Austin Community Investment Workshop Summary

On March 4, 2015 approximately 50 leaders from the public, private and nonprofit sectors in Austin convened for a full-day workshop to develop approaches for implementing Imagine Austin with a particular focus on local affordability and connectivity. The workshop was organized by the Low Income Investment Fund (LIIF), HousingWorks Austin, and the University of Texas Center for Sustainable Development (CSD), and was structured using the Capital Absorption Framework, a tool developed by Living Cities and the Initiative for Responsible Investment at Harvard’s Kennedy School of Government. This framework helps communities assess their capital investment capacity, identify investment priorities and gaps, and develop a set of actions to strengthen the regional community investment ecosystem.

Austin has a sense of urgency regarding this issue, as the city has been the fastest growing region in the US for the past few years. A study released in February 2015 found Austin to be the most economically segregated city in the country. Without proper planning, policies, and financial tools in place, the continued growth will lead to extensive gentrification and displacement. Working together, stakeholders have an opportunity to shape policy, develop and direct resources, and communicate and implement a shared vision around how the region will grow and who will benefit.

The workshop consisted of structured, in-depth small- and full-group discussions facilitated by Robin Hacke and Marian Urquilla of the Kresge Foundation. This document summarizes the key themes that emerged and aims to harness the excitement generated and lay out a path to move this vision forward.

The day was structured into four modules: (1) Shared Priorities; (2) Pipeline; (3) Enabling Environment; and (4) Next Steps. The following is a summary of key questions that were asked and related discussions and insights from participants.

(1) Shared Priorities

Key Question: What does our landscape currently communicate about our priorities? What should our shared priorities be in guiding community investment?

Findings: At a macro level, the Comprehensive Plan Imagine Austin outlines the ideal growth concepts for the city. It envisions that Austin’s planning and growth will create a connected and compact city, integrated with nature, with positive community health outcomes, and be affordable to all. However, workshop participants overwhelming felt that current community development efforts fail to meet this vision. When asked to rank whether Austin has a widely shared vision that guides investment in its community, workshop tables gave Austin a 3 out of
10 on average, meaning the current development landscape only aligns 30% with the written, stated shared priorities.

Many highlighted the disparate, disjointed growth occurring throughout the city. The neighborhood planning process has created pockets (“anthills”) of development scattered throughout the city, without strategic connections or corridors to link them. “NIMBY-ism” is prevalent throughout the city. The token tagline found on many car bumpers—“Welcome to Austin. Please don’t move here.”—was echoed in the workshop, in reference to new development, affordable housing, transit, and external organizations or funding. Participants commented on the city’s generally exclusive attitude toward outsiders and the “drawbridge” mentality that discourages external experts, funders, or partners from joining the conversation. To date, the majority of the growth throughout Austin been spurred by private investments into bars, restaurants, and luxury condos. Participants agreed that maintaining Austin’s core culture (“Keeping Austin Weird” and preserving the natural beauty of the city) has been and continues to be a shared priority.

When asked to discuss what priorities should guide development in Austin, participants agreed that a broad, systematic, rather than disjointed, localized, approach to community development was a must. Consensus was built around embracing Imagine Austin and focusing on multi-modal transit investments and integrating these investments with affordable housing (or equitable transit-oriented development [TOD]), community health outcomes, and job/workforce training. One topic discussed was the need to focus on better communicating the community benefits of welcoming and managing change; encouraging a paradigm shift such that the community embraces the changing landscape of Austin and prioritizes diversity and inclusion so that all individuals can have access to choices in all sectors of their lives. One final topic discussed was the need to better align private and public sector resources to improve and simplify the development process and financing for affordable housing developers. In sum, the core priorities that emerged are:

- **Connected and Compact Communities**: Focus on systems and the city at large, rather than neighborhoods, to spur connected, strategic regional growth.
- **Inclusive Diversity**: After being recognized as the most economically segregated city in the nation, the workshop identified prioritizing diversity and inclusion as a major theme.
- **Preserving Culture and Nature**: “Keep Austin Weird” and keep it beautiful by preserving and supporting local businesses, musicians, residents, trail systems, urban forests, and waterways.
- **Affordability**: Preserving the affordability of Austin’s housing stock continues to surface as a pressing challenge. 38 percent of Austin residents are cost burdened, meaning they spend more than 30% of their income on housing. Rents across the city continue to rise, and there is a 48,000+ unit gap between the demand and supply of housing units affordable to people earning $25,000/year or less.
**Key Question:** What is the state of our development pipeline? How well does it reflect our shared priorities? What are the key challenges to realizing this vision?

**Findings:** The small-group pipeline conversations ranged from individual projects like Capital Studios, Mueller, and the new UT Medical School to entire sector-based pipelines such as mixed-income, mixed-use. Identified pipelines in Austin included:

1. Affordable housing, such as Low Income Housing Tax Credit (LIHTC) projects, GO bonds, and Community Development Block Grants (CDBG);
2. Adaptive Reuse (i.e., Brackenridge, ACC Highland Mall, South Lamar Redevelopment);
3. Pipeline by type of property (i.e. publicly-owned land, such as Mueller, Seaholm, Green Water Treatment);
4. Transit improvement and expansion investments (i.e. Bus Rapid Transit);
5. Affordable TOD (i.e. M Station, Capital Studios, Plaza Saltillo);
6. Pipeline by geographies (primarily neighborhood-focused); and
7. Pipeline by funding source, particularly public-private partnerships and commercial real estate development (i.e. private investment into local businesses and restaurants, market-rate housing complexes).

