

RESOLUTION NO.

WHEREAS, in the past decade, the City has seen an increase of 7,950 permitted income-restricted residential units, with 5,508 of those units set aside for households at 60 percent Median Family Income (MFI); and

WHEREAS, according to Pew Research Center, average rents dropped nearly 20 percent between December 2021-January 2026 in response to 120,000 new units added to the City's housing supply; and

WHEREAS, downward pressure on rents has aligned market-rate and subsidized rents at the same price point; and

WHEREAS, vacancies are increasing in City subsidized units because affordable housing developers are unable to compete with market-rate developers at the same rent level; and

WHEREAS, when vacancies occur in units at 60-80 percent MFI, it prevents cross-subsidization of units set at lower income levels; and

WHEREAS, while the City has produced a significant amount of affordable housing units between 60-80 percent MFI, it has struggled to meet the goals for units at 30-50 percent MFI set forth in the Strategic Housing Blueprint; and

WHEREAS, the Strategic Housing Blueprint update redemonstrates the need to serve extremely low-income households and develop affordable housing in high opportunity areas; and

WHEREAS, Housing Works Austin estimates there are 89,456 households making under 30 percent MFI and 105,761 making between 30-60 percent; and

WHEREAS, childcare workers, retail and food service workers, medical assistants, construction laborers, bus drivers, teachers, and social workers are just

25 some of the professions that are in need of affordable housing in the 30-50 percent
26 range, as well as seniors and people with disabilities; and

27 **WHEREAS**, in a time of limited funding availability, creativity is needed to
28 stretch the City's housing dollars the furthest; and

29 **WHEREAS**, converting the affordability level of existing units is a faster,
30 more efficient approach than would otherwise occur with new construction; and

31 **WHEREAS**, the Strategic Housing Blueprint estimates the cost to close the
32 gap for 30-50 percent MFI units as \$11.18 billion in 2025; **NOW, THEREFORE,**

33 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

34 The City Manager is directed to research and report to Council on
35 mechanisms for "buy-downs" of existing subsidized residential properties to
36 generate deeper affordability. This should include consideration of long-term and
37 short-term buy-downs, stakeholder discussions, an analysis of existing strategies,
38 and a proposal for new initiatives.

39 As part of this research, the City Manager shall consider the feasibility of
40 allowing appropriate residential developments with on-site affordability
41 requirements through a density bonus program to pay a fee in lieu for the
42 remainder of their affordability period and use those funds to either deepen the
43 affordability within other existing units or facilitate the creation of new affordable
44 housing units.

45 As part of this analysis, the City Manager should consider ways to expand
46 access to high opportunity areas for the City's lowest-income residents.

48 **BE IT FURTHER RESOLVED:**

49 The City Manager is directed to return to Council with findings by
50 November 19, 2026.

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52 **ADOPTED:** _____, 2026

ATTEST: _____

53 Erika Brady
54 City Clerk
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DRAFT