

City of Austin



Recommendation for Action

File #: 26-1441, **Agenda Item #:** 11.

4/9/2026

Posting Language

Authorize negotiation and execution of an amendment to the agreement with the Housing Authority of the City of Austin to administer Austin Housing Finance Corporation's Local Housing Voucher Program to increase the amount of the agreement by \$6,000,000, for an initial 12-month term with up to two 12-month renewal options, for a total agreement amount not to exceed \$21,756,091. Funding: Funding in the amount of \$6,000,000 is available in the Fiscal Year 2025-2026 Capital Budget of the Austin Housing Finance Corporation through the Housing Trust Fund. Funding for the remaining agreement term is contingent upon available funding in future budgets.

Lead Department

Austin Housing Finance Corporation

Fiscal Note

Funding: Funding in the amount of \$6,000,000 is available in the Fiscal Year 2025-2026 Capital Budget of the Austin Housing Finance Corporation through the Housing Trust Fund.

Funding for the remaining agreement term is contingent upon available funding in future budgets.

For More Information:

Deletta Dean, Treasurer, Austin Housing Finance Corporation, 512-978-1410; or Mandy DeMayo, Deputy Director, Austin Housing, 512-974-1091.

Council Committee, Boards and Commission Action:

September 25, 2025 - Austin Housing Finance Corporation (AHFC) approved the increase to the agreement with the Housing Authority of the City of Austin to administer the Austin Housing Finance Corporation's Local Housing Voucher Program to increase the contract amount by \$1,800,045 for a total contract amount of \$7,800,045. Funding: \$1,800,045 is available in the Fiscal Year 2025-2026 Operating Budget of the Austin Housing Finance Corporation through the Housing Trust Fund.

September 26, 2024 - AHFC approved the negotiation and execution of a 12-month agreement, with two 12-month renewal options, with the Housing Authority of the City of Austin to administer the Austin Housing Finance Corporation's Local Housing Voucher program, in an amount not to exceed \$6,000,000.

December 8, 2022 - AHFC approved the negotiation and execution of a 12-month contract with the Housing Authority of the City of Austin to administer Austin Housing Finance Corporation's Local Housing Voucher Program, which will provide Permanent Supportive Housing rental subsidies to the owners and operators of developments that will serve individuals exiting homelessness; in an amount not to exceed \$6,000,000 and with the option to renew for an additional two twelve-month periods.

Additional Backup Information:

If approved, AHFC is authorized to execute and negotiate an amendment to the agreement with the Housing

Authority of the City of Austin (HACA), for an initial 12-month term with up to two 12-month renewal options, to administer Austin Housing Finance Corporation's Local Housing Voucher (AHFC LHV) program to increase the amount of the agreement by \$6,000,000 for a total agreement amount not to exceed \$21,756,091.

Contract Details:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial 12-Months	12 months	\$6,000,000
Renewal Option No. 1	12 months	\$7,800,045
Renewal Option No. 2	12 months	\$7,956,046
	Total	\$21,756,091

Austin Housing staff will return to the AHFC Board of Directors to request funding for Renewal Option No. 2.

The agreement with HACA is to administer the AHFC LHV program. The AHFC LHV program provides project-based rental housing subsidies to eligible households who would otherwise be homeless. The AHFC LHV program is designed to help facilitate the construction of new permanent supportive housing units in the City. Units supported by a AHFC LHV subsidies must be dedicated to the Continuum of Care (CoC).

The agreement with HACA stems from the City of Austin's Local Housing Voucher Program. The AHFC LHV program is supported by the City of Austin Housing Trust Fund (HTF). Council made its first appropriations to the AHFC LHV program in FY 2020-2021 and FY 2021-2022.

Austin Housing staff estimate that with these ongoing accruals for the next two years and with modest increases in appropriations over the coming years, the AHFC LHV program can support approximately 374 permanent supportive housing (PSH) units once the AHFC LHV funding is fully committed. These 374 PSH units are estimated to be spread across seven developments. In effect, the AHFC LHV program will have helped to finance the construction of seven developments with a total unit count of approximately 599 PSH units. The ongoing, annual commitment to those 374 PSH units is dependent on ongoing funding to support the AHFC LHV program.

Each household residing in subsidized PSH units will pay the tenant's share of no more than 30 percent of its monthly income towards rent. The AHFC LHV program will pay the difference between what the household can afford of the tenant's share and the Fair Market Rent (FMR) as determined by the United States Department of Housing and Urban Development. The 2025 FMR for Austin-Round Rock is \$1,549 for an efficiency unit, and the FMR will likely increase in future years. Therefore, the cost to administer the AHFC LHV program may also increase in future years. As a household's income increases, the amounts paid by the AHFC LHV program decrease accordingly. All payments made by the AHFC LHV program are paid directly to the owner and operator of the development.

The contract amount of up to \$7,800,045 for the current Fiscal Year includes a 10 percent administrative fee for HACA. Currently, the AHFC LHV program supports four developments - Espero at Austin (51), Pecan Gardens (78), Bungalows at Century Park (50), and Cady Lofts (25). AHFC has awarded an additional three

developments rental subsidies through the AHFC LHV program, including Cairn Point (50), Seabrook Square (50) and The Roz (60).

At full commitment and with appropriate funding, the AHFC LHV program can possibly support approximately 374 CoC and PSH units with rental subsidies, for a total potential rental subsidy of \$7,800,045 for the current Fiscal Year based on 2025 FMRs, and a 10 percent administrative fee of \$780,004.50 to HACA. However, because several developments eligible for an AHFC LHV award have not yet been constructed, it is unlikely that the final contract amount with HACA will be the full \$7,800,045 for the current Fiscal Year for another one to two years. The full \$7,800,045 contract amount is likely in the third year of the agreement, or Fiscal Year 2026-2027.

HACA has more than 25 years of experience with providing rental assistance services. They are uniquely positioned to assist AHFC in launching the AHFC LHV program. In addition to their administrative services, they will work with AHFC staff to ensure that AHFC LHV awardees have verified client eligibility and that they are meeting the requirements of AHFC's LHV program. HACA will make rental subsidy payments directly to owners and operators each month. Those rental subsidy payments are based on separate contracts awarded to the owners and operators of developments that are providing CoC units and that have received AHFC LHV awards from AHFC.