



CITY OF AUSTIN

Comprehensive Housing Market Analysis

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BBC
RESEARCH &
CONSULTING

Presented by

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Agenda for today

- **Study Methodology**
- **Public Input Process and Findings**
- **Primary Demographic Changes**
- **Housing Market Changes**
- **Next Steps**

Study Methodology

What's new since 2008 study?

- **City efforts to maintain housing balance strengthened**
- **Full decade of data to assess changes**
 - Housing Market Study (HMS) will focus on how housing market and needs have changed since 2008
 - HMS will be supplemented with Assessment of Fair Housing (AFH)
- **Data sources, similar to 2008:**
 - City demographer
 - Decennial Census and American Community Survey (ACS) estimates
 - Private and public rental databases
 - Home sales data from Austin Board of Realtors (ABOR)



Core Components of HMS

- I. Review of demographic changes 2000-2012 and 2007-2012**
- II. Analysis of housing market changes**
- III. Update of housing gaps**
- IV. Development of housing model, determines needs at smaller geographic levels**
- V. Review of policies and programs to address housing needs**
- VI. Development of recommendations**

Above informed by significant public input process

How is HMS connected to *Imagine Austin*?

- Provides data and information to inform policies to provide a diverse array of housing choices, for all types of people, throughout Austin
- Identifies the housing needs, preferences and challenges of Austin residents, including low income residents and those with special needs
- Helps create a roadmap for investment in housing
- Promotes and advances the conversation around household affordability—including transportation costs

Public input

- **Focus groups with Austin residents:**
 - African Americans
 - Hispanics
 - Persons with disabilities
 - Homeless
 - Seniors
- **Three public meetings**
- **Interviews/small group meetings**
- **Resident and in-commuter survey**

Public input

Voluntary survey

Targeted
approach:

Service providers (32 organizations*)
Social media
Austin news media

The image shows a screenshot of the 'Austin Housing Choice Paper Survey' form. At the top is the City of Austin logo and the title 'Austin Housing Choice Paper Survey'. Below this is a thank-you message and a disclaimer. The survey is divided into sections, with 'CURRENT HOUSING CHOICES' highlighted in a blue bar. The first section asks 'Which of the following best describes your current housing situation?' with checkboxes for Homeowner, Renter, Living with others but not paying rent, Living with others, and Homeless. The second section asks 'What type of housing unit do you currently live in?' with checkboxes for Single family home/house, Duplex/Triplex/Fourplex, Townhome, Apartment or condo unit in an apartment or condo building, Apartment or condo unit in a converted single family home, Accessory dwelling unit (ADU) or garage apartment, Mobile home/trailer, Retirement community/independent living/assisted living, Student housing, Live/work housing, Hotel/motel, Shelter, and Other.

**Distributed to service organizations and COA recreation centers/ community centers/libraries*

5,315 Austin resident responses
943 In-commuter responses

Online survey
Austin resident
demographics

79% White (3,382)
10% Hispanic (423)
3% African American (124)
2% Asian (78)
1% Asian Indian (31)
27% have children under age 18 (1,190)
68% homeowners (3,509)
8% income less than \$25,000 (325)

Supplemental
paper survey

202 surveys returned
31% Hispanic (61)
27% African American (55)

What residents told us about their housing needs

- Most residents make tradeoffs in order to live in Austin, because they highly value living in Austin
 - 69% of homeowners paid more to buy in Austin than they would elsewhere
 - 66% of renters choose to rent and live in Austin rather than own elsewhere
 - 16% of renters save money by living where they don't need a car
 - 25% of homeowners and 45% of renters pay more than 1/3 of their income for housing

What residents told us about their housing needs

- Housing affordability is a pressing issue for many residents
 - 27% sought additional employment to pay housing costs
 - 21% of renters & 11% of homeowners have friends/relatives living with them due to a lack of affordable housing
- Many concerns about taxes
 - 19% of low income homeowners (less than \$25,000) think they will have to move in the next five years; most (64%) due to property taxes
 - Many residents are reluctant to make or ask for improvements due to concern about tax increases.