One of the major challenges for affordable and equitable housing development in Austin is the lack of inclusionary housing targets or requirements. Without these requirements, the goals on paper have yet to be translated into implementation. Another significant impediment to these pipelines deals with community buy-in. Overcoming NIMBY-ism and winning ballot measures in support of public transportation investments will require a paradigm shift and convincing public messaging to make the issue personally relatable to all Austinites.

Other difficulties included the lack of coordination between the pipelines; proactive alignment of the full range of resources and pipelines will enhance and leverage one for the other. Additionally, the financial return on investment (ROI) required by many funders posed significant constraints on developers.

Participants began to propose solutions and action steps to strengthen the pipelines. Examples included setting inclusionary affordable housing targets and requirements; requiring a certain percentage of external funding to lessen the over-reliance and dependence on local money (state, national, and private capital); host focus groups with developers to understand the barriers to using New Markets Tax Credits (NMTC); and create tax abatements to attract private capital.
(3) Enabling Environment

Key Question: What are we already doing to foster the success of equitable community investment? What are the bright spots and gaps? What would be key catalytic elements that would dramatically accelerate your capacity to drive equitable results?

Findings: Participants highlighted the following opportunities in Austin as bright spots for equitable community investment:

- Significant local public funding for equitable and affordable housing development.
- Imagine Austin, the Comprehensive Plan, outlines a widely accepted plan for future growth.
- Austin benefits from significant public engagement, including community experts, who weigh in on community development issues.
- General awareness and identification of the needs in Austin (i.e. the gap in affordable housing) has been well-documented and shared.
- The city is revered for its strong economy, which has helped build its national reputation.
- The potential for public-private partnerships (P3) and public-private-philanthropic partnerships (P4) is on the upswing.
- Austin has a strong commitment to growing and supporting local businesses.

The gaps in the community investment highlighted were:

- Despite looking good on paper, Austin has struggled to implement and enforce Imagine Austin.
- A lack of outside funding sources.
- There is an excessively difficult regulatory environment, including the permitting process, which discourages and prolongs development.
- A lack of developer capacity, especially large mission-driven developers.
- Creating cross-jurisdictional alignment (for a shared vision and policies) remains a challenge.
- The lack of inclusionary zoning makes affordable housing requirements difficult.

In face of the challenges identified here and during the previous two modules, participants identified the following catalytic “game changers”:

- Proactively work to influence CodeNEXT, the City of Austin’s initiative to revise the Land Development Code.
- Investigate new financing tools, including a Strike Fund and Tax Increment Financing (TIFs).
- Align investments of non-profits and foundations toward priorities and leverage investments.
• Bridge and align the interests of private funders to capitalize on private lending opportunities.
• Articulate the benefit of affordable housing to the community at large to gain buy-in.
• Explore an Urban Land Trust.
• Create a regional development authority to align policies and practices of local agencies/authorities to match stated goals.

(4) Next Steps
Tables were asked to prioritize immediate (90 day) and longer-term (6-12 month) activities that would have the greatest impact on furthering the shared vision. The following next steps resulted:

Within the next 90 Days:
• Establish a Multi-Sector Steering Committee to hold and guide this work. Find funding (about $80,000) to support a paid position.
• Identify a local champion to inform and affect public opinion and become the voice of this movement (i.e. Willie Nelson).
• Identify and integrate new stakeholders. Identify who is not at the table or who is not normally part of the conversation (federal representatives, regional representatives, anchor institutions, environmental organizations, etc.) Reach out to any missing stakeholders.
• Reach out to the new mayor, Steve Adler, to capitalize on his campaign platform and offer to aid affordable housing efforts in Austin through his bully pulpit and power to convene.
• Begin hosting meetings with funders and investors to build relationships with external funders and learn what investor needs are.
• Collect data and conduct a local landscape analysis to better understand existing resources and capacity gaps.
• Comment on the transit MPO (CAMPO) 2040 Plan. Comments due by April 2.

Within the next 6-12 Months:
• Develop a shared narrative. A community messaging campaign for both outside investors and the local community is critical. Create Austin’s story for investors and community so as to gain buy-in for affordable housing and transit investments.
• Create “feedback loops.” Take the time to debrief how we could do deals differently and how we could improve systemic issues. The Mueller redevelopment was identified as a perfect opportunity for reflection via a debrief workshop.
• Actively participate in CodeNEXT. Public comment and participation opportunities are ongoing; consultants anticipate releasing first draft code in fall 2015.
- **Host regular Steering Committee** meetings, and **hire a staff member** to spearhead this work.
- **Investigate and model new financing tools**, including a Strike Fund, TIFs, Social Impact Bonds.
- **Build on Housing Transit Jobs Action Team.** Elevate the efforts of the cross-departmental team and ensure that the focus is on actionable items. Align decision makers behind supportive policies.
- **Explore opportunity to create a land bank and/or development authority.**
- Share and **align regional goals** and increase diversity of stakeholders.
- **Work with the mayor**, Steve Adler and leverage his position to elevate these conversations.

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We thank all of those who participated for a productive and engaging workshop and look forward to moving this work forward. Over the next few months, the Steering Committee will refine the target areas above into focus groups. After the focused evaluation and preparation has effectively set the stage, we’ll finalize a plan of action that will serve as our framework moving forward and a mechanism for guiding capital investment towards achieving our shared goals.

For more information about the Austin Community Investment Workshop or to join the conversation, please contact Mandy De Mayo (mandy@housingworksaustin.org) at HousingWorks Austin.