

Code Prescription: Household Affordability

CodeNEXT Advisory Group
May 2, 2016



Developing Complete Communities for all Austinites:

Household Affordability Code Prescription



CODENEXT
SHAPING THE AUSTIN WE IMAGINE

Affordability affects everyone directly or indirectly including seniors, those on a fixed income or in the low and middle income brackets, musicians and artists, service workers, and families with children. A revised Land Development Code can provide flexibility to build more affordable housing options and reduce regulatory barriers so more resources can go toward providing housing that is affordable to more people.

What We Will Cover

This presentation will cover:

1. Imagine Austin and affordability
2. Existing Conditions
3. Code Prescriptions
4. Going forward

Imagine Austin: Household Affordability

Vision:

Economically mixed and diverse neighborhoods across all parts of the city have a range of affordable housing options, where all residents have a variety of urban, suburban, and semi-rural lifestyle choices.

Policy HN P1:

Distribute a variety of housing types throughout the City to expand the choices available to meet the financial and lifestyle needs of Austin's diverse population.

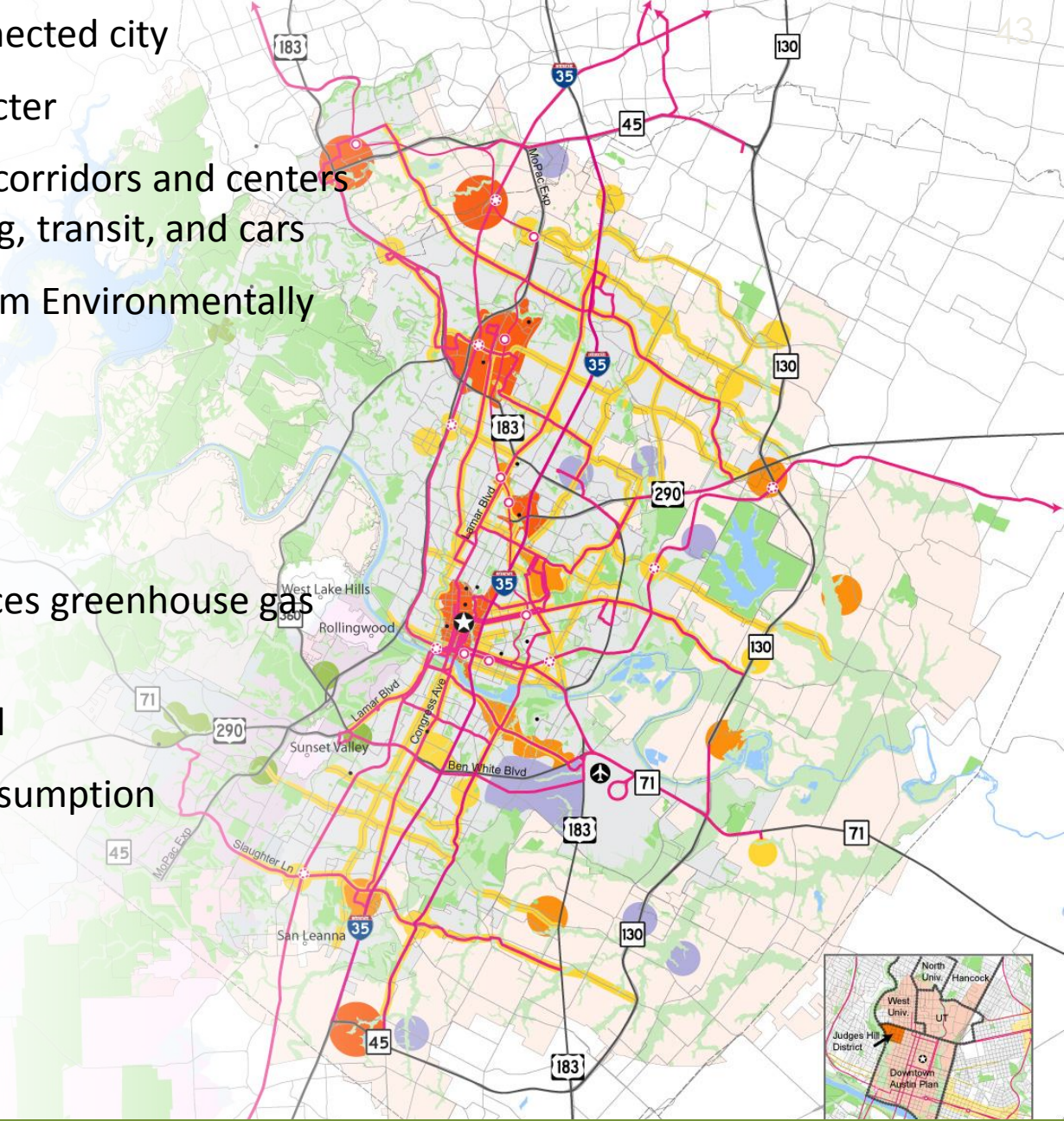


IMAGINEAUSTON
Vibrant. Livable. Connected.

- Promotes a compact and connected city
- Preserve neighborhood character
- Focuses new development in corridors and centers accessible by walking, bicycling, transit, and cars
- Directs development away from Environmentally Sensitive Areas

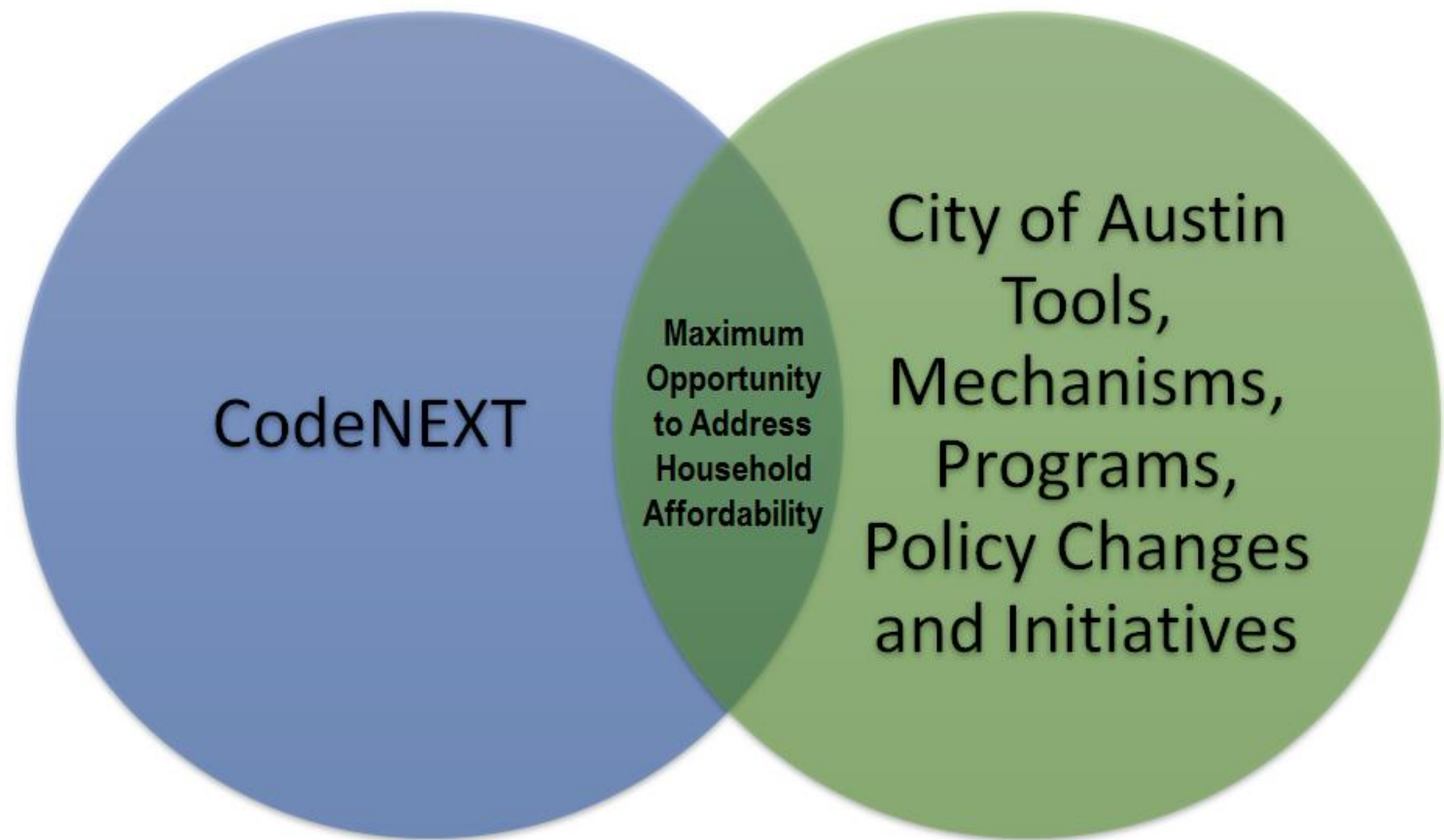
As a result, it ...

- Improves air quality and reduces greenhouse gas emissions
- Reduces vehicle miles traveled
- Reduces per capita water consumption