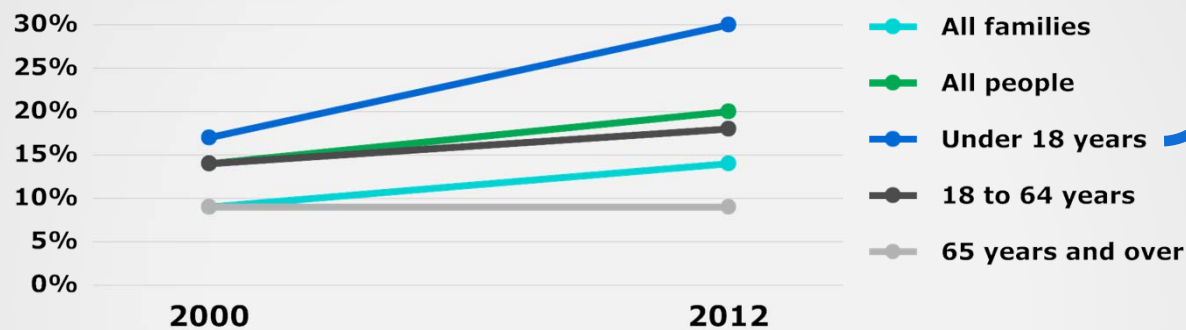
“The apartment complex could make the repairs, but then my rent would go up and I can't afford that.”

What residents told us about their housing needs

- Accessible AND affordable housing close to transit is extremely difficult to find for persons with disabilities
 - *“Most of us have to choose between accessibility and affordability. Housing that is both affordable and accessible is a needle in a haystack.”*
 - *“It’s very difficult to find housing that’s near transit. Routes get cancelled. The last place I lived, the route was cancelled and for six months I had to walk four miles to get transit, and since I’m blind, this was dangerous.”*
- Any blemish on your history (criminal, credit, eviction) = nearly impossible to find a place to rent
 - *“I had a lot of trouble finding a place because I have an eviction notice on my record. I didn’t pay my rent because my ceiling caved in. ... I just didn’t pay. Even though I eventually paid in full and have all the paperwork, the eviction still makes it hard for me to find a place to live.”*
 - *“I have a criminal background and can’t find housing.”*

Primary economic changes

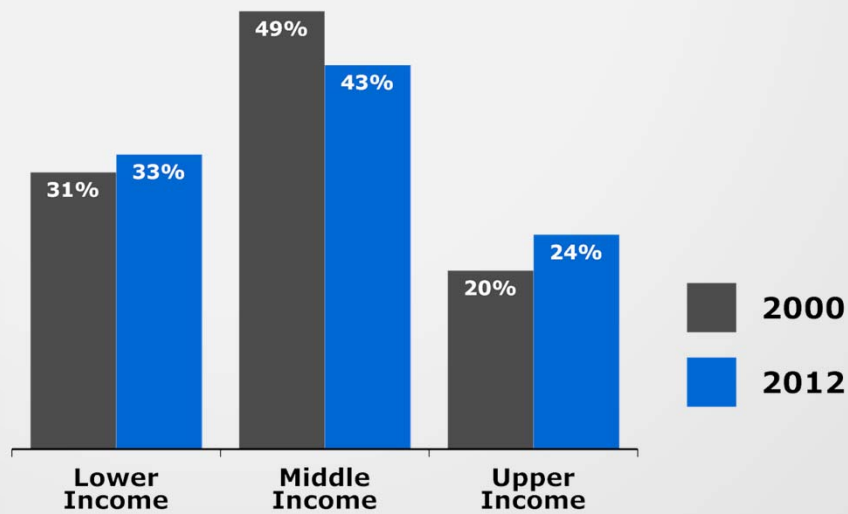
Increase in poverty



Rise in child poverty
2000 2012
17% → 30%

Decline in middle income households

More lower and upper income households and fewer middle income households than in 2000.



