeds from GO bonds can lawfully be used only for the capital costs of housing construction or preservation, and may not fund ongoing costs such as staff salaries or direct financial assistance to households.

### **Density bonus in-lieu fees**

The City of Austin's density bonus programs aim to incentivize developers of new housing to include below market rate units on-site within new developments, but also include provisions for the developers to pay "in-lieu" fees as an alternative means of qualifying for more generous land use entitlements. In-lieu fees are used to help fund affordable housing.

**Pros:** In-lieu fees help ensure that new market rate development generates either on-site affordability or funds to build or preserve affordable housing. In-lieu fees are politically popular because they are paid by developers rather than taxpayers.

**Cons:** The potential of in-lieu fees (and density bonuses as a whole) is limited, since they are only able to produce affordable housing units equivalent to a fraction of new housing stock. While they can be a helpful funding source, on their own they are unable to produce monies at a scale sufficient to fundamentally halt residential displacement.<sup>15</sup> In addition, it can be difficult to calibrate in-lieu fees to reflect varying economic conditions in different parts of the city, as well as changes over time due to the business cycle. If set too low, they provide little benefit, and if set too high, they discourage development.

### **Using community revitalization plans to steer 9% LIHTC towards gentrifying neighborhoods**

City policy could be modified to align federal and state Low Income Housing Tax Credits (LIHTCs) to anti-displacement objectives. Of the two types of LIHTCs (9% and 4% credits), 9% tax credits are scarce and competitively allocated. At present, due to state policy changes in recent years, it is difficult for a proposed development in a high-poverty census tract to be awarded 9% LIHTCs. A recent exception has been created by the state for developments located in areas where there is a city-approved community revitalization plan.<sup>16</sup>

The City of Austin could strategically encourage and fund community revitalization plans in high-poverty neighborhoods that lie in the likely path of near-term gentrification. Although the Austin metropolitan region is normally awarded only a handful—roughly four—new 9% LIHTC projects per year, increasing the chances that one or more of these awards go to developments in soon-to-gentrify communities could be well worth the effort.

**Pros:** Community revitalization plans are valuable on their own merits and have benefits beyond simply paving the way for projects to receive 9% LIHTCs.

**Cons:** The annual 9% LIHTC allocation process has an uncertain outcome, and is frequently reshaped by changes to state policy.

### **Using city anti-displacement spending to attract 4% LIHTC**

Unlike 9% LIHTCs, 4% LIHTCs are plentiful and awarded noncompetitively. Because they are less valuable than 9% LIHTCs, they are disproportionately used by for-profit developers pursuing projects where the majority of the units are rented at market rates, and where the affordable units reach relatively shallow levels of affordability. In addition to issuing Private Activity Bonds for 4% LIHTC projects, the City of Austin could make local funds available to developers awarded 4% LIHTCs who pledge deeper levels of affordability within a substantial share of the units in a development. Rather than awarding such funds on an ad-hoc basis, the city could prioritize such funding for projects located in gentrifying census tracts.

**Pros:** A well-designed policy might succeed in using local funds to increase the level of 4% LIHTC allocations flowing to Austin, and steer a higher share of them towards gentrifying neighborhoods while attaining deeper levels of income targeting.

**Cons:** Funds for such a policy would need to be reserved and would compete with other spending priorities. Experimentation might need to occur over several years to identify the right program design and funding levels needed to attract projects with 4% LIHTCs.

## Goals, Strategies, and Policies for Addressing the Displacement of Vulnerable Residents in Gentrifying Neighborhoods

Goal #1: Vulnerable renters in gentrifying neighborhoods are not displaced from their current homes and neighborhoods		
Strategy	Tool	In Austin's Strategic Housing Blueprint?
Strategy 1a. Provide direct financial relief to vulnerable renters who are at risk of being displaced from their homes in gentrifying neighborhoods.	Increased local funding for emergency rental assistance	No
	Neighborhood stabilization voucher program	No
Strategy 1b. Increase city legal protections for renters to reduce evictions and other forms of displacement in gentrifying neighborhoods.	Mandatory city tenant protections for all rental properties receiving city support	No
	Expansion of legal and mediation support for tenants facing eviction	No
	Improvements to the City's anti-retaliation ordinance and anti-harassment protections for tenants	No
	Eviction notification ordinance/required notice to city	No
Strategy 1c. Assist renters who have been displaced with relocating in their neighborhoods.	City expansion and funding for tenant relocation assistance and counseling	Yes
	City relocation assistance requirements tied to increases in rents	No
Strategy 1d. Support tenant acquisitions of their apartment units.	Tenant right-to-purchase program ordinance	No
Strategy 1e. Support tenants to be active participants in advocating for and implementing displacement mitigation strategies.	Financial support for tenant organizing and tenant engagement	No
	Tenant right to organize ordinance	No

**Goal #2: Vulnerable homeowners in gentrifying neighborhoods are not displaced from their current homes and neighborhoods**