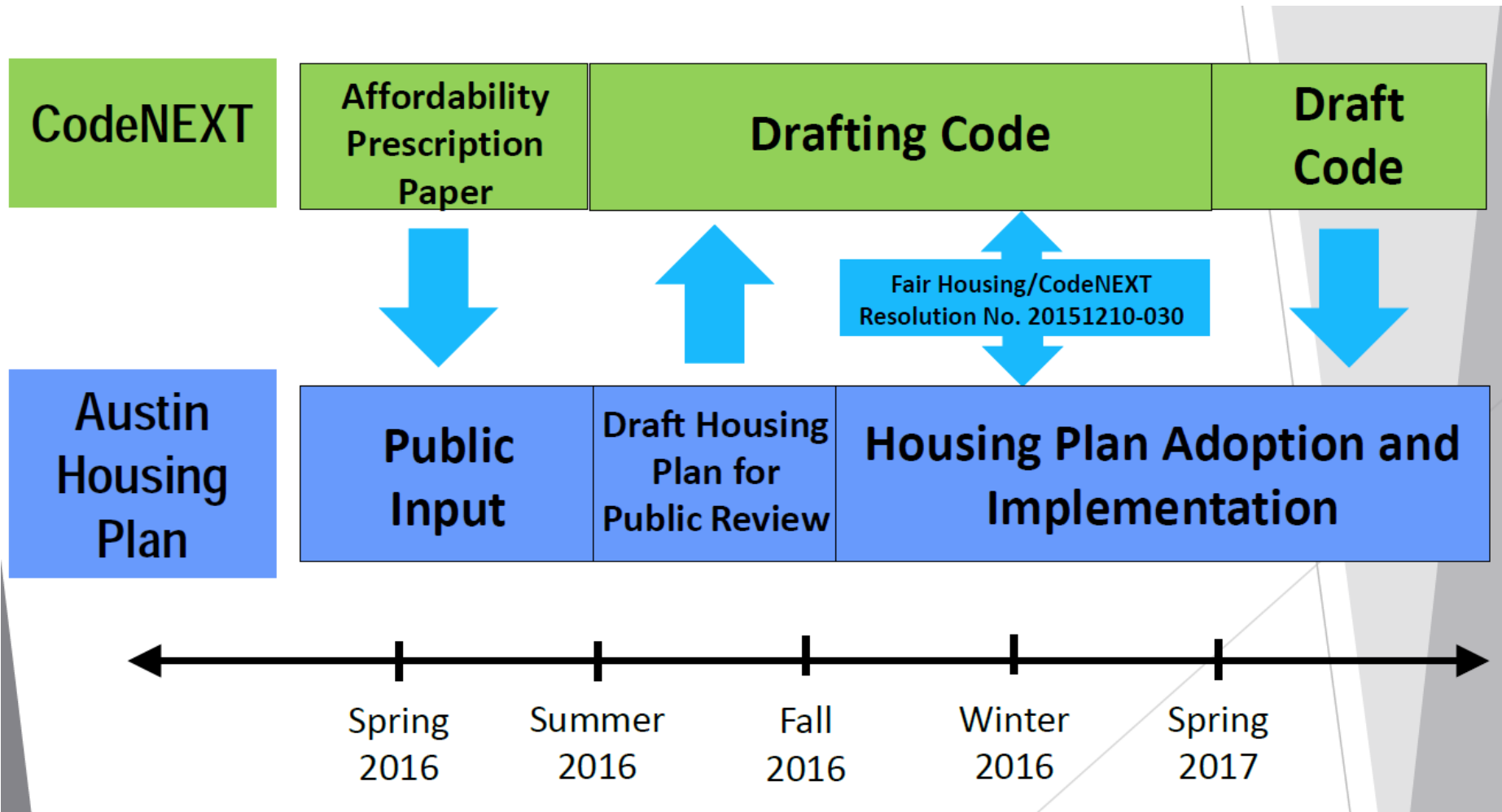


Growth Concept Map

Code Prescription: Household Affordability



Code Prescription: Household Affordability

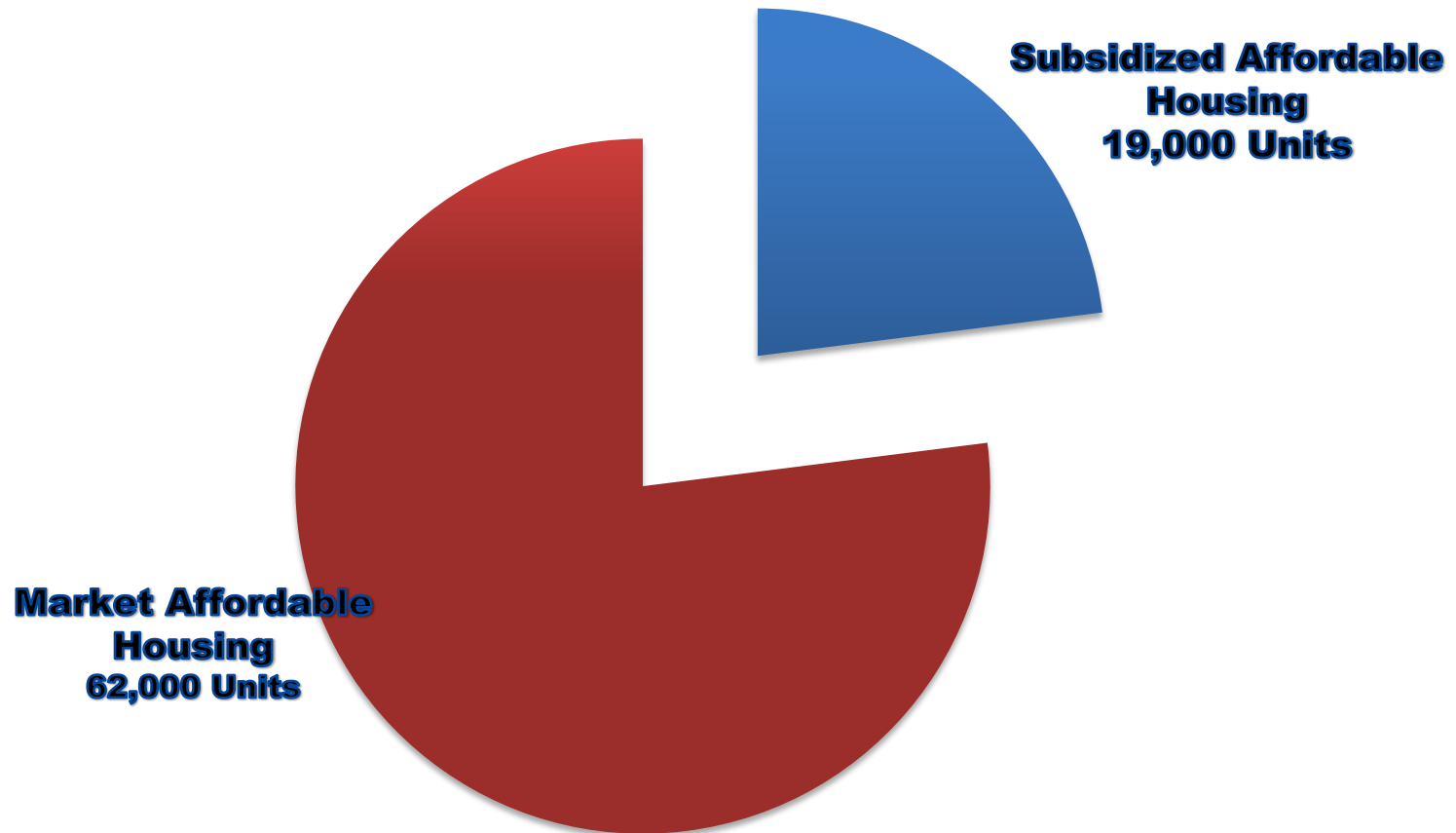


“Stop throwing perfectly good houses in our landfills.”

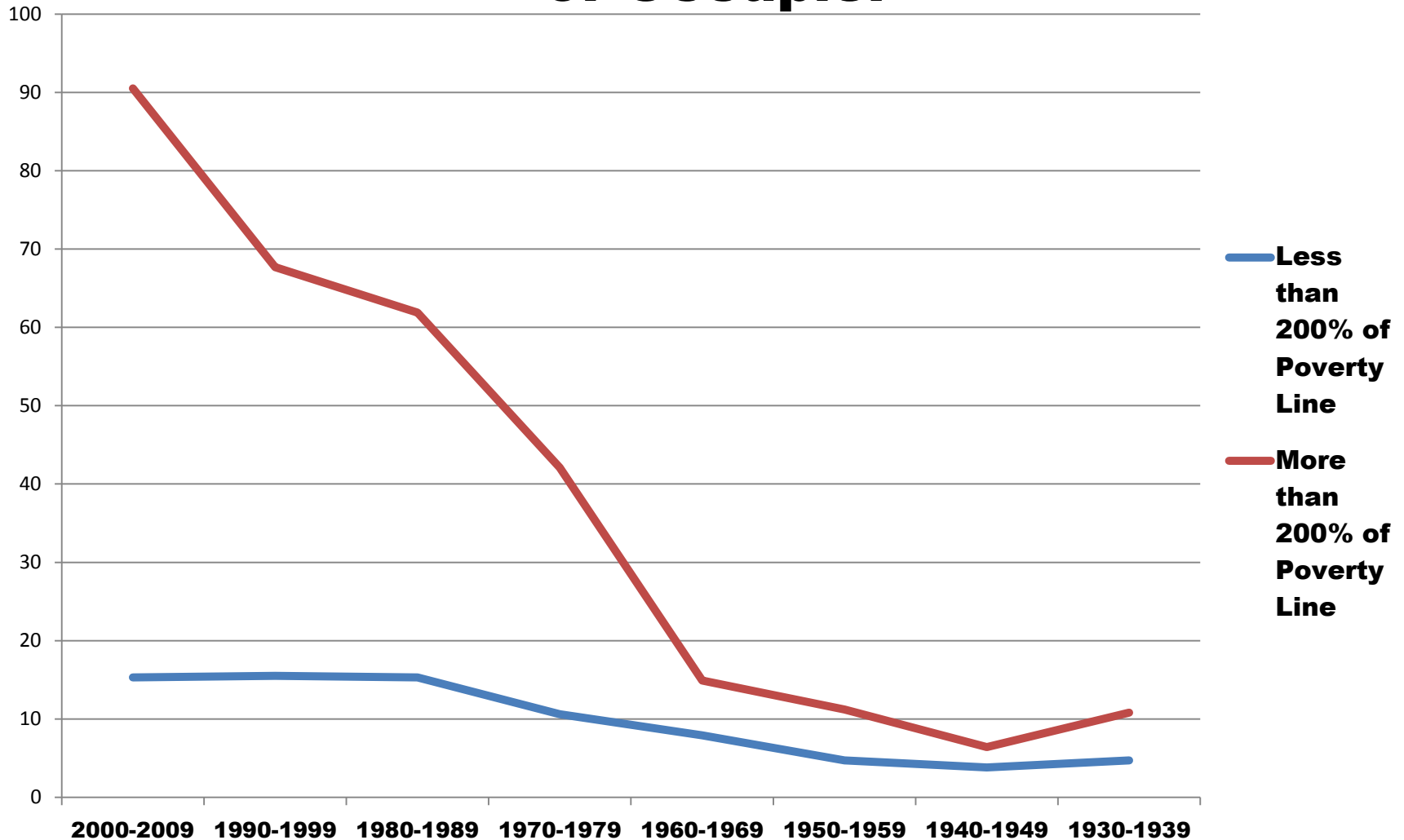
Historic Preservation Officer Steve Sadowsky facing and agenda full of demolitions on Historic Landmark Commission Agenda



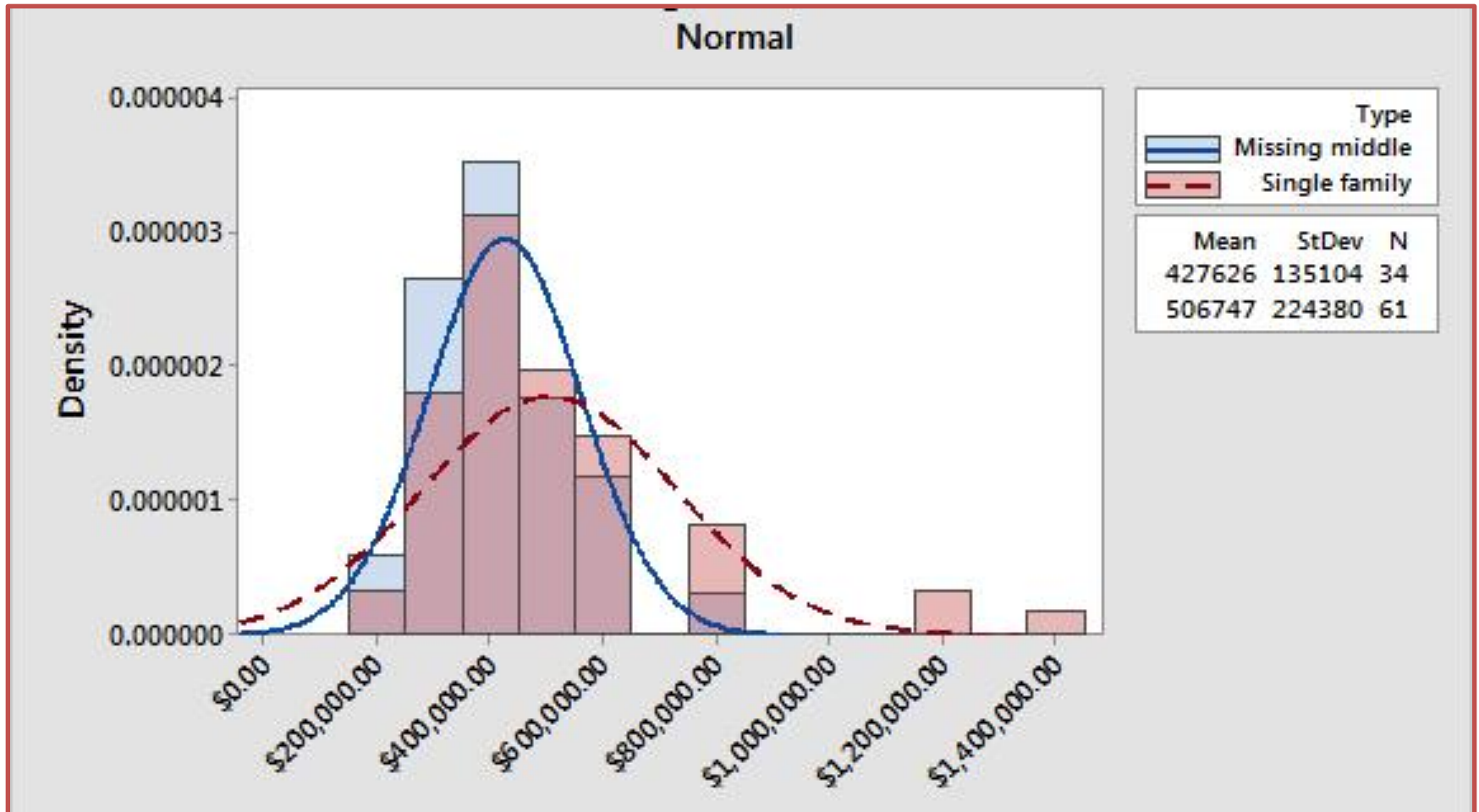
Affordable Housing Stock



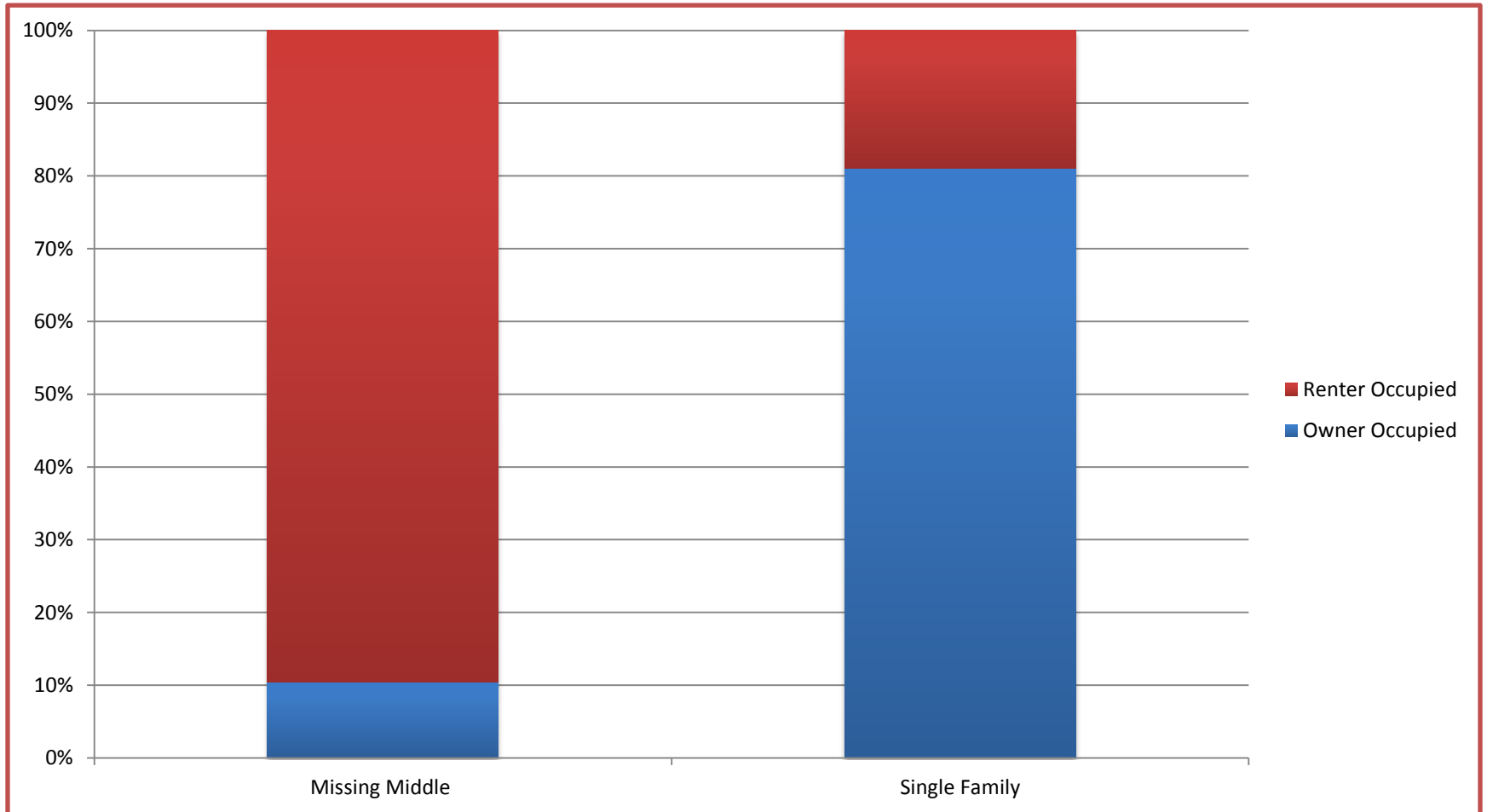
Age of Single Family Home and Income of Occupier