▶ Primary economic changes, continued

- Renters earning >\$75,000  74% from 2007
(15,000 more high income renters)
- Renters earning <\$25,000  1%
- Only minor shifts in owner income distribution

Rental market

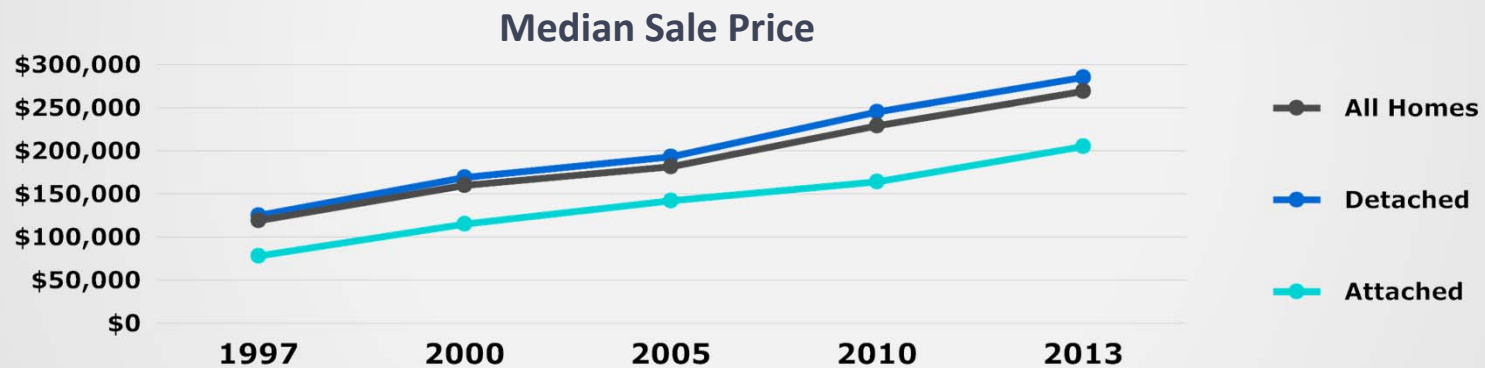
55% of household in Austin are renters:

- Rental vacancies at 10-year low point (**4-5%**)
 - 12% for luxury rentals (MSA)
 - 4-5% for non-luxury properties (MSA)
- Median rent approximately **\$1,000/month**
- Increase in price per square foot for all property types