Strategy	Tool	In Austin's Strategic Housing Blueprint?
Strategy 2a. Lower the property tax burdens for vulnerable homeowners.	Homestead Preservation Center	No
	Homestead exemption enrollment program	No
	Partnership with county tax assessor to expand notice of property tax deferrals	No
	Emergency homestead stabilization fund	No
	Neighborhood stabilization loan program	No
	Tax abatement program for homeowners	No
	Freeze on property taxes for homeowners who are seniors or disabled	No
	Increase in the city's senior homestead exemption	No
	Senior volunteer tax break coupled with a senior volunteer program	No
Strategy 2b. Assist vulnerable homeowners in gentrifying neighborhoods with repairs to their homes.	Expand Austin's home repair assistance programs in gentrifying neighborhoods.	Yes (although not targeted towards gentrifying neighborhoods)
Strategy 2c. Assist low-income homeowners with accessing the equity in their home through non-predatory products.	Enhanced fair lending education and enforcement	Yes, via implementation of Austin's Fair Housing Action Plan
	Community homeownership loan fund	No
Strategy 2d. Increase ability of vulnerable homeowners to cover housing costs by generating income from their homes and lots.	Allow for creation of internal accessory dwelling units	Yes
	Support ability of low-income homeowners to build an external accessory dwelling unit	Yes
	Allow homeowners to subdivide and sell a portion of their lots while remaining in place	No

Strategy 2e. Support mobile home residents' acquisition of mobile home parks and ability to stay in their communities.	Comprehensive resident mobile home resident acquisition program	No
	Relocation fee for mobile housing parks	Establishment of a fee is in the works.
	Designate new sites for mobile home zoning	No
	Enhanced legal protections and organizing support for mobile home park residents	No

**Goal #3: The existing affordable housing stock (subsidized and non-subsidized) in gentrifying neighborhoods is preserved so that the units are in good condition and remain affordable to low-income residents**

Strategy	Tool	In Austin's Strategic Housing Blueprint?
Strategy 3a. Create programs and policies for proactively identifying, monitoring, and preserving at-risk affordable multifamily rental properties in gentrifying neighborhoods.	Affordable rental housing preservation officer	No
	Affordable housing preservation network	No
	Database to track at-risk properties	No
	Notice requirements	No
	City right of first refusal/right to purchase for rent-restricted properties being sold	No
	Rental registration and proactive inspection program	No
	Small site acquisition program	Yes
Strategy 3b. Create infrastructure, programs, and land use policies for proactively identifying, monitoring, and preserving mobile home parks in gentrifying neighborhoods.	Comprehensive mobile home preservation program	No
	Extend mobile home zoning to all mobile home parks and include mobile home preservation prioritization in Austin's comprehensive plan	No, although City Council working on this
Strategy 3c. Enact land use restrictions that disincentivize redevelopment and demolitions of current affordable homes in gentrifying neighborhoods.	Neighborhood stabilization overlay	No
	Residential infill project	Yes, partially
	Deconstruction ordinance	No
Strategy 3d. Create preservation funds to provide private and public capital targeted towards acquiring and rehabilitating at-risk apartments.	Private preservation investment funds	Yes
	Public-private below market debt funds	No



Strategy 3e. Utilize property tax relief to preserve rental properties.	Property tax abatement program for existing affordable multifamily rental properties	Yes
	Property tax exemptions via conversions to publicly-owned land	No

**Goal #4: City planning and land use decisions incorporate inclusive and equitable anti-displacement strategies, and low-income persons and communities of color are empowered to participate early and meaningfully in land use decisions that shape their homes, neighborhoods, and communities**

Strategy	Tool	In Austin's Strategic Housing Blueprint?
Strategy 4a. Create and support planning processes that incorporate a focus on mitigating displacement, with on-going input and oversight by impacted residents.	Community-driven, neighborhood-scale displacement mitigation plans with dedicated funding and oversight infrastructure	Partial. Includes exploring a community-driven district plan for Central East Austin focused on preservation
	Community impact analyses	No
Strategy 4b. Strengthen vulnerable residents' ability to have a voice and active role in the development of their neighborhoods.	Invest in community organizing and legal support to assist tenants and other communities with forming and operating associations, building inclusive neighborhood organizations, and actively participating in redevelopment decisions, including through negotiated agreements	No
Strategy 4c. Increase resident and community ownership of land.	Capacity building support and incubation of neighborhood-centered community development corporations	No
Strategy 4d. Reduce barriers to participating in planning and land use decisions impacting gentrifying neighborhoods and utilize effective community engagement tools to elevate community voices.	Comprehensive community engagement strategy	No
	City ordinance requiring mandatory community engagement plans for development project applicants in vulnerable communities	No