Missing Middle and Single Family in 78702

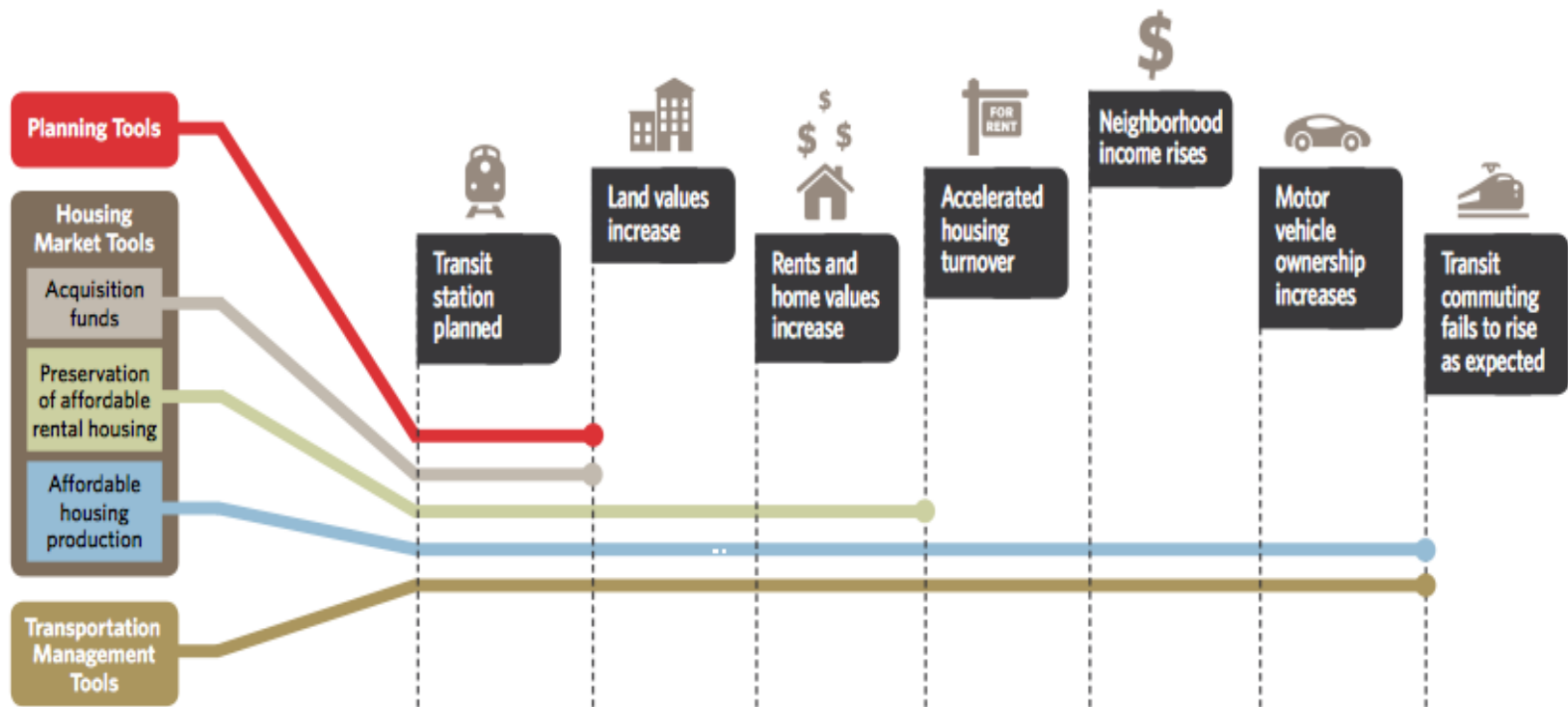


Home Ownership



Census- American Housing Survey 2013 Austin - General Housing Data - All Occupied Units
Geography Filter: In central cities Variable 1: Units by Structure Type, Variable 2: Tenure
Numbers in thousands
Missing Middle- 2-19 Units and 1 attached

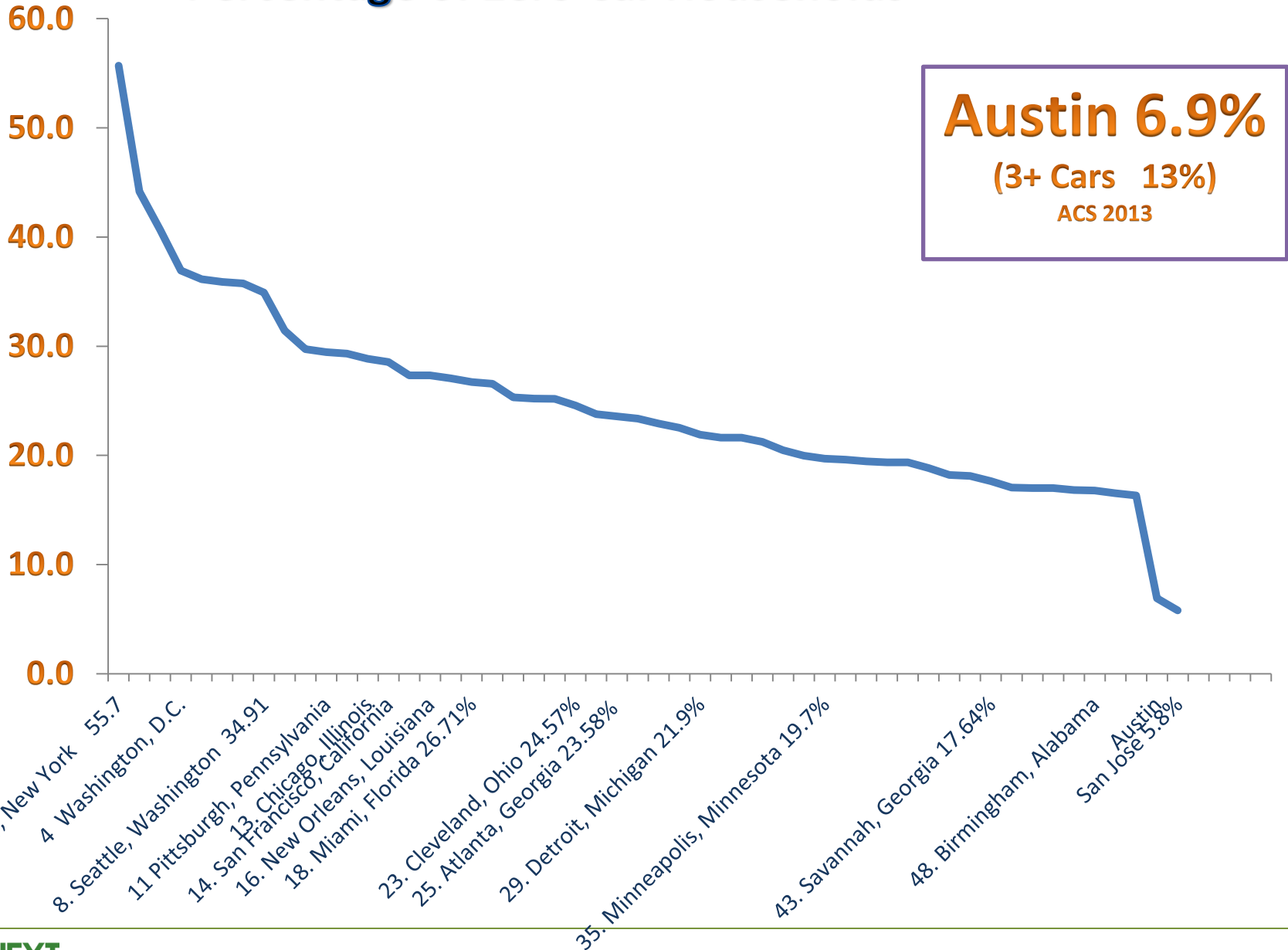
Breaking the Cycle of Unintended Consequences in Transit-Rich Neighborhoods



Maintaining Diversity In America's Transit-Rich Neighborhoods:


Tools for Equitable Neighborhood Change

Percentage of Zero Car Households



A Perspective on Affordable Housing

May 2, 2016



Housing researchers consider a six- to 6.5-months supply of homes for sale to represent a balanced housing market.

Tierra Grande, Texas A&M
Real Estate Center, April 2009

Austin-Round Rock-San Marcos Texas Household Income

The [Census ACS](#) 1-year survey reports that the median household income for the Austin-Round Rock-San Marcos Texas metro area was \$63,603 in 2014, the latest figures available. Austin median household income is \$10,568 higher than the [median Texas household income](#) and \$9,946 greater than the [US median household income](#). 2015 metro income data (including Austin median household income) will be released in September of 2016. [Median family](#) and [per capita income](#) for Austin-Round Rock-San Marcos are shown below.

Real Median Household Income for Austin Texas

Show dollars as: [Nominal](#) [Real](#)

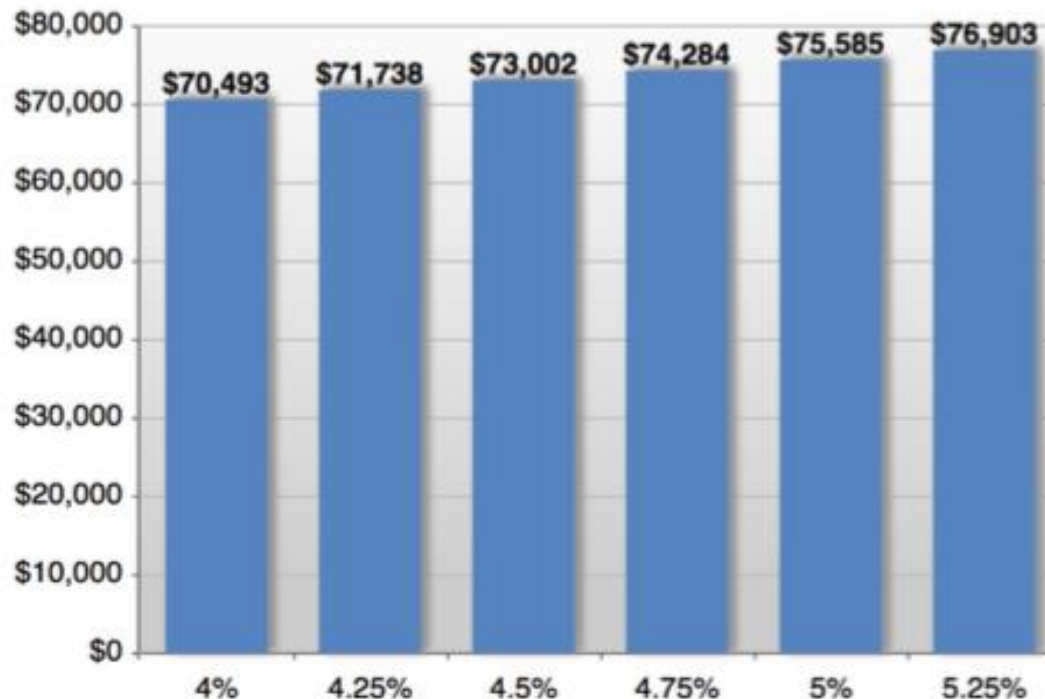
	2014	1 Year Change	3 Year Change
US	\$53,657	+1.04%	+0.93%
Texas	\$53,035	+0.92%	+2.00%
Austin	\$63,603	+1.34%	+6.41%

At 4% your required income for a \$200,000 mortgage is **\$70,493**.

\$63k to \$70k,
Depending on credit

An income of \$70,493 provides for a maximum Principal, Interest, Taxes and Insurance (PITI) payment of \$1,644.83. After taxes and insurance your principal and interest payment (PI) of \$954.83 would pay for a \$200,000 mortgage, with an interest rate of 4% and a term of 30 years.

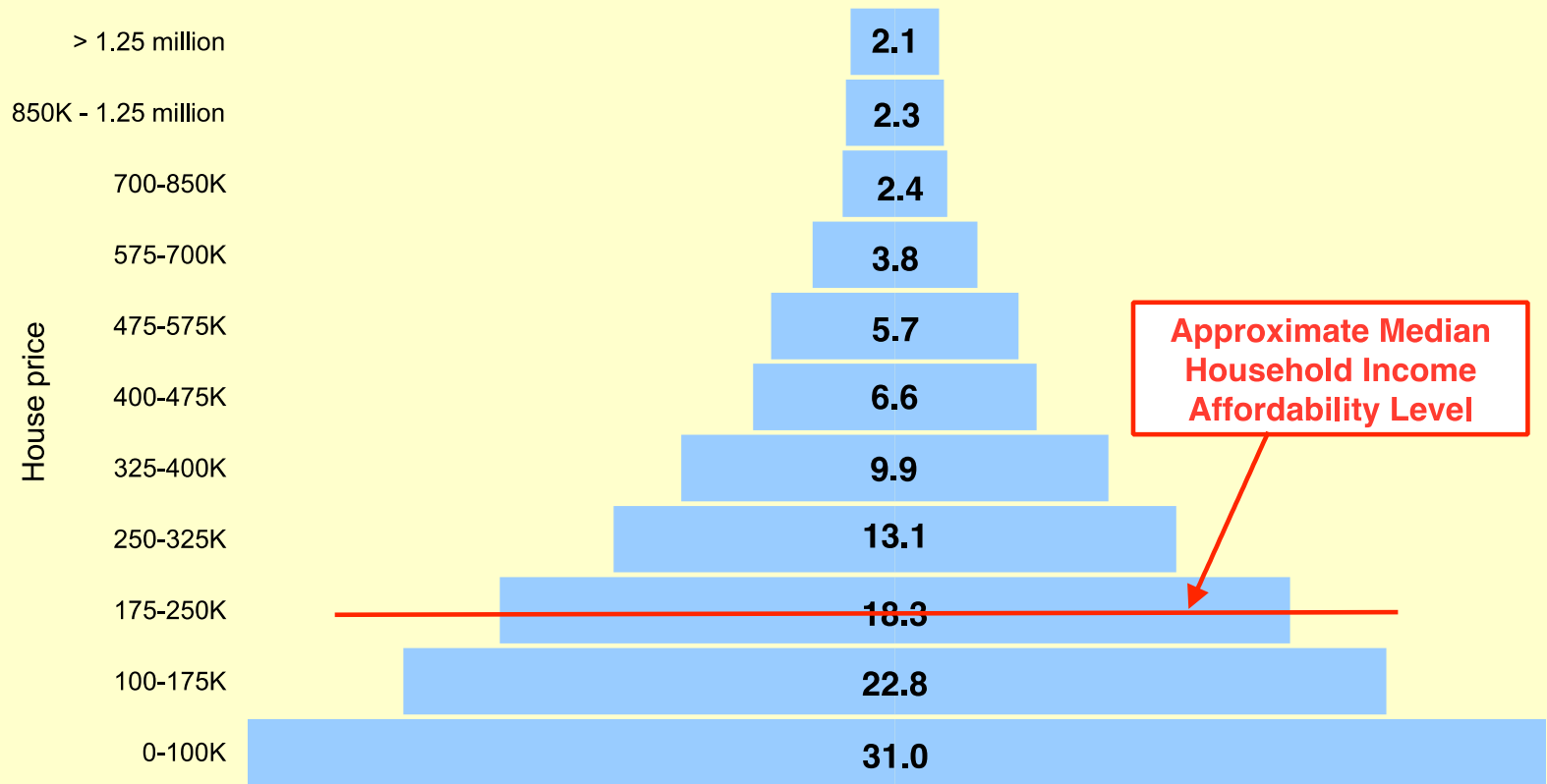
Required Annual Income for a Variety of Interest Rates