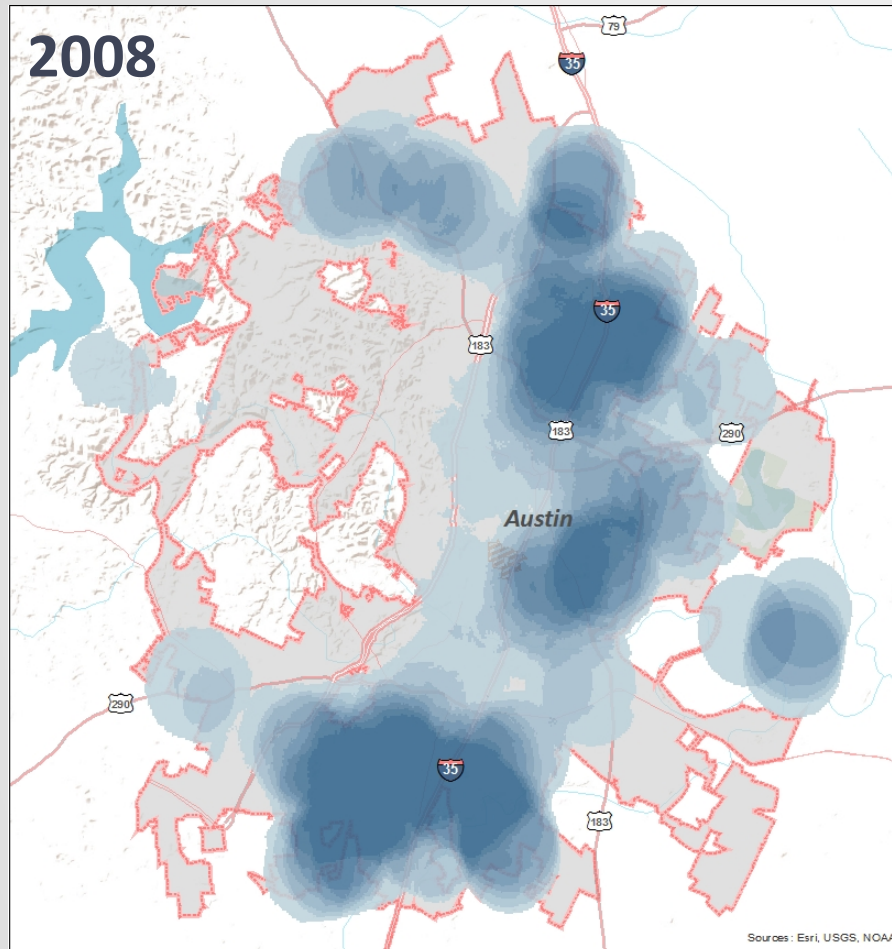
Owner market

45% of household in Austin are owners

Home prices increased by **68%** since 2000



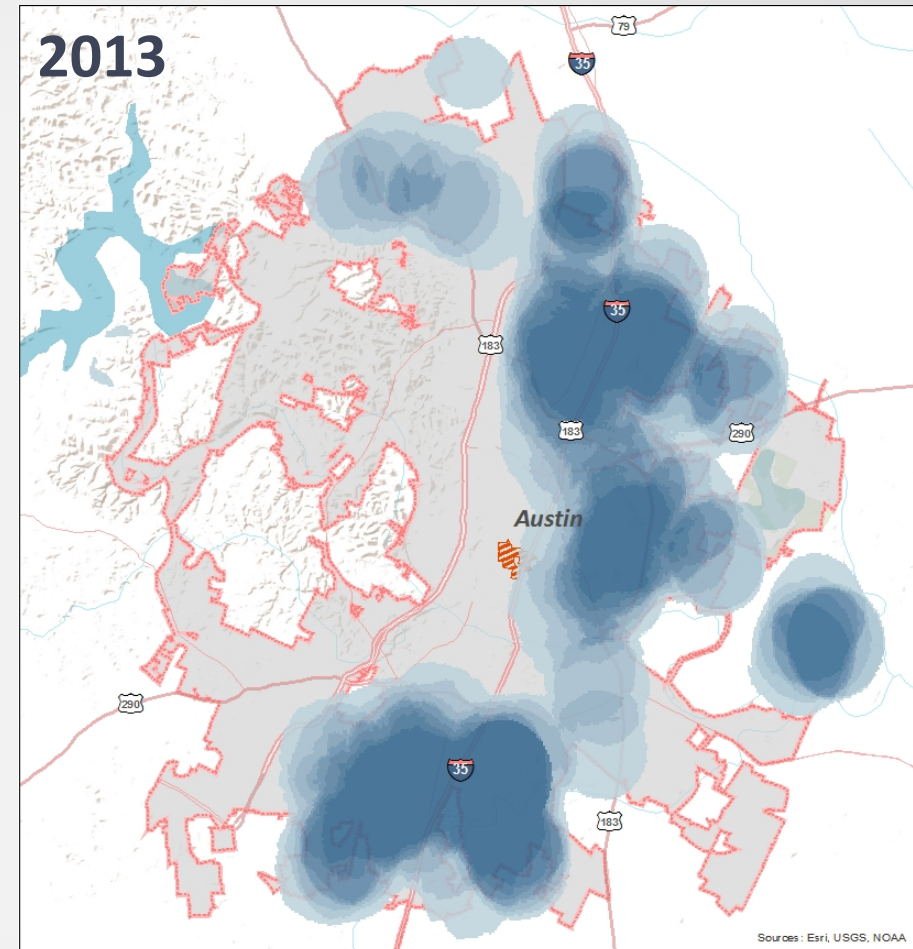
Change in affordability 0% to 80% of 2008 MFI



