

PUBLIC COMMENTS

SB 591

HOUSE COMMITTEE ON URBAN AFFAIRS

Hearing Date: April 28, 2021 10:30 AM - or upon final adjourn./recess or bill referral if permission granted

rainer andrews

Redbud Realty Partners, LLC

Austin, TX

As a 17-year veteran of developing and investing in workforce housing I believe there are two reliable constants. First, the need for workforce housing in Texas continues to grow, year after year, further into crisis. Second, unnecessary Government regulations continue to limit the private market's ability to confront and provide solutions to the workforce housing crisis.

I believe Texas has created the most effective free market-based investment platform in the nation to confront the workforce housing crisis. Traditional private housing investment funds have investment rules and guidelines that do not normally interlock and work with the overburdensome rules and regulations of the affordable housing industry. Private housing investment funds generally do not invest in real estate projects encumbered with multiple rent restriction covenants, multilayer government approvals, heavy compliance requirements and unknown future divestment risks due to government regulation. Sec 303.042 (the "Sec 303"), as written, bridges or eliminates many of these negative attributes by allowing for the creation of properly incentivized public/private partnerships where private investors can confidently invest into government rent restricted developments.

I believe SB 591 will needlessly thrust overbearing Government regulations onto the most effective program in the nation at confronting the workforce housing crisis. The regulations and mandates, as proposed in SB 591, will drive away desperately needed private market capital needed to create solutions to the workforce housing crisis in Texas. Without this private capital the housing crisis will only continue to grow worse and Texans, especially those in the middle class, will continue to face growing financial pressures created by the increase cost of housing.

I ask you vote no on SB 591 and allow the current laws contained in Sec 303.042 to continue as is. I believe, when allowed to work properly, less government regulation will allow for the free market to work and create solutions benefitting working class Texans. Sec 303.042 is working and does not need to be amended. Doing so risks destroying the most effective investment tool Texas has for defeating the workforce housing crisis.

Jim Plummer

Self- Attorney

San Antonio, TX

I am an attorney who represents public facility corporations (PFCs) and the government entities that create them. I do not represent developers. I have participated in most of the PFC transactions done in the state, except for those done in Houston. I support SB 591 because it recognizes that PFCs serve two important purposes in our state, economic development and affordable housing. The bifurcation between housing authorities and city and county created PFCs is appropriate since housing authorities only serve an affordable housing purpose and other PFCs may serve an economic development purpose.

The PFC program has been used successfully to provide housing in areas which have not previously seen economic development and in areas that needed work force housing. The program has been used as a tool for redevelopment in portions of a city that need it or in the effort to recruit businesses to an area. This bill enables each community to evaluate its needs and establish its own criteria for projects.

One important distinction between a housing authority and a PFC created by a city or county is that in all of the deals done by cities and counties that I have participated in, the Board consists of elected officials and there is a community wide discussion about the projects because of that. The process is open and each community negotiates to get what that community needs and

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elected officials on the Board must answer to the tax payers before they make any decisions.

Below are some examples of the types of economic development projects that have been done.

Friedrich Building – This is a redevelopment project of a historic, environmentally contaminated factory site to multifamily housing on the near eastside of San Antonio. The environmental contamination and deteriorated nature of the facility was inhibiting redevelopment in the area. The City had been trying to redevelop this site for approximately 10 years and had tried 3 different times using other economic development incentives, like 380 agreements, to redevelop this project, with no success. The project has now been conveyed to a PFC and will be redeveloped into a 347 unit class A apartment project enabling the rest of this area to be redeveloped. The Board consisted of five City Council members

Cibolo - The City Council created a PFC to assist in attracting investment to this city. The Economic Development Board believed that work force housing was needed to recruit businesses and asked the City Council to create the PFC. A 324 unit project was created in the City's redevelopment area. Creating workforce housing in a market that had previously been ignored by private investment contributed to Aisin Group's decision to locate a new automatic transmission plant in the City of Cibolo. Aisin's capital investment of \$400 Million will provide employment for approximately 900 people by 2023. The decision to create a PFC went through multiple public meetings and City Council hearings.

Zenobia Joseph, U.S. Citizen

Self

Austin, TX

1. Position: Against SB 591. Lines 5-7 (p. 3). I oppose "an exemption under this section for a multifamily residential development [which] applies only if: (1) at least 50 percent of the units in the multifamily residential development are reserved for occupancy by individuals and families earning less than 80 percent of the area median income ["AMI"]," for professionals (e.g., teachers, social workers).

2. SB 591 Discourse: Rep. Bernal asked about 80% area median income being "in name, not practice." In part, "economic development tool" is pretext for race discrimination. All 3 of 3 Housing Authority of the City of Austin ("HACA") 80% AMI high-opportunity Public Facility Corporation development deals excluded African-Americans and Hispanics who earn less than 80% AMI. Low-Income Housing Tax Credits ("LIHTC") at 60% equates to segregated housing, creating new ghettos.

3. Precedent: "Inclusive Communities Project (ICP) sued the Texas Department of Housing and Community Development over the siting of most Low Income Housing Tax Credit properties in predominately black communities in Texas." In Texas Dept. of Housing and Community Affairs v. Inclusive Communities Project, Inc., 576 U.S. 519 (2015), Justice Anthony Kennedy delivered the Court's 5-4 decision, which "held that disparate impact claims are cognizable under the Fair Housing Act."

4. Disparate Impact: "Austin is [the] Most Economically Segregated Metro Area" (Texas Tribune, 2015). Highland Village is the former Home for Negro Orphans—later developed as Highland Mall. Now, Austin Community College ("ACC")-Highland mixed-use development includes Jacob Fontaine Plaza and streets named for Blacks, including Wilhelmina Delco—first Black elected official in Austin, later Texas House of Representatives 10-term member—but 80% AMI excludes Blacks! The same is true for LIHTC sites west of Loop 1/MoPac, often requiring 80% AMI, \$54,700. June 23, 2016 Austin Chronicle disaggregated salary by race. Blacks earned \$50,820, Latino (\$43,198) while white (\$97,939) and Asian families (\$101,699) earned twice as much. Per Travis County, "Austin-Round Rock Metropolitan Statistical Area Fiscal Year 2020 Median Family Income = \$97,600." November 2020: Austin reported Blacks earn (\$42,422), Hispanics (\$50,332). 80% AMI equates to redlining by HACA, "first in the nation" public housing authority formed in 1937.

5. Requested Action: Kill SB 591, leave pending, or amend the bill to require disaggregated data by race juxtaposed with AMI and a map of all affordable housing units in designated municipality. Highland Village is near rail and bus hub within 1/4-mile walk (6-15-minute headway). However, Austin City Council and Travis County Commissioners moved Workforce Solutions-North from ACC-Highland area (6505 Airport Blvd), counter to "economic development." The other two HACA PFC deals (Vega Multifamily: St. Andrew's Episcopal 99-year ground lease/dog park; SOCO II) are also exclusionary by design.

Thanks.~zsj