Mortgage Required Income Results

Term	30 years
Interest rate	4%
Housing payment (PITI)	\$1,644.83
Principal & interest payment (PI)	\$954.83
Monthly housing expenses	\$690.00
Monthly liabilities	\$400.00
Required annual income	\$70,493

**US Households (in Millions)
by Highest Priced Home They Can Afford Based on Income: 2014**



Total U.S. Households

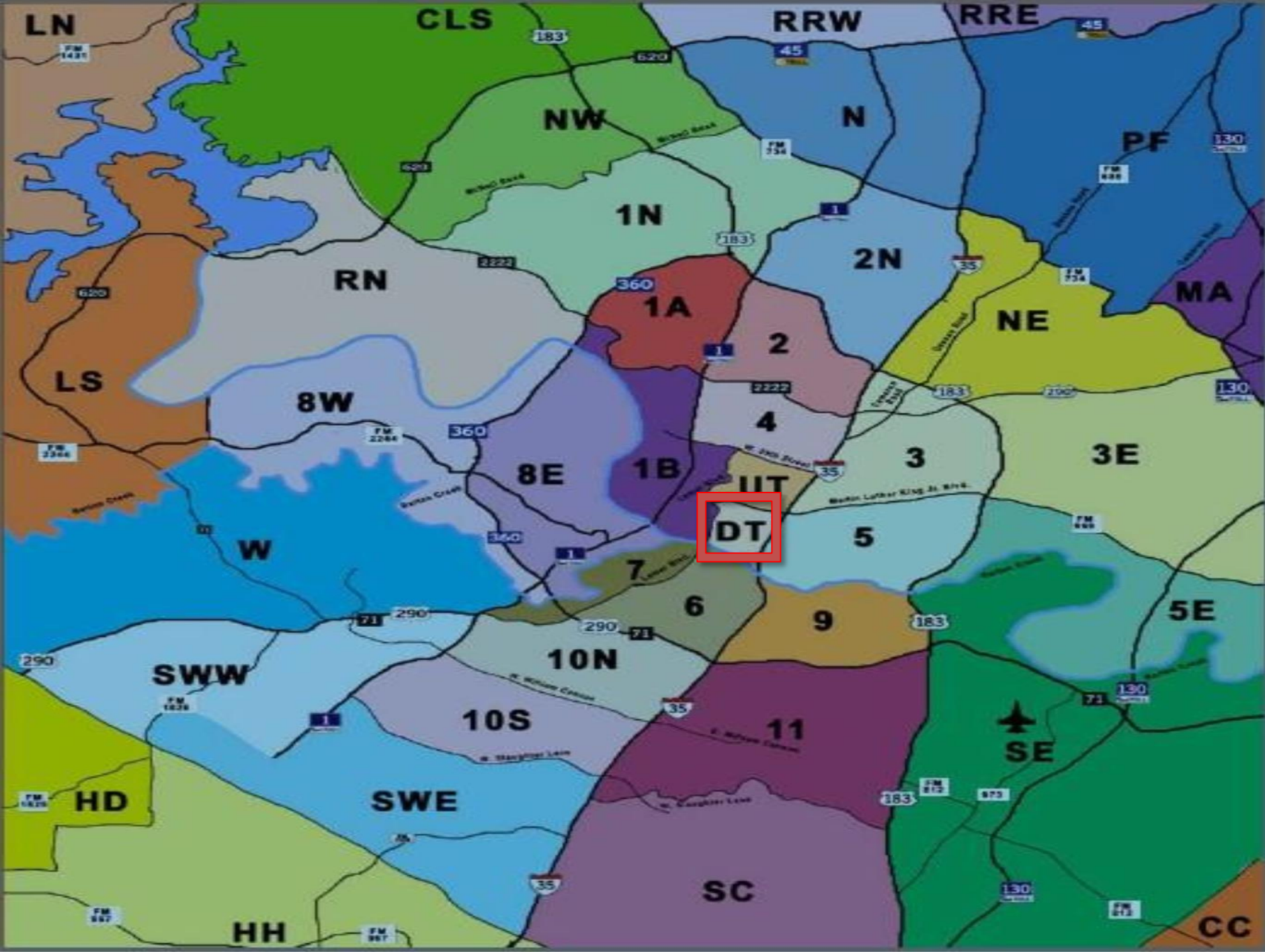
118 million households in U.S.

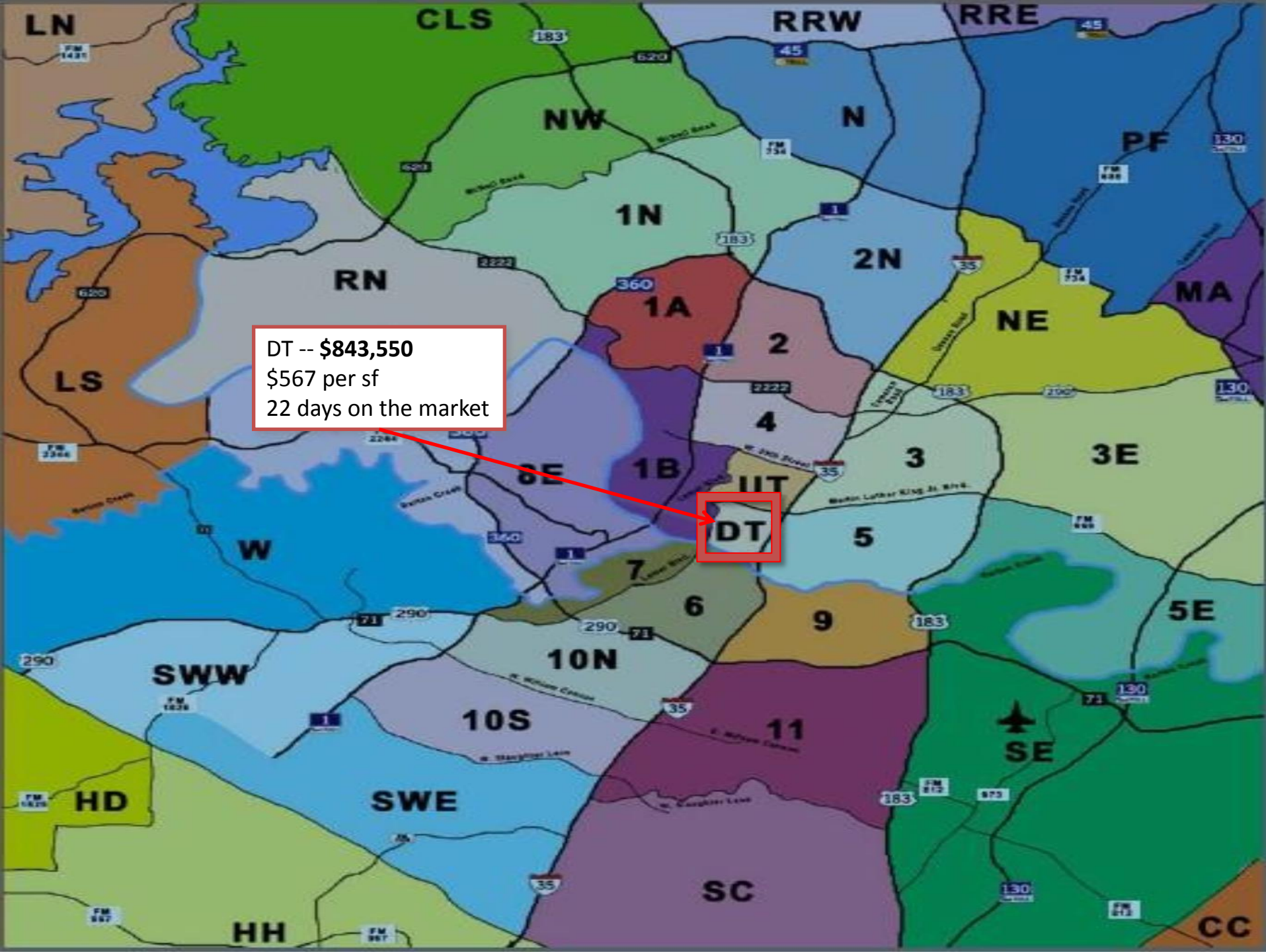
Where is Austin in providing Affordable for-sale housing?

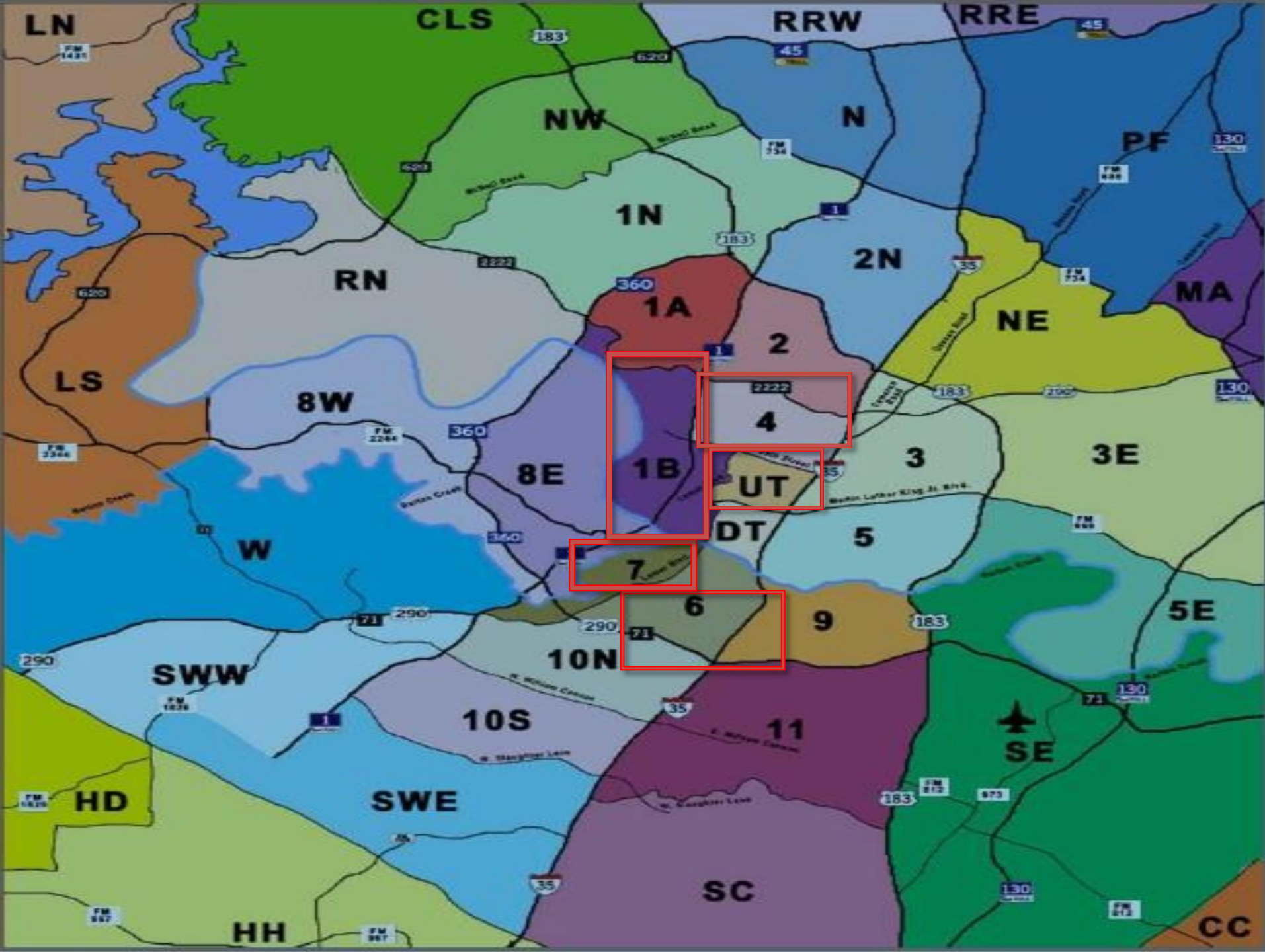
Snapshot of Housing Sales
March 2016 MLS Statistics:
Ave. Sales Price; Median Days on Market

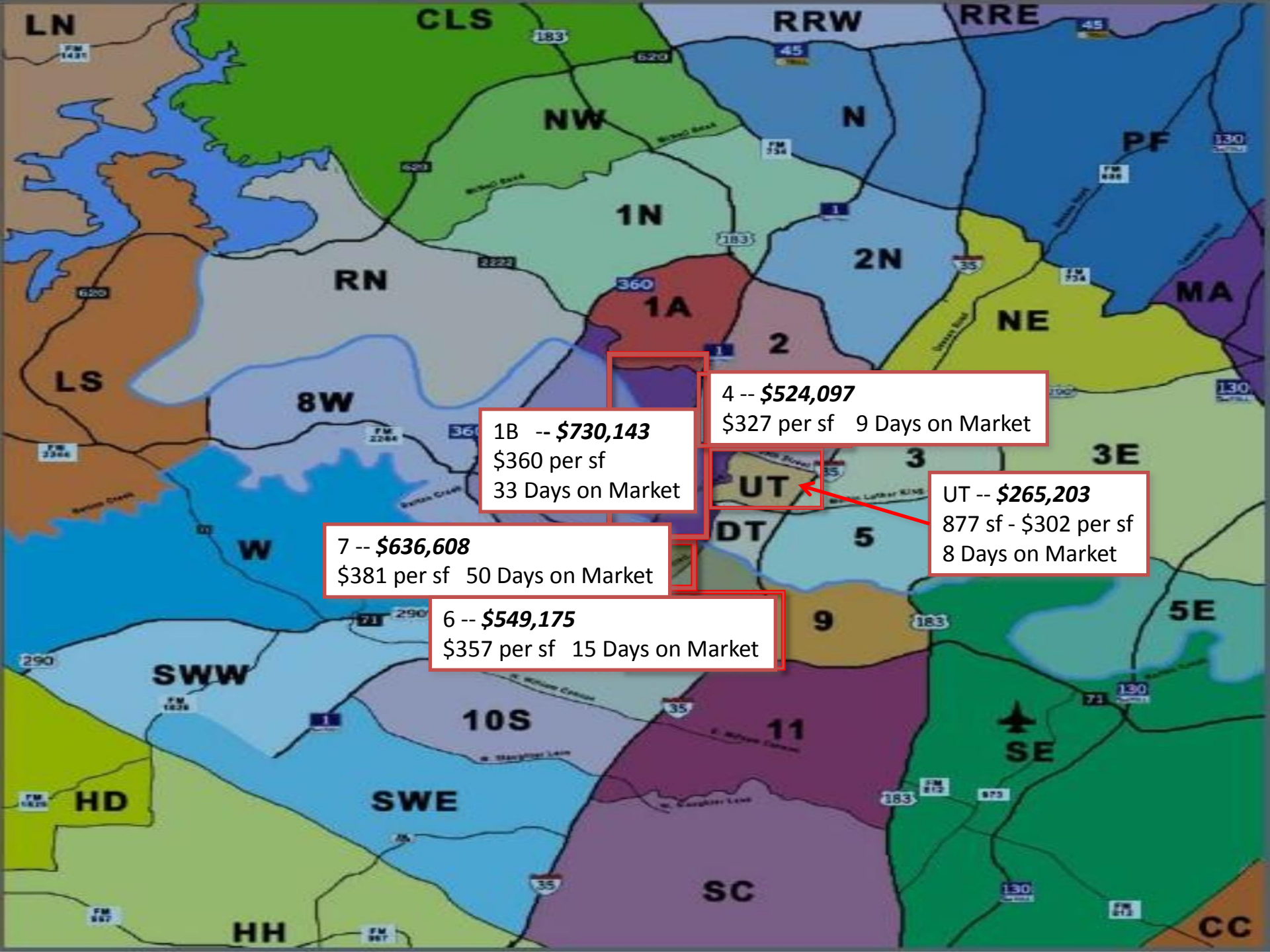
Where is Austin in providing Affordable for-sale housing?