2008 Inventory:
Density of Detached Single Family Units
Affordable to 0% to 80% of 2008 MFI at 2008 interest rates
(\$0 to \$178,165)

Low Density
Moderate Density
High Density

University of Texas
Austin City Boundary

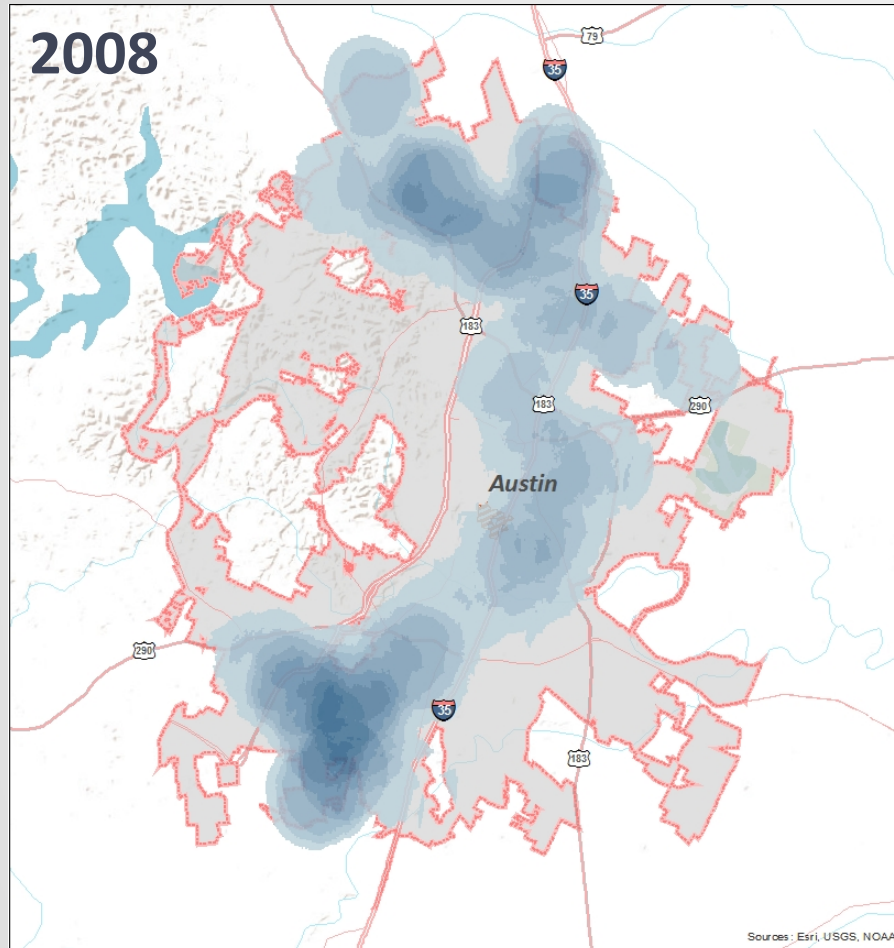


2013 Inventory:
Density of Detached Single Family Units
Affordable to 0% to 80% of 2008 MFI at 2008 interest rates
(\$0 to \$178,165)

