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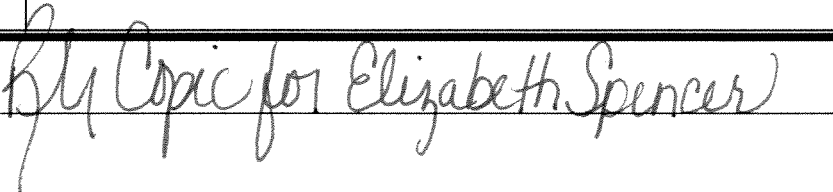
AFFORDABILITY IMPACT STATEMENT

NEIGHBORHOOD HOUSING AND COMMUNITY DEVELOPMENT

CITY COUNCIL AGENDA: FEBRUARY 13, 2014

CASE No: 20140213-082

<p>PROPOSED CODE AMENDMENT:</p>	<p>A CITYWIDE REDUCTION IN AUSTIN'S OCCUPANCY LIMIT FROM SIX UNRELATED ADULTS TO FOUR UNRELATED PERSONS.</p> <p>(A) NOT MORE THAN FOUR UNRELATED PERSONS 18 YEARS OR OLDER MAY RESIDE ON ANY SITE ZONED FOR SINGLE-FAMILY USE.</p> <p>(B) SUBJECT TO THE FOREGOING (A):</p> <p>A. WITH RESPECT TO A SITE OF DUPLEX RESIDENTIAL USE, NO MORE THAN TWO UNRELATED PERSONS 18 YEARS OR OLDER MAY RESIDE IN A SINGLE DWELLING UNIT</p> <p>B. WITH RESPECT TO A SITE HAVING A SECONDARY APARTMENT SPECIAL USE, NO MORE THAN TWO UNRELATED PERSONS 18 YEARS OR OLDER MAY RESIDE IN THE SECONDARY APARTMENT</p>
<p>IMPACT ON HOUSING AFFORDABILITY:</p>	<p><input type="checkbox"/> POSITIVE <input checked="" type="checkbox"/> NEGATIVE <input type="checkbox"/> NEUTRAL</p> <p>THIS CHANGE COULD HAVE A NEGATIVE IMPACT ON HOUSING AFFORDABILITY FOR SOME LOW-INCOME HOUSEHOLDS. THE REDUCTION OF THE OCCUPANCY LIMIT TO FOUR PEOPLE COULD LEAD TO HOUSING BECOMING MORE UNAFFORDABLE TO RESIDENTS OF LIMITED MEANS. THE POTENTIAL IMPACT IS TWO-FOLD:</p> <ul style="list-style-type: none">- IF RENTAL PRICES STAY THE SAME THE COST PER INDIVIDUAL WILL INCREASE AS THE RENT WILL ONLY BE SHARED BY A MAXIMUM OF FOUR (UNRELATED) INDIVIDUALS RATHER THAN A MAXIMUM OF SIX INDIVIDUALS- A REDUCTION IN THE OCCUPANCY LIMIT WILL MOST LIKELY RESULT IN AN INCREASE IN THE CITY'S OCCUPANCY RATE WHICH IN TURN WILL ACT AS A DISINCENTIVE TO PROPERTY OWNERS TO OFFER AFFORDABLE RENTAL PRICES AND WILL INCENTIVIZE PROPERTY OWNERS TO RAISE RENTAL PRICES CITYWIDE.
<p>PROPOSED CHANGES IMPACTING HOUSING AFFORDABILITY:</p>	<p>AS STATED ABOVE, THE REDUCTION IN THE OCCUPANCY LIMIT FROM SIX TO FOUR PEOPLE WILL DIMINISH THE AFFORDABILITY OF HOMES SHARED BY MULTIPLE INDIVIDUALS FOR THE PURPOSE OF REDUCING LIVING EXPENSES THROUGH SHARED RESPONSIBILITY FOR THESE EXPENSES.</p> <p>THE REDUCED OCCUPANCY LIMIT WILL ALSO MOST LIKELY INCREASE THE DEMAND FOR BOTH MARKET RATE AND AFFORDABLE HOUSING IN THE CITY. AN INCREASE IN DEMAND AND OCCUPANCY RATE WILL MOST LIKELY RESULT IN AN INCREASE IN RENTAL PRICES ACROSS THE CITY.</p>

OTHER HOUSING POLICY CONSIDERATIONS:	<p>INCREASED RENTAL RATES: THE OCCUPANCY RATE IN AUSTIN HAS BEEN HIGH FOR THE LAST THREE YEARS. CAPITAL MARKET RESEARCH REPORTED AUSTIN'S OCCUPANCY RATE AT 96.9% AND A RENTAL RATE AT AN ALL-TIME HIGH OF \$1.21 (MONTHLY PER SQUARE FOOT RATE) IN THEIR 2013 END-YEAR SUMMARY¹. BASED ON THIS REPORT, THERE APPEARS TO BE A CORRELATION BETWEEN DEMAND FOR RENTAL UNITS AND THE COST OF RENTS TO RESIDENTS.</p> <p>DECREASED OPTIONS FOR MODERATE-LOW INCOME INDIVIDUALS: MANY LOWER INCOME RESIDENTS MAY ONLY BE ABLE TO AFFORD THEIR LIVING EXPENSES IF THOSE EXPENSES ARE SHARED AMONGST A NUMBER OF PEOPLE. A REDUCTION IN AUSTIN'S OCCUPANCY LIMIT COULD MINIMIZE THE EFFECTIVENESS OF THIS TACTIC, WHICH COULD BE A COMMON RESPONSE TO THE CHALLENGE OF SECURING AFFORDABLE HOUSING IN THE CITY OF AUSTIN.</p> <p>DISPARATE IMPACT: THE PROPOSED CHANGE COULD HAVE A DISPARATE IMPACT ON MODERATE TO VERY LOW INCOME RESIDENTS. AN ANALYSIS OF POVERTY DATA BY TRAVIS COUNTY'S RESEARCH AND PLANNING DEPARTMENT PUBLISHED IN 2011 FOUND THAT POPULATIONS MORE LIKELY TO LIVE IN POVERTY INCLUDE BLACK/AFRICAN AMERICANS, HISPANIC/LATINOS, SPANISH SPEAKERS, AND FOREIGN BORN NON-CITIZENS². THIS ANALYSIS SUGGESTS THAT OCCUPANCY LIMITS CAN ALSO HAVE A DISPARATE IMPACT ON MINORITY RESIDENTS.</p>
DATE PREPARED:	FEBRUARY 5, 2014
DIRECTOR'S SIGNATURE:	

¹ CAPITAL MARKET RESEARCH, 2013

² COMMUNITY ACTION NETWORK, "COMMUNITY DASHBOARD"

[HTTP://WWW.CANCOMMUNITYDASHBOARD.ORG/DRILLDOWNS/LOW-INCOME.PHP](http://www.cancommunitydashboard.org/drilldowns/low-income.php)