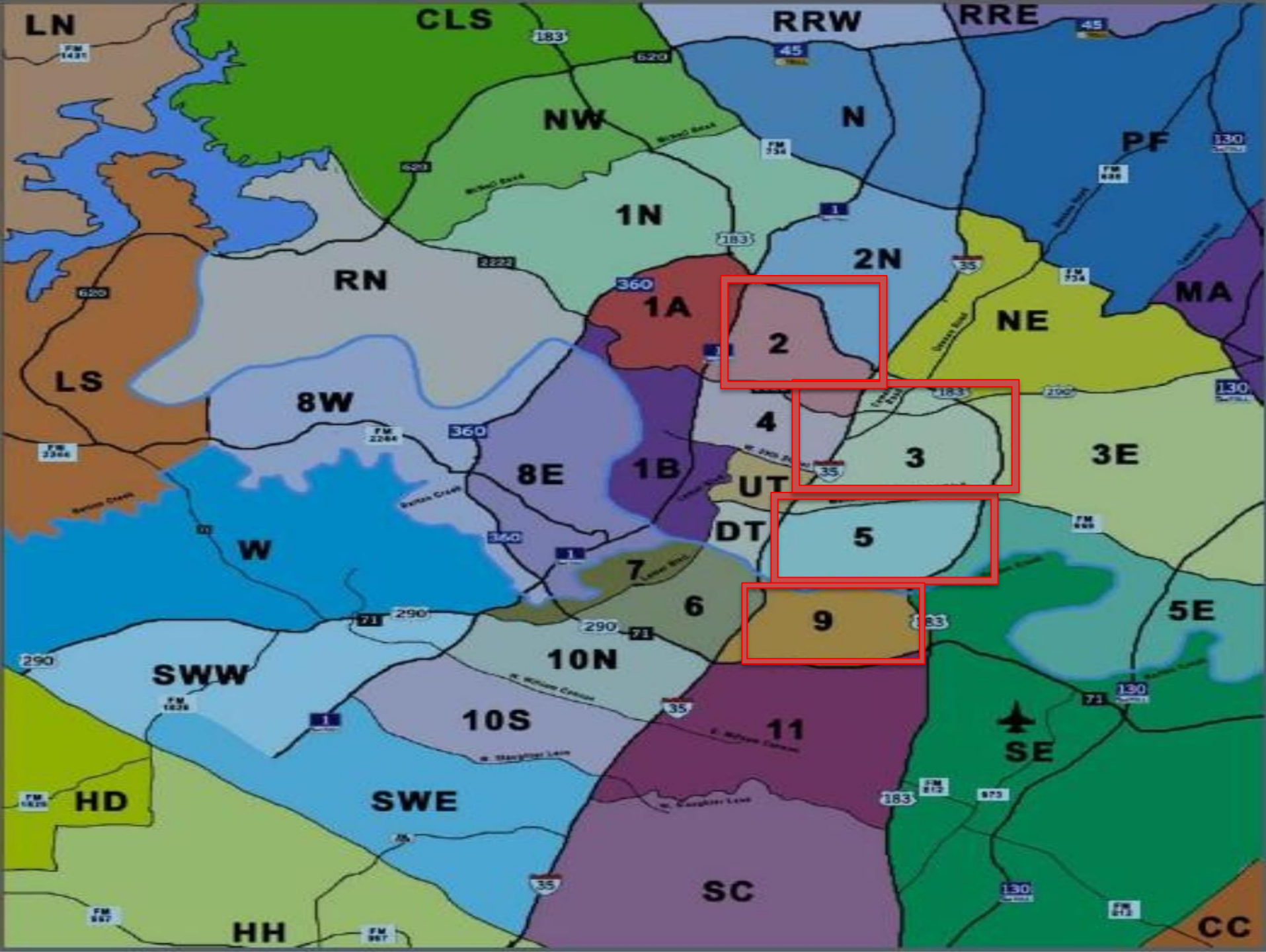
Snapshot of Housing Sales
March 2016 MLS Statistics:
Ave. Sales Price; Median Days on Market