Low Density
Moderate Density
High Density

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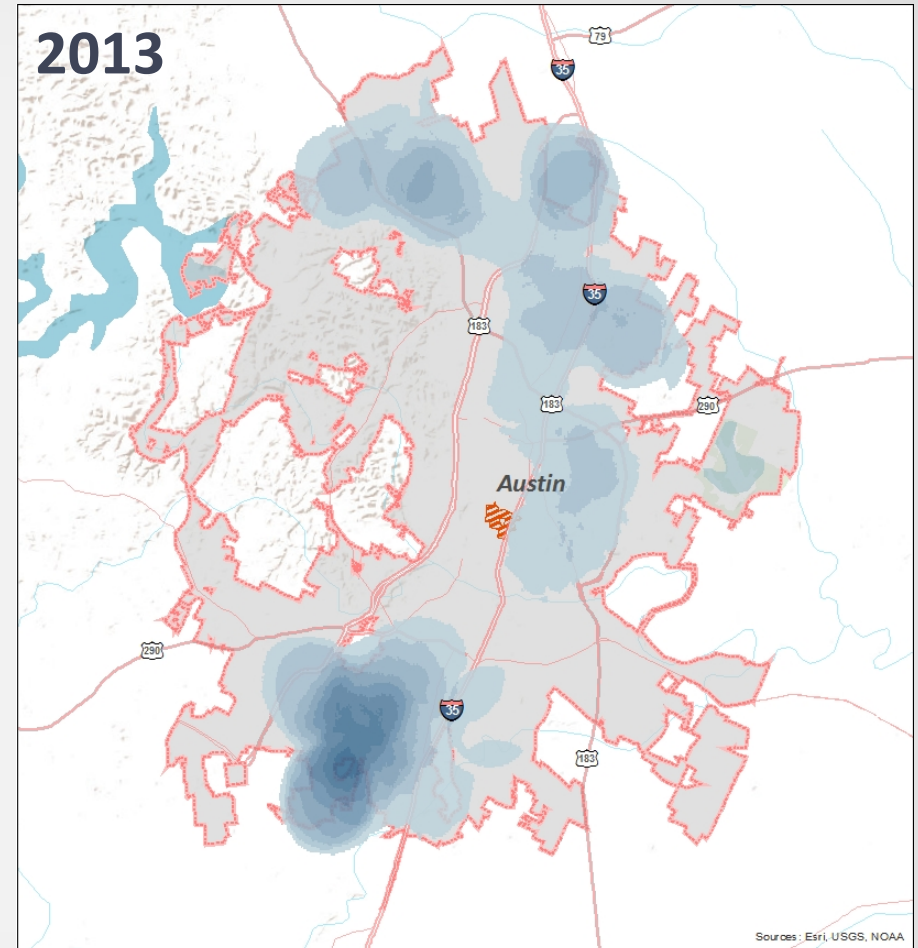
Change in affordability 81% to 95% of 2008 MFI



2008 Inventory:
Density of Detached Single Family Units
Affordable to 81% to 95% of 2008 MFI at 2008 interest rates
(\$178,166 to \$211,281)

Low Density
Moderate Density
High Density

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2013 Inventory:
Density of Detached Single Family Units
Affordable to 81% to 95% of 2008 MFI at 2008 interest rates
(\$178,166 to \$211,281)

Low Density
Moderate Density
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Gap summary

Gap in Rental and Homeownership Supply and Demand, 2012

843,000 people

331,000 households



45% Owners
(148,000 households)



55% Renters
(183,000 households)



Renters earning <\$50,000 {
2012 **20%** detached v. **16%**
42% attached v. **36%**

Renters earning <\$75,000 {
2012 **47%** detached v. **44%**
66% attached v. **64%**

Units
affordable
to renters
wanting to
be owners

33% earn <\$25,000
(60,000 households)

10% of rental units are
affordable (19,000 units)

GAP of 41,000 units
48,000 with 2014 rents

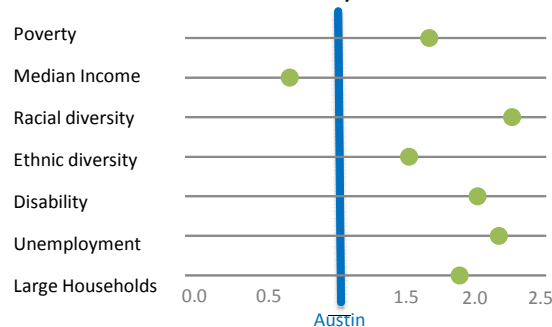
(Ownership market more affordable only due to declining interest rates)

Housing Market Data

AUSTIN ZIP CODE XXXXX

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



Income balance: does this ZIP code have a healthy mix of incomes?

