



CITY OF AUSTIN

Comprehensive Housing Market Analysis and Barriers to Housing Choice

December 15, 2014



Presented by

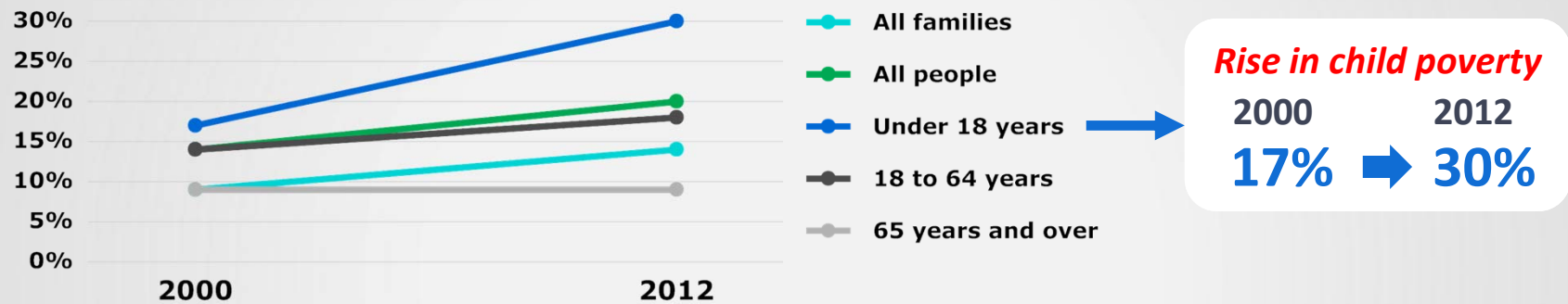
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Primary demographic changes

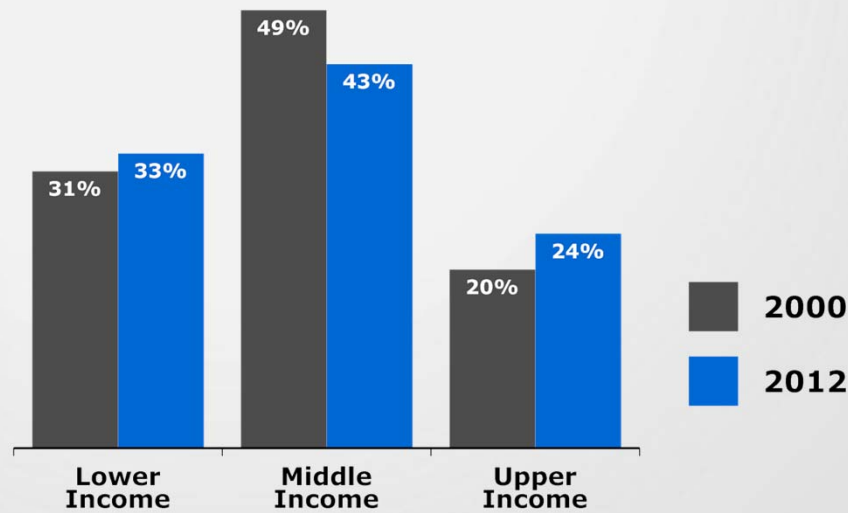
- Changing age distribution. Young Adults (67,000) and Baby Boomers (64,000) **70%** of 2000-2012 growth
- Reduction in percent of families (32% in 1970 **➔25%**)
- Majority “minority” city due to Hispanic growth. Decline in African Americans (residents **↓2.3%**, families **↓18%**)
- Decline in proportion of persons with disabilities (15% in 2000 **➔10%**)
- Decreasing middle class and rise in poverty

