

August 22, 2007

Re: Enactment of the Homestead Preservation Reinvestment Zone

Dear Mayor and City Council Members:

We, the undersigned, respectfully ask that the City Council take immediate steps to enact a Homestead Preservation Reinvestment Zone for East Austin.

Background:

Escalating property taxes and rents in East Austin have resulted in a loss of affordable housing opportunities and threaten to destroy the rich cultural fabric of the Central East Austin community. Low-income renters are being displaced, and long-time homeowners are being hit with rising tax bills.

Recent research by the University of Texas School of Architecture shows that these trends are part of a larger pattern of ongoing ethnic and racial segregation. While higher income residents move into East Austin, Latino and Black families are leaving their East Austin homes that were in close proximity to jobs, places of worship, and other important community resources.

In 2005 Representative Eddie Rodriguez passed House Bill 525-the Homestead Preservation Act. This law gives the City of Austin several unique tools that preserve housing affordability in Central East Austin. The most important of these affordable housing tools is the Homestead Preservation Reinvestment Zone.

Although the law that allowed for the creation of a Homestead Preservation District and a Homestead Preservation Reinvestment Zone passed in 2005, the Austin City Council stated that there was a need for some statutory changes before the District and Zone would be established. The City's requested changes were made with the passage of HB 470, by Representative Rodriguez, during the last Legislative Session.

In January of 2007, the Austin City Council adopted an ordinance that provides for the creation of the Homestead Preservation District upon passage and effective date of HB 470. HB 470 has passed and will take effect on September 1, 2007.

The Homestead Preservation Reinvestment Zone allows the City to dedicate a percentage of the increase in tax revenues from appreciating property values to preserving affordable housing opportunities in East Austin. The Homestead Preservation Reinvestment Zone is a form of tax increment financing (TIF), similar to the TIF that the City recently approved for the Waller Creek project just west of IH-35 and the Homestead Preservation District. The boundaries of the new Homestead Preservation Reinvestment Zone would lie within the City's new Homestead Preservation District which, by legislative authority, cover in general, the following area:

Western boundary: IH-35

Eastern boundary: Airport and Springdale
Northern boundary: Manor and 38th ½
Southern boundary: Town Lake

Call to Action:

The undersigned request that the City Council adopt an ordinance by November 1 creating a Homestead Preservation Reinvestment Zone for East Austin. As preparation for adoption of the Zone, Section 373A.152 of the Local Government Code, requires that the following actions take place:

- (1) That the City work with the County to encourage equal participation in the Zone.
- (2) That the City prepare a preliminary Zone finance plan; and
- (3) That the City hold a public hearing on adoption of the Zone.

We respectfully ask that the City take action now to adequately prepare for adoption of the Zone. If the Homestead Preservation Zone had been in place in past years, hundreds of thousands in revenue could have been available to preserve affordable housing opportunities within the East Austin community. **Time is of the essence. Each month, we lose more affordable homes that cannot be replaced. Our community is depending on you to support our East Austin neighborhoods and to enact this essential policy tool.**

Adopted by the Austin Neighborhoods Council August 22, 2007