*No, there is an overrepresentation of
LOW INCOME households*

Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median value



Housing Affordability

Median Home Value: \$121,000

Median Rent: \$870

Homeownership for residents earning less than \$50,000

29% of owners city-wide earn less than \$50,000 **vs.** **61%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than \$25,000

33% of renters city-wide earn less than \$25,000 **vs.** **26%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...



Retail and service workers
(earning about \$24,000 per year)

Buy

12%

Rent

25%



Artists & Musicians
(earning about \$31,000 per year)

22%

39%



Teachers
(earning about \$48,000 per year)

57%

84%



Tech sector professionals
(earning about \$84,000 per year)

95%

100%

Compared to the city overall, this ZIP code has...

- ✓ **HIGHER** than average proportion of rent-restricted units
- ✓ **HIGHER** than average proportion of Housing Choice Voucher holders
- ✓ **HIGHER** than average proportion of rental units in poor condition
- ✓ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

89% of ZIP code residents live within a half mile of a transit stop

\$657 is the average monthly transportation cost for workers of this ZIP code

41% of housing + transportation costs in this ZIP code are transportation-specific

Recommendations from 2008

- ***Planning/Policy Strategies***
 - Set affordable housing targets (Housing Siting Policy Working Group efforts)
 - Explore property tax rebates (Raised tax exemptions, HB 3350)
- ***Development Process and Incentives Strategies***
 - Reevaluate zoning and development process (CodeNEXT)
 - Remove regulatory barriers to housing development (CodeNEXT)
 - Improve development incentives to produce affordable housing (CodeNEXT)
- ***Financial Strategies***
 - Supplement existing funding (GO Bond)
 - Establish a land banking program
 - Establish alternative financing sources through community development financial institutions (CDFIs)

CodeNEXT regulatory challenges for housing affordability

- ***Density and Design***

- Density cap in some zoning districts
- Site area requirements based on unit classification, not size
- Building and site design do not always reflect neighborhood character
- Urban, walkable zoning missing from code

- ***Infrastructure***

- High parking requirements
- Urban infrastructure not developed with expanding density

- ***Program and Process***

- Inefficient approval and permitting processes
- ADUs/secondary apartment limitations
- Preservation policies lacking
- Density bonus programs not unit producing

In sum: A diverse set of zoning districts are needed to create a diverse set of housing options in Austin



Next steps

- **Assessment of Fair Housing (AFH)—will supplement opportunity (Kirwan) analyses and examine barriers and impediments to housing choice**
- **CodeNEXT—will examine how land use regulations and zoning ordinances can better encourage diverse array of housing**
- **Focus on expanding toolkit to address needs**
 - **GO Bonds wonderful, flexible tool**
 - **Opportunity exists to make use of better use of others**



Next steps: Solutions

- **Adopt “early win” regulatory fixes now**
- **Make better use of public assets**
 - Set aside publicly owned land for mixed-income development Partnership with private/nonprofit sectors
 - Make better use of land banking
 - More aggressively use land trusts
- **Pursue public private partnerships**
 - Explore joint effort to create CDFI or TOD fund—critical for nonprofit and private affordable developers to act fast in this market

Next steps: Solutions, continued

- **Establish an overall affordability goal for the city**

- **Boulder and Flagstaff use 10%; similar to Austin program requirements**
- **Manage to the goal**

For example:

Require that any entitlements or funding received by developers in a geographic area move neighborhood closer to target (“target+”).

Target should not limit provision of affordable units in “oversupplied” neighborhoods (e.g., no cap on funding when affordability target is met). Preservation and creation of affordable units in these areas is important to prevent low income resident displacement.



Discussion/Questions?