Primary demographic changes, continued

Rise in poverty



Shift in middle income households



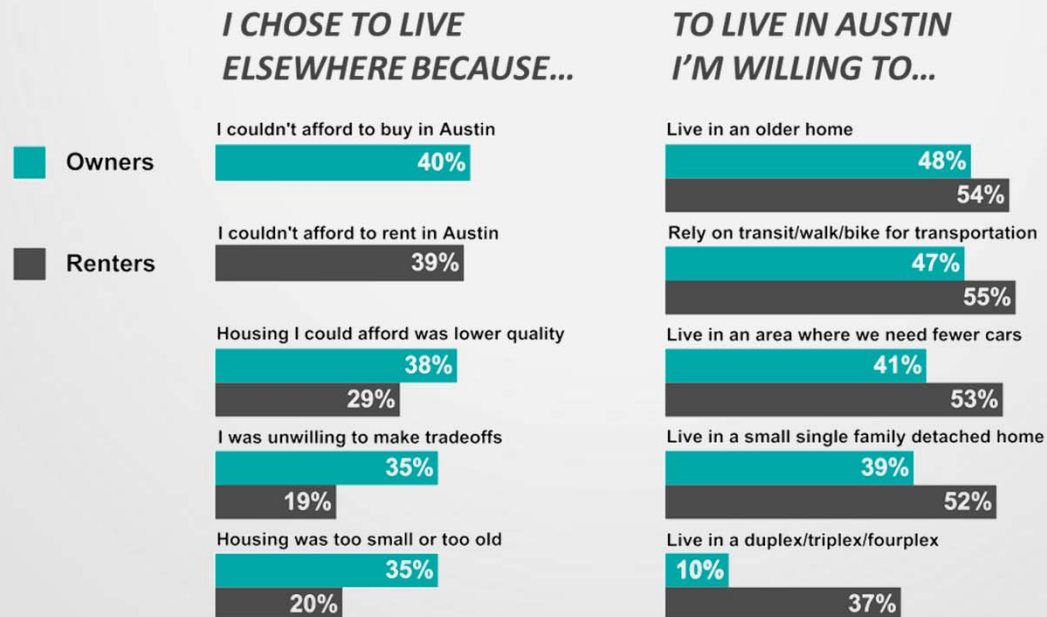
How have demographic changes affected housing demand?

- **Growth in wealthier households** has:
 - Driven demand for luxury homes
 - Driven demand for amenity-rich rentals
(Renters earning >\$75,000 up 74% from 2007)
 - Tightened rental market for low income renters
- **Growth in non-family households**
- **Growth in poverty** (coupled with lack of affordable housing) has:
 - Increased housing cost burden and rental gap

Why have households left Austin?

	Affordability	Schools	Traffic	Taxes
African American families (n=20)	60%	40%	15%	5%
Hispanic families (n=57)	51%	21%	7%	7%
All non-white families (n=79)	66%	30%	11%	9%
White families (n=116)	59%	29%	9%	9%

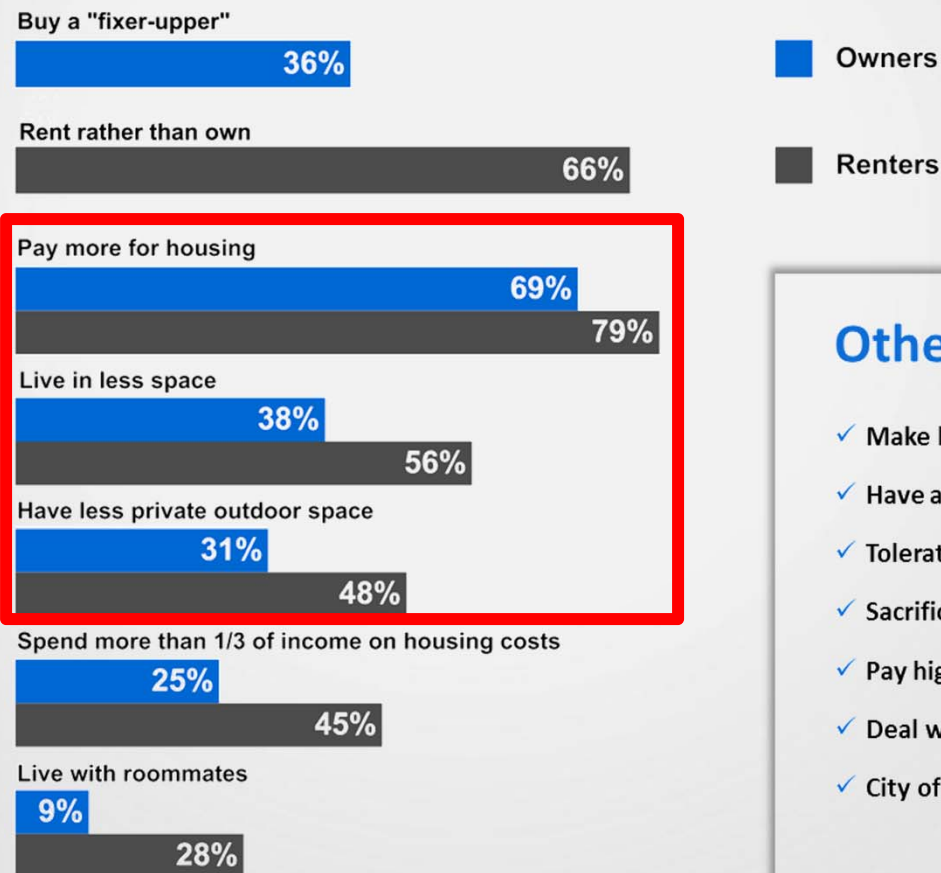
I CONSIDERED LIVING IN AUSTIN (73% of in-commuters)



What residents told us about their housing needs

TO LIVE IN AUSTIN, I WAS WILLING TO...