<b>Goal #5: Vulnerable residents are able to remain in or return to their communities by accessing the affordable housing opportunities in their neighborhoods</b>		
Strategy	Tool	In Austin's Strategic Housing Blueprint?
Strategy 5a. Give displaced residents and residents at risk of displacement higher priority on waiting lists for affordable housing programs in their community.	Community Preference Policy	No, but included in City Council Resolution 20180308-010
Strategy 5b. Improve vulnerable residents' access to information about affordable housing opportunities and streamline the application process.	Single-entry, online affordable housing application portal	Yes, partial. Does not include a portal for applications.
<b>Goal #6: New affordable housing options are created to serve current and future vulnerable households in gentrifying neighborhoods</b>		
Strategy	Tool	In Austin's Strategic Housing Blueprint?
Strategy 6a. Intervene early to acquire control of land in strategic locations of gentrifying neighborhoods.	Acquisition and land banking of property for future affordable housing development	Yes
	Land acquisition fund	No
Strategy 6b. Dedicate surplus public land to affordable housing development.	Public land for affordable housing policy	Yes
Strategy 6c. Leverage the power of hot real estate markets in middle- and late-stage gentrifying areas to include affordable housing in market-rate development.	Expansion and modifications to Austin's density bonus programs	Yes
	Adoption of inclusionary zoning in Austin's Homestead Preservation District	No
Strategy 6d. Retain city or community ownership of land or require long-term resale restrictions to ensure permanent affordability of housing units for future generations of residents.	Community land trusts	Yes
	Shared equity appreciation with resale restrictions and rights of first refusal	Yes
Strategy 6e. Require longer affordability terms in new affordable multifamily properties.	Require developers of LIHTC properties to commit to a 55-year affordability term as a condition of receiving city approval	No

## Endnotes

- <sup>1</sup> Tex. Tax Code § 312.204(a).
- <sup>2</sup> Tex. Tax Code, § 11.261(a); Tex. Const., Art. VIII, § 1-b(h).
- <sup>3</sup> American Housing Survey 2013, Austin, Texas, Monthly Housing Costs, Units by Structure Type.
- <sup>4</sup> Mallach, Alan, “Challenges of the Small Rental Property Sector,” New England Community Development, Federal Reserve Bank of Boston, 2009, issue 1.
- <sup>5</sup> American Community Survey 2012-2016, Social Explorer, Table SE:T191, “Units in Structure (Renter Occupied Housing Units)”.
- <sup>6</sup> Amaro, Gabriel, “Housing Affordability in Austin Brings New Attention to Mobile Home Parks,” Latino Research Initiative, The University of Texas at Austin, Nov. 2017, <https://utexas.app.box.com/v/LRI/brief2017-01>.
- <sup>7</sup> For a deeper discussion of these tools and other best practices in this area, see Hickey, Robert, and Sturtevant, Lisa, “Public Land & Affordable Housing in the Washington DC Region: Best Practices and Recommendations,” Feb. 2015, [http://washington.uli.org/wp-content/uploads/sites/56/2015/02/ULI\\_PublicLandReport\\_Final020615.pdf](http://washington.uli.org/wp-content/uploads/sites/56/2015/02/ULI_PublicLandReport_Final020615.pdf).
- <sup>8</sup> Thaden, Emily, and Wang, Ruoniu, “Inclusionary Housing in the United States,” Lincoln Institute of Land Policy, Sept. 2017, <https://www.lincolnst.edu/publications/working-papers/inclusionary-housing-united-states>.
- <sup>9</sup> Dawkins, Casey, et al, “Creating and Preserving Affordable Homeownership Opportunities: Does Inclusionary Zoning Make Sense?” *Journal of Planning Education and Research*, 2016, 37, 4: 444-456.
- <sup>10</sup> Texas Local Government Code, Section 214.905 (“This section does not affect the authority of a municipality to ... (2) adopt a requirement applicable to an area served under the provisions of Chapter 373A, Local Government Code, which authorizes homestead preservation districts ....”)
- <sup>11</sup> For a more extensive discussion of the how the CLT model works in Texas, including the property tax savings available, see Platts-Mills, Eliza, “A Guide for Developing Community Land Trust Affordable Homeownership Programs in Texas (2018),” <https://law.utexas.edu/clinics/category/projects-and-cases/entrepreneurship-and-community-development-clinic/>.
- <sup>12</sup> See Texas Government Code, Section 2306.67071(c).
- <sup>13</sup> Coppola, Sarah, Austin American-Statesman, “Bond funds have yielded more affordable housing in Austin,” Mar. 30, 2012.
- <sup>14</sup> Urban Land Institute Advisory Services Panel, “Dallas, Texas: Expanding affordable and mixed-income housing opportunities,” Feb. 29-March 4, 2016. <https://americas.uli.org/advisory-service-panels/dallas-texas-advisory-services-panel>. Report author Jake Wegmann contributed to this report.
- <sup>15</sup> Density bonuses and in-lieu fees, while useful in some circumstances if appropriately designed, cannot be relied upon as the workhorse strategy for generating new affordable housing. From 2000 to 2012-2016, the housing stock in Austin grew at an annualized rate of about 2.5 percent per year—a very rapid pace that exceeded almost all other large cities in the United States. Even if density bonuses were able to capture half of all new units developed and yielded 20 percent of the new units as below-market units, the total addition of below-market units citywide would be less than 1,000 per year.
- <sup>16</sup> Randall, Megan, “Redefining revitalization: An analysis of community revitalization in Texas’ Low Income Housing Tax Credit Program,” Professional Report, University of Texas at Austin School of Public Affairs and School of Architecture, Jan. 2016, <https://soa.utexas.edu/libraries-centers/center-sustainable-development/research/texas-housing-lab/publications-and>.