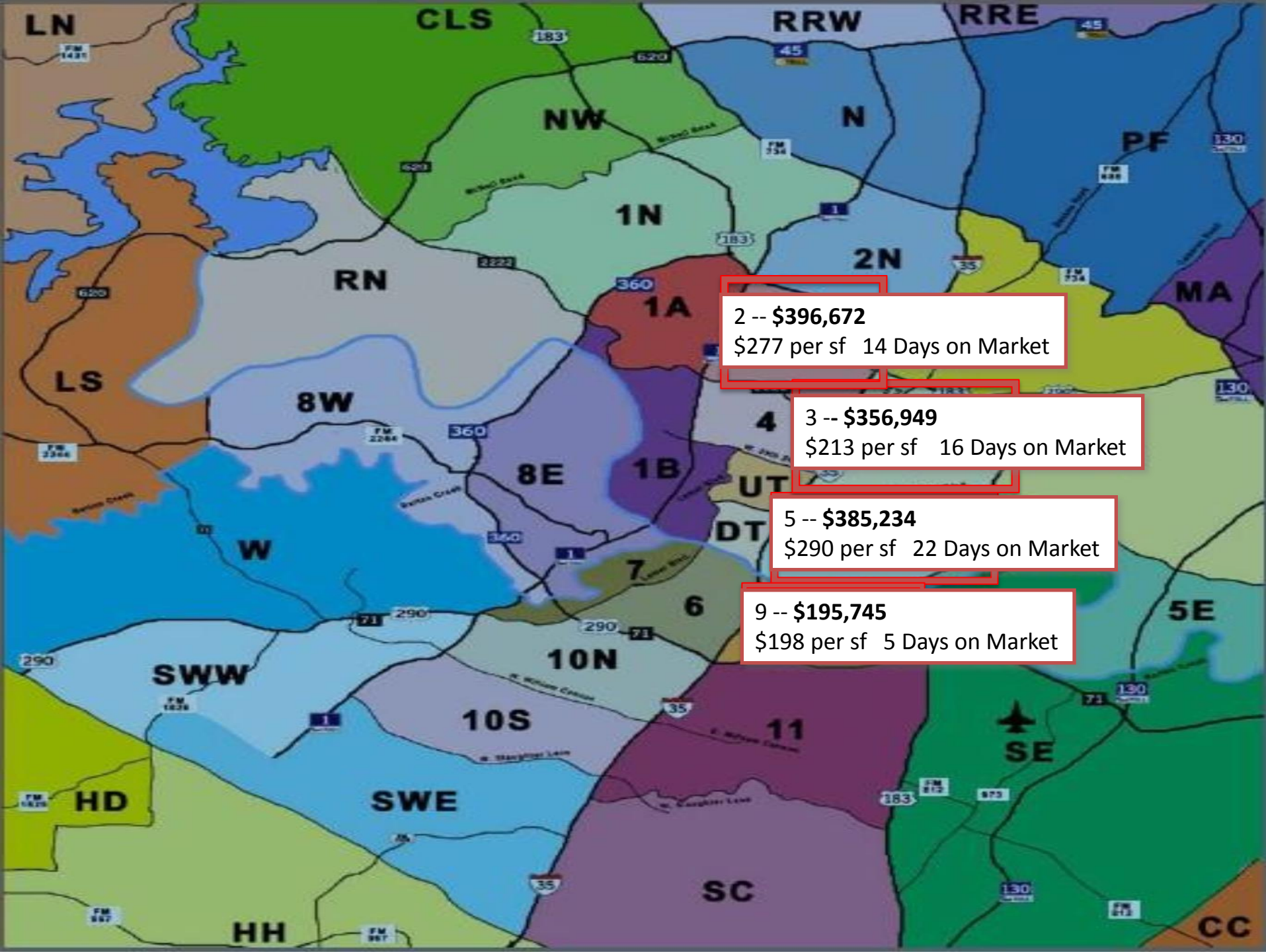


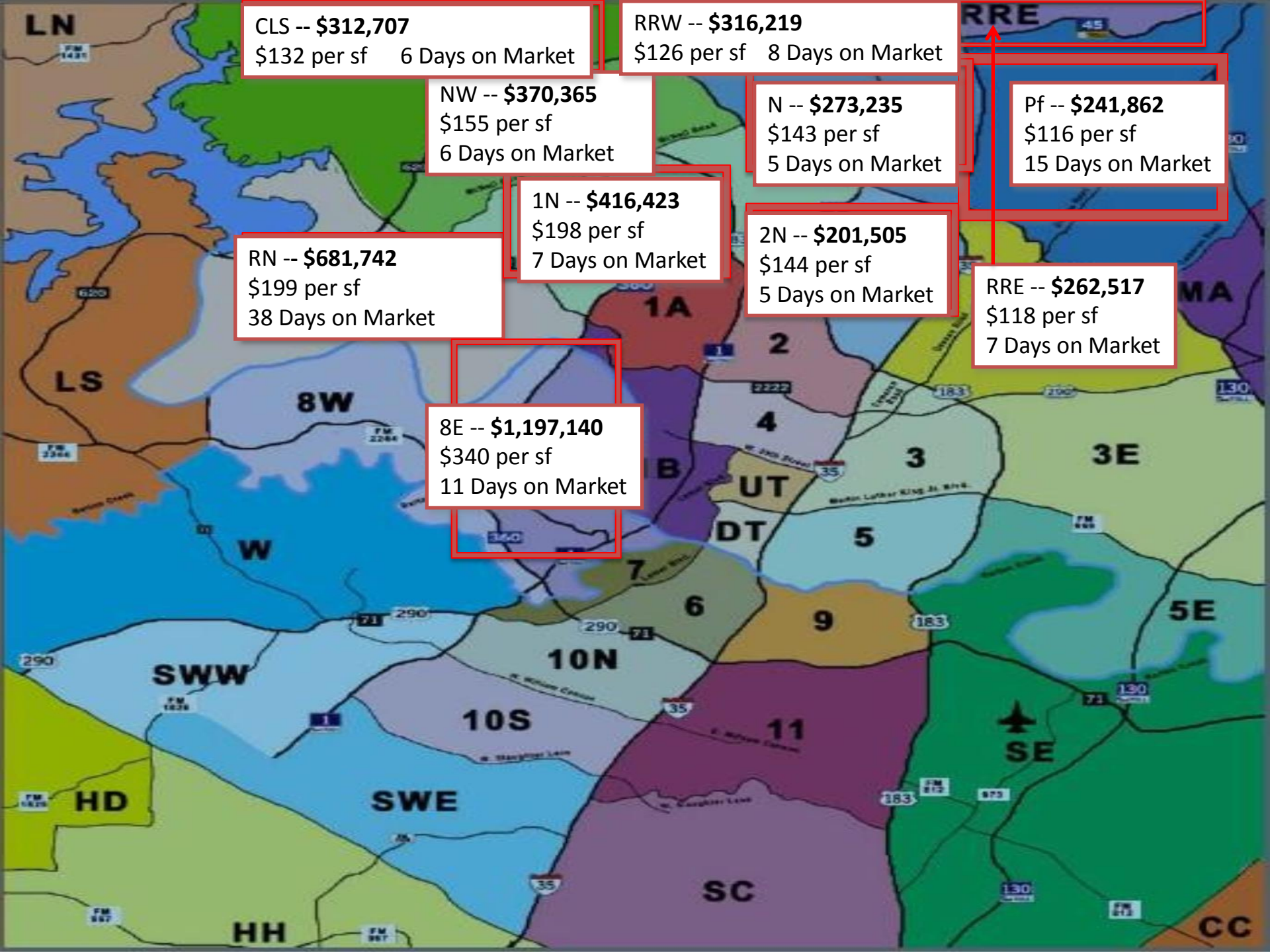












CLS -- **\$312,707**
\$132 per sf 6 Days on Market

RRW -- **\$316,219**
\$126 per sf 8 Days on Market

NW -- **\$370,365**
\$155 per sf
6 Days on Market

N -- **\$273,235**
\$143 per sf
5 Days on Market

Pf -- **\$241,862**
\$116 per sf
15 Days on Market

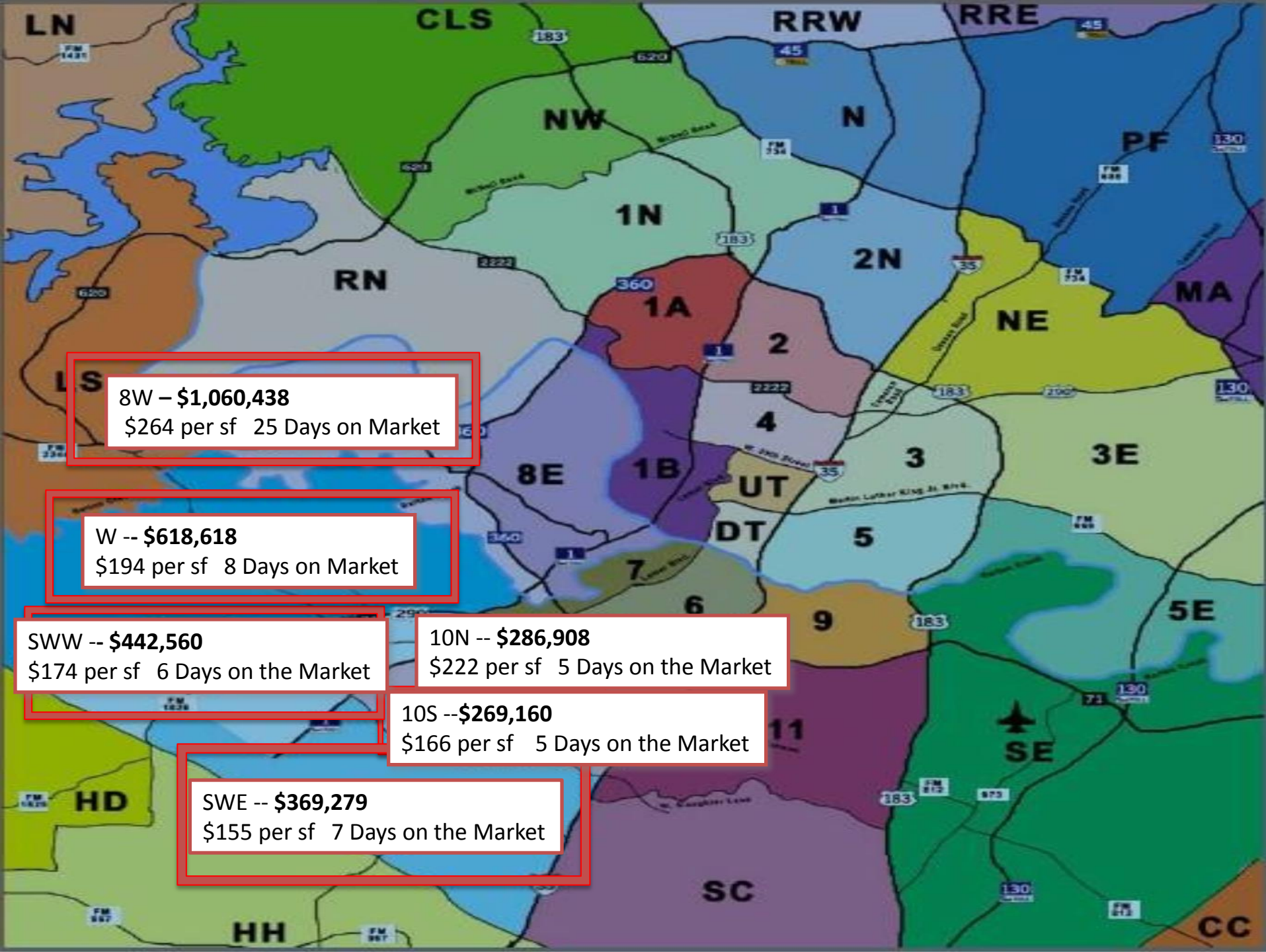
RN -- **\$681,742**
\$199 per sf
38 Days on Market

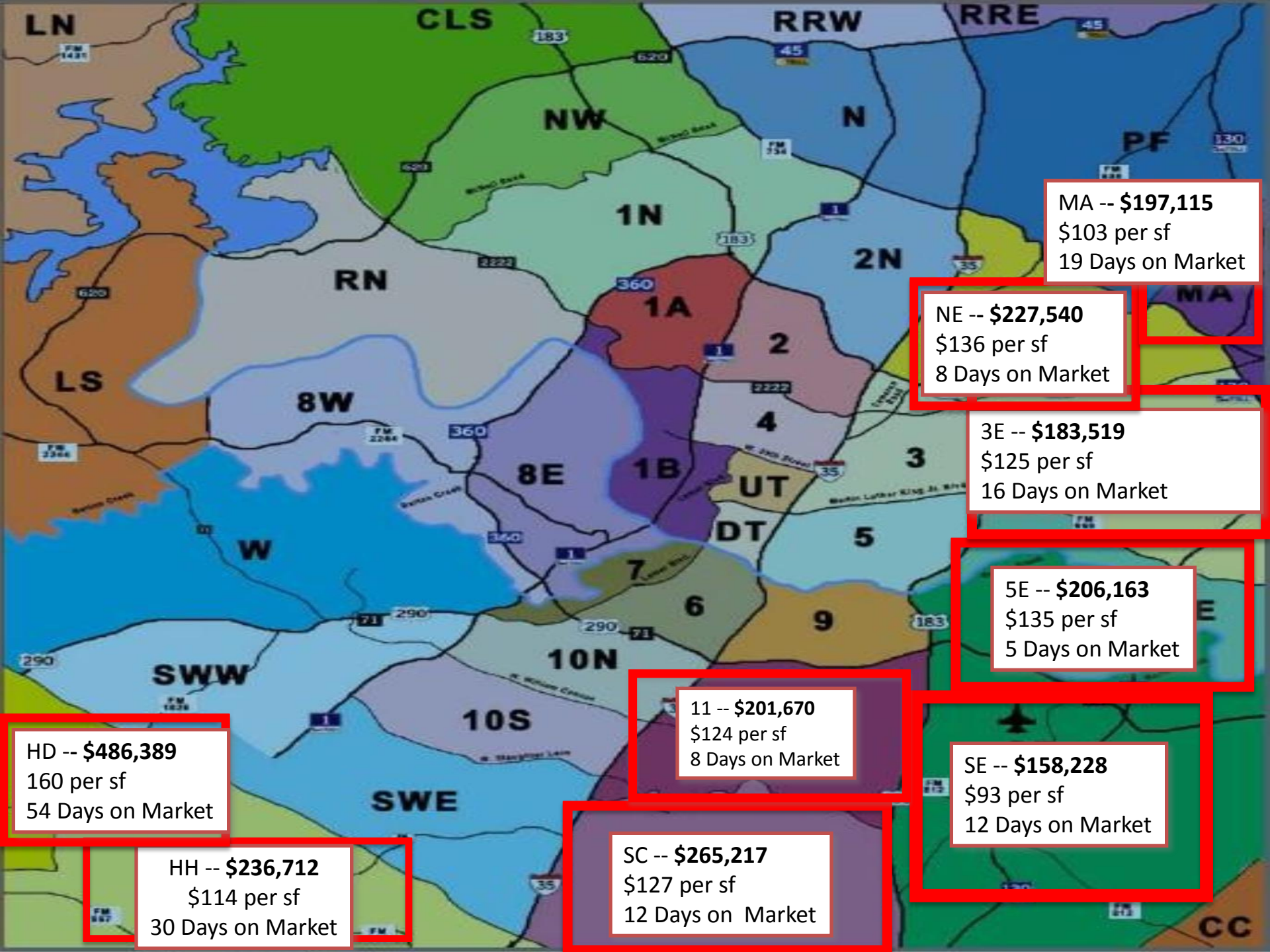
1N -- **\$416,423**
\$198 per sf
7 Days on Market

2N -- **\$201,505**
\$144 per sf
5 Days on Market

RRE -- **\$262,517**
\$118 per sf
7 Days on Market

8E -- **\$1,197,140**
\$340 per sf
11 Days on Market





MA -- **\$197,115**
\$103 per sf
19 Days on Market

NE -- **\$227,540**
\$136 per sf
8 Days on Market

3E -- **\$183,519**
\$125 per sf
16 Days on Market

5E -- **\$206,163**
\$135 per sf
5 Days on Market

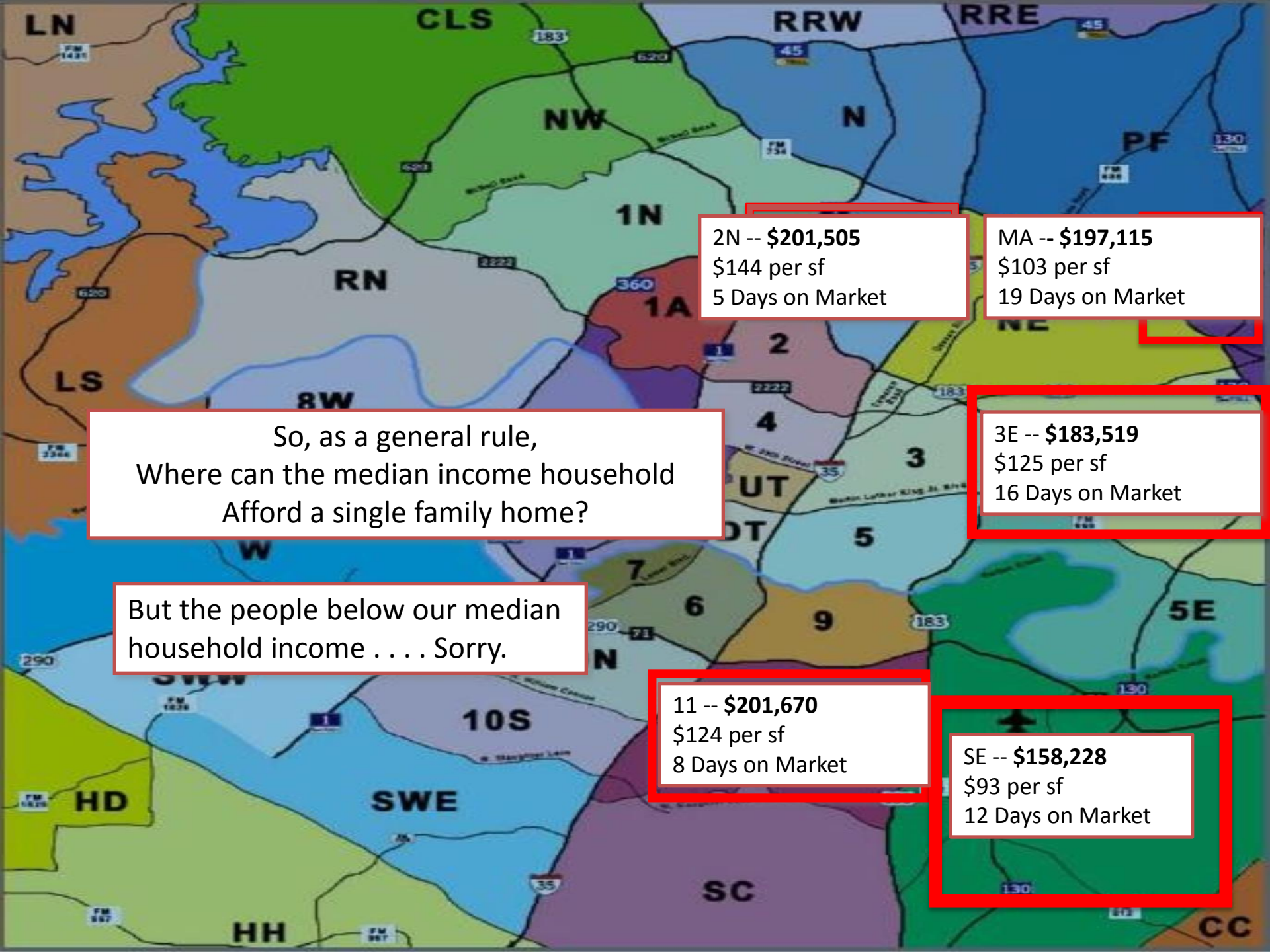
11 -- **\$201,670**
\$124 per sf
8 Days on Market

SC -- **\$265,217**
\$127 per sf
12 Days on Market

SE -- **\$158,228**
\$93 per sf
12 Days on Market

HD -- **\$486,389**
160 per sf
54 Days on Market

HH -- **\$236,712**
\$114 per sf
30 Days on Market



2N -- **\$201,505**
\$144 per sf
5 Days on Market

MA -- **\$197,115**
\$103 per sf
19 Days on Market

So, as a general rule,
Where can the median income household
Afford a single family home?

3E -- **\$183,519**
\$125 per sf
16 Days on Market

But the people below our median household income Sorry.

11 -- **\$201,670**
\$124 per sf
8 Days on Market

SE -- **\$158,228**
\$93 per sf
12 Days on Market

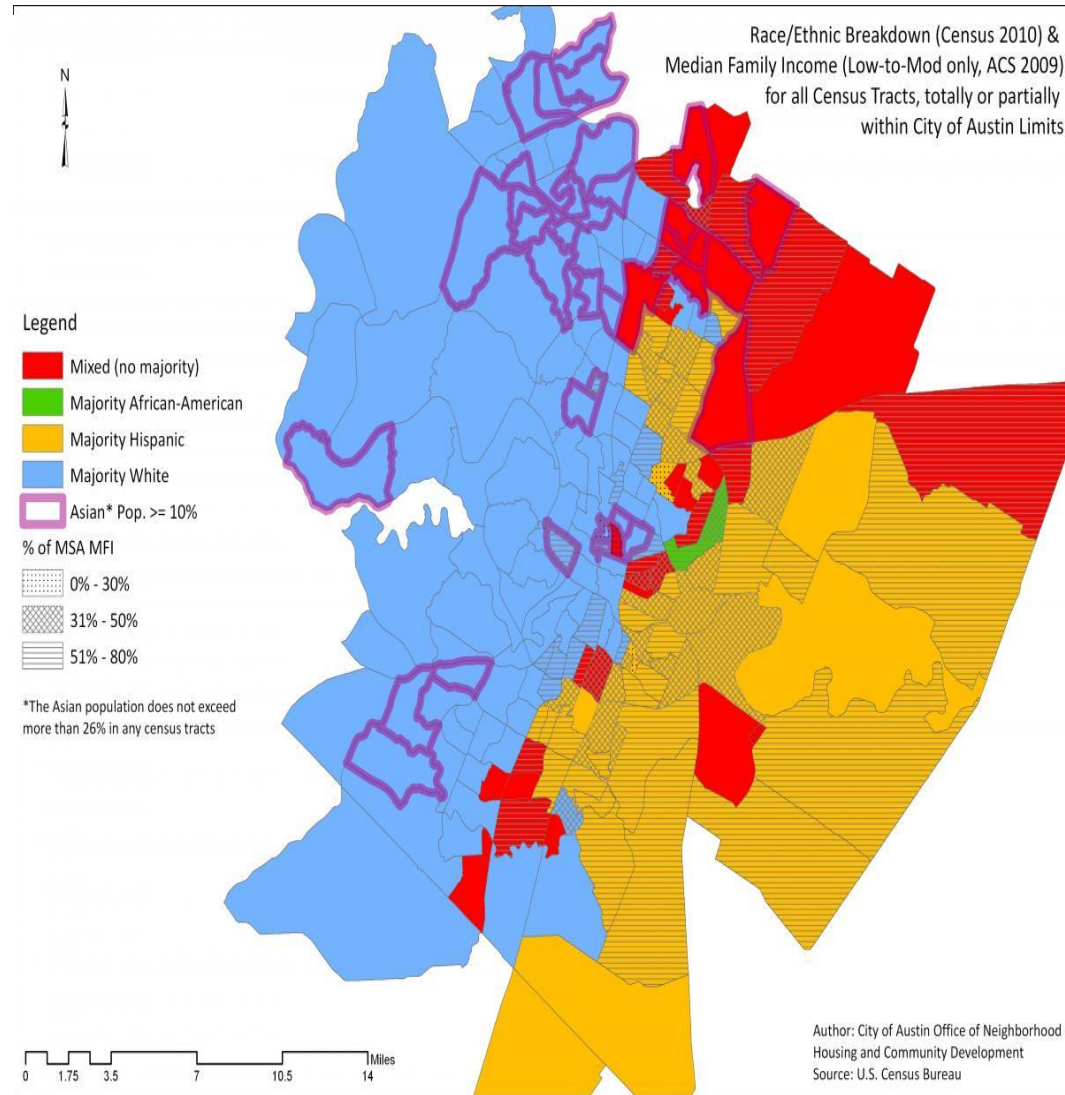
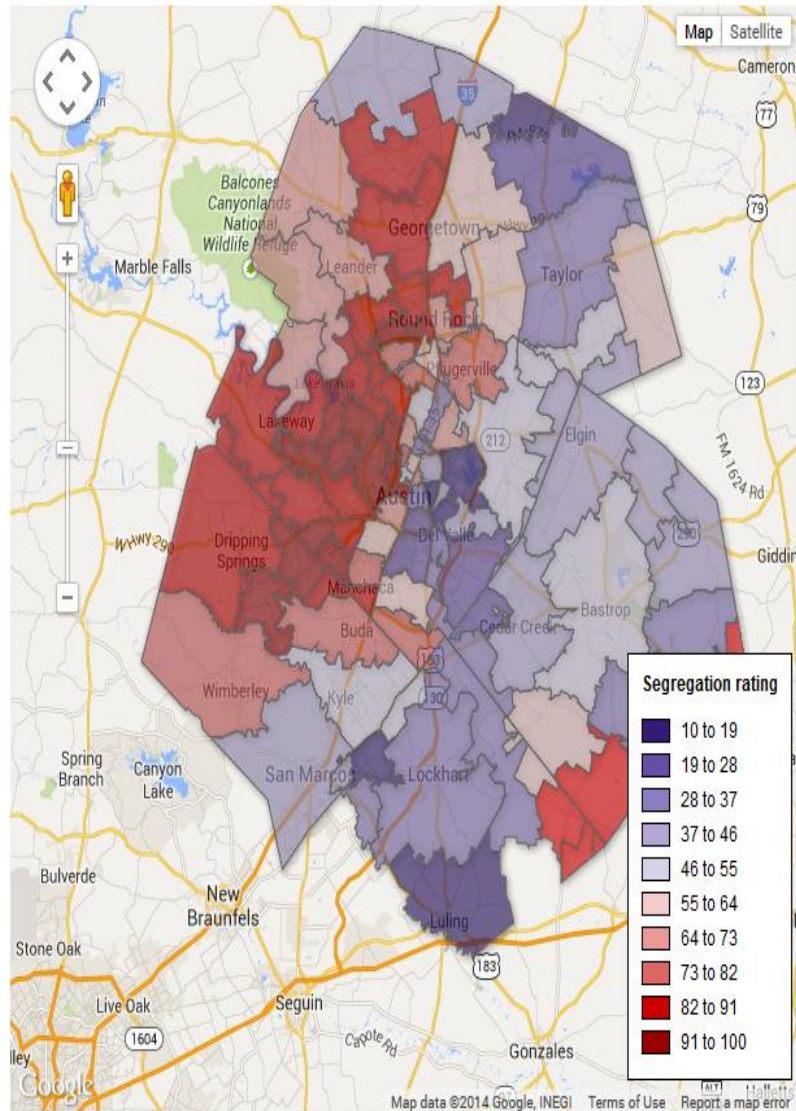


- The single family form of housing as an affordable product **is gone**. *Density and smaller units are the biggest (and maybe only) tools to provide more affordable housing.*
- In relation to our concentration of jobs in our core, *the desire to own a home (farther and farther out) is a primary driver of our congestion and traffic issues.*

Some context for Prescription paper #2: housing affordability

- Deep and growing income segregation associated with land use patterns
- Two key issues to address through code and associated policies:
 - Ensuring access for renters and moderate income homebuyers to new subdivisions
 - Preserving access of low income renters to corridors and centers

Parallel Divides: Income and Race



Sources: Charles Murray (American Enterprise Institute); U.S. Census Bureau

58% of regional population live in either areas of concentrated wealth or poverty.

Texas Metros: Housing and Segregation

TEXAS METROS ARE HIGHLY SEGMENTED BY TENURE, TYPE, AND ESPECIALLY BY HOUSING VALUE

Values closer to 1.0 indicate homogeneity within neighborhoods (census tracts)

Sorting Indices	Austin	San Antonio	Houston	Dallas
Tenure (homeownership rate)	0.75	0.57	0.65	0.62
Type (percent single-family ^a)	0.65	0.55	0.61	0.60
Value (Median value, owner-occupied)	0.87	0.78	0.84	0.83
Household Income	0.85	0.75	0.79	0.77

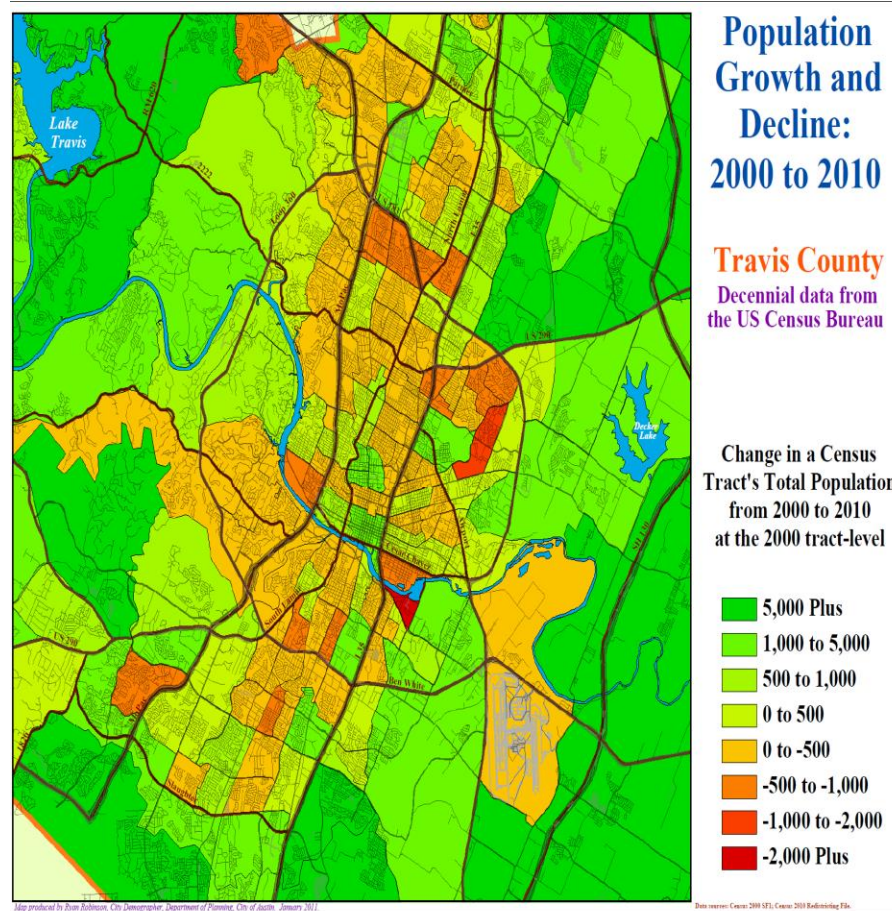
^a Single-family includes both detached and attached units. It excludes mobile homes.

Source: U.S. Census 2000, SF1 3, Tables H7, H94, and H50.

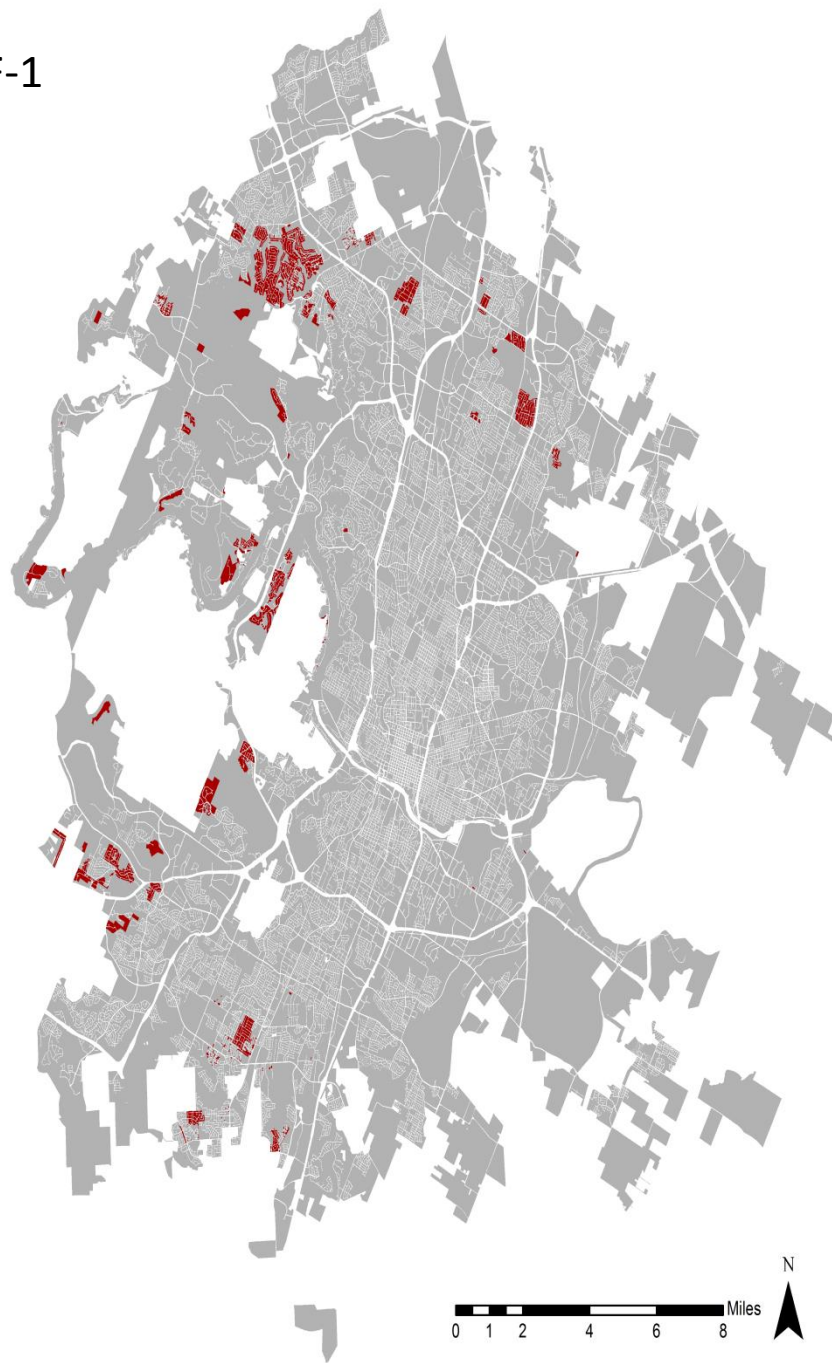
All between-tract and within-tract differences significant at $p < 0.001$.

Shannon van Zandt, Texas A&M University.

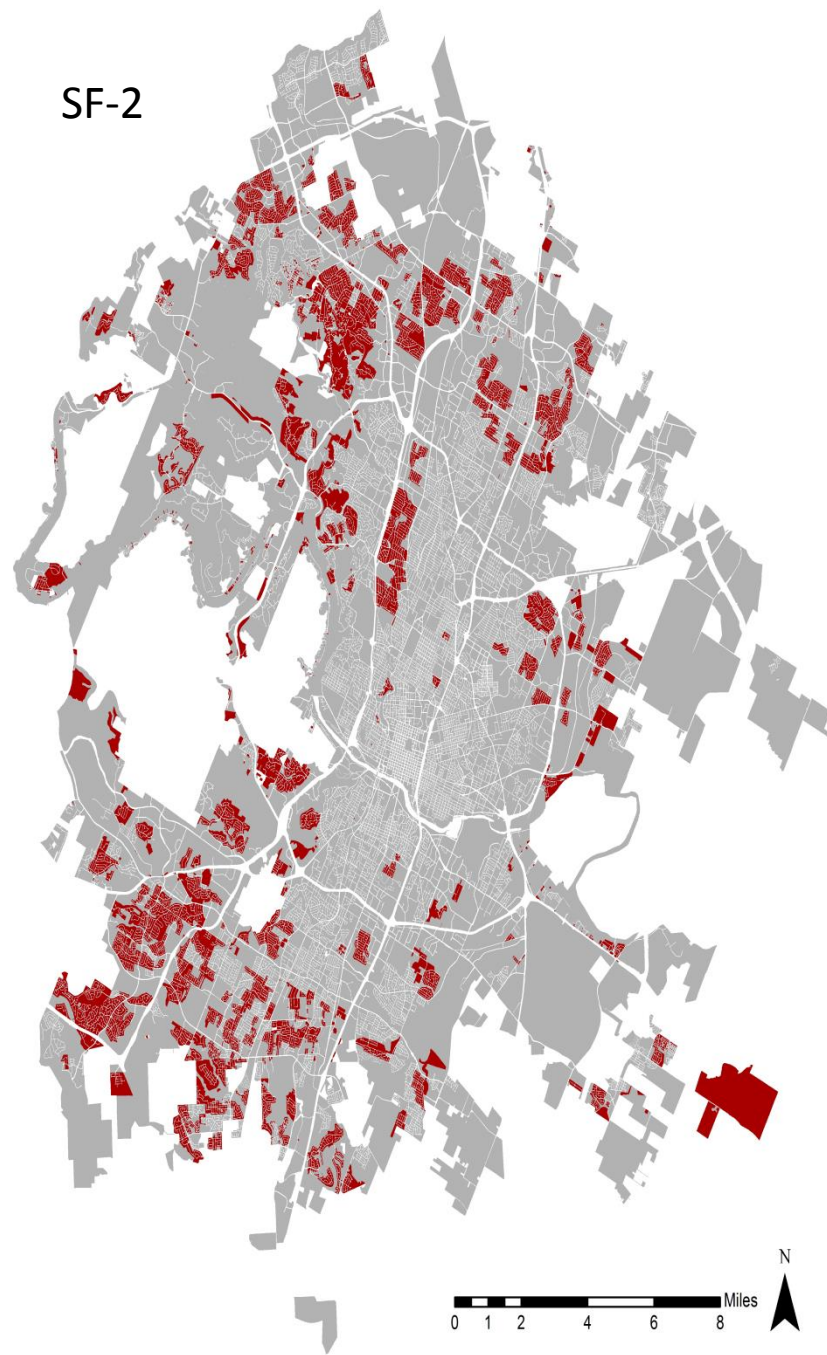
Growth continues outside the core...



SF-1



SF-2



Class C Apartments in Transit Corridors

Inclusive Corridors Project | Austin, TX

Area of Analysis: Central Austin

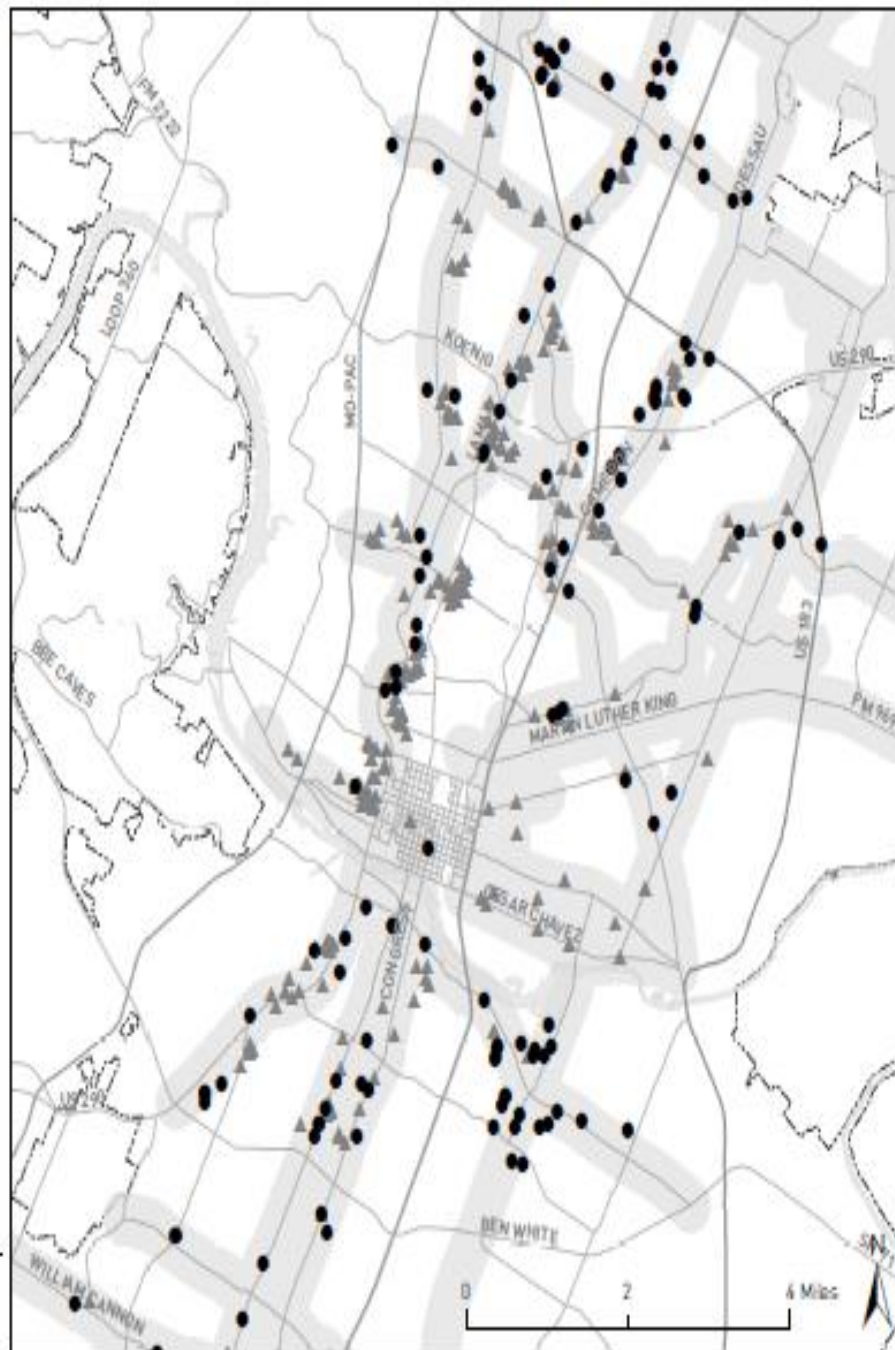


- Class C Apartments >50 Units (169 Properties)
- ▲ Class C Apartments < 50 Units (305 Properties)
- Streets
- 1/4 Mi Buffer Transit Corridors
- Major Lakes
- Austin Full Purpose

Created by: Sara McLarnaghan | Spring 2014

Data Source: City of Austin GIS Data, TCAD

NAD 1983 StatePlane Texas Central FIPS 4203 (US Feet)



Takeaways for code:

- Importance of ensuring diversity of housing options in greenfield development, prevent exclusion associated with uniform lot/home sizes, lack of nodes that can support transit, provide neighborhood services.
- Importance of coordinating corridor planning with the city's new (not yet adopted) Housing Plan to ensure preservation of entire buildings.



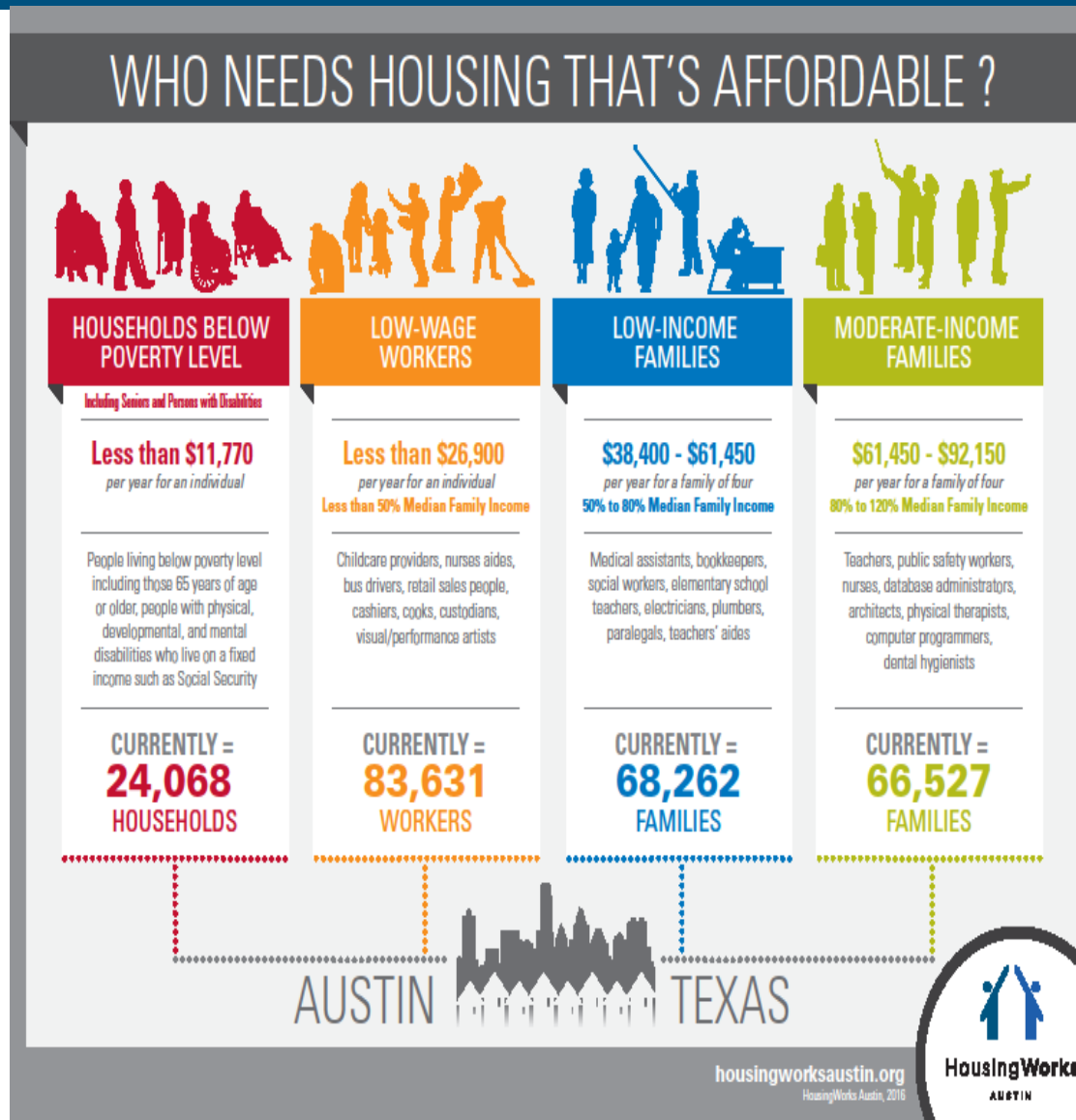
HousingWorks

AUSTIN

“All kinds of Homes, in All Parts of Town, for all Kinds of People”

HousingWorks advocates a wide range of housing options so that all Austinites can afford a home that is close to jobs, family, schools, recreation, and places of worship.

Who Needs Housing That's Affordable?



What is Affordable

af·ford·a·ble /ə'fɔrdəbəl/

adjective: affordable

1. inexpensive; reasonably priced. “affordable housing”

“...a comprehensive approach is needed to define and provide household affordability for Austinites. Such an approach must take into consideration transportation, utilities, and access to daily and weekly needs as essential and inter-related components of household affordability.”

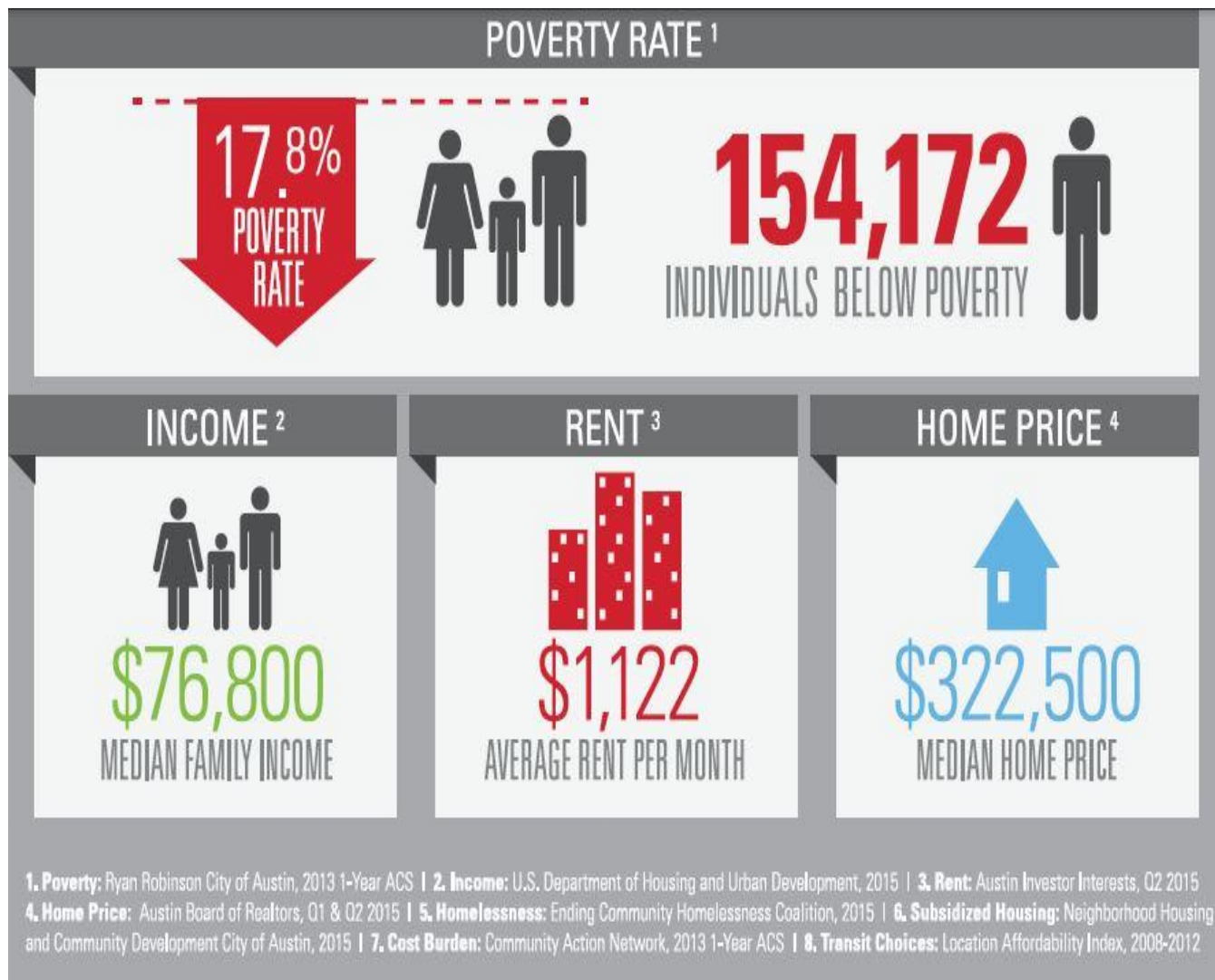
Imagine Austin Comprehensive plan, p.201



HousingWorks

AUSTIN

Community at a Glance



Community at a Glance