Many residents make tradeoffs in order to live in Austin



Other tradeoffs

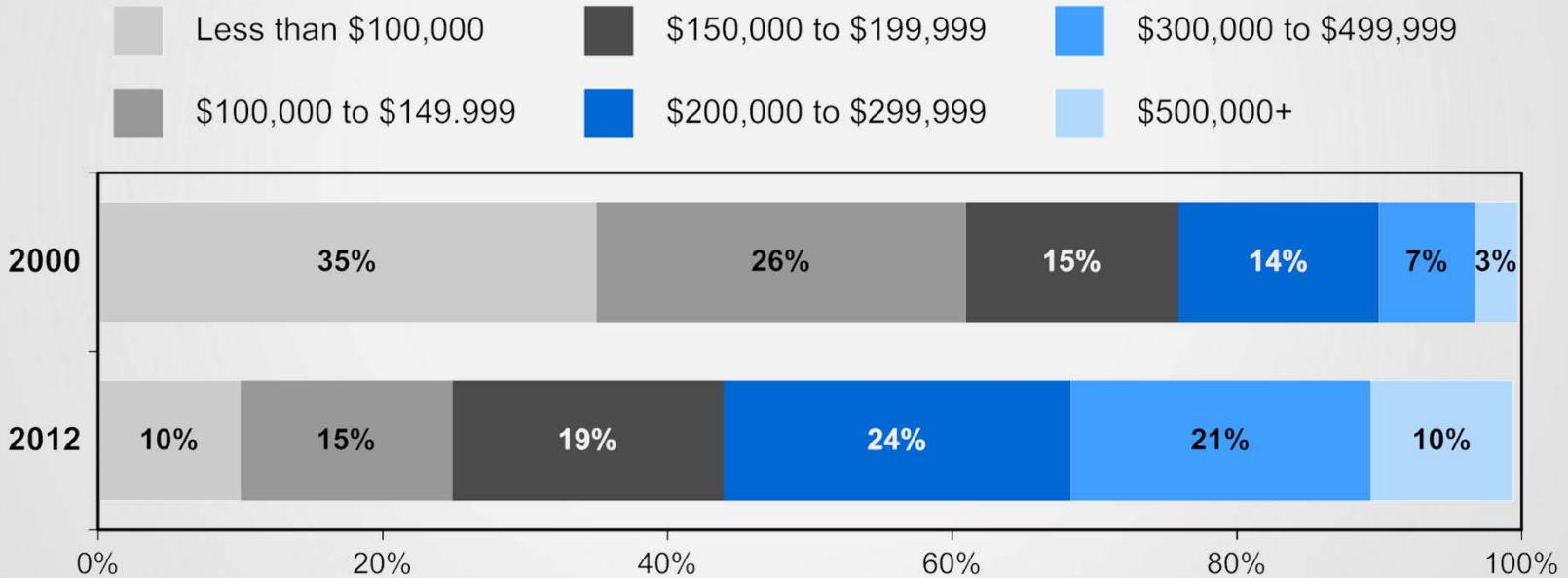
- ✓ Make lower pay
- ✓ Have a longer commute
- ✓ Tolerate more crime
- ✓ Sacrifice school quality
- ✓ Pay higher property taxes
- ✓ Deal with traffic
- ✓ City of Austin policies

Housing market affordability

- Shortage of affordable rentals has increased from 37,500 in 2008 to 40,900 units
- Increase almost entirely driven by loss of rentals affordable for \$20,000 to \$25,000 income households (5,000 units)
- Accessible AND affordable housing close to transit is extremely difficult to find for persons with disabilities

Housing market affordability

Home values have risen considerably, with only 10% priced under \$100,000 (v. 35% in 2000)



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	v.	2008
		20% <u>detached</u>		16%
		42% <u>attached</u>		36%

Renters earning <\$75,000	{	2012	v.	2008
		47% <u>detached</u>		44%
		66% <u>attached</u>		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)

Recommendations to address affordability and housing barriers

- **Adopt “early win” regulatory fixes now (Code Diagnosis)**
- **Make better use of public assets**
 - Set aside publicly owned land for mixed-income development
 - Make better use of land banking
 - More aggressively use land trusts
- **Pursue public private partnerships**
 - Explore joint effort to create a community development financial institution (CDFI), for both housing development and consumer lending, and/or transit oriented development (TOD) fund. It is critical for nonprofit and private affordable developers to act fast in this market

Recommendations, 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.

Recommendations, continued

- **Adopt quick fixes for regulatory barriers.**
- **Code Diagnosis affordability issues.**
- **Recommended modifications to accessory dwelling unit (ADU) regulations.**
- **Recommended improvements to the development process.**
- **Other Observations and Recommendations.**

Discussion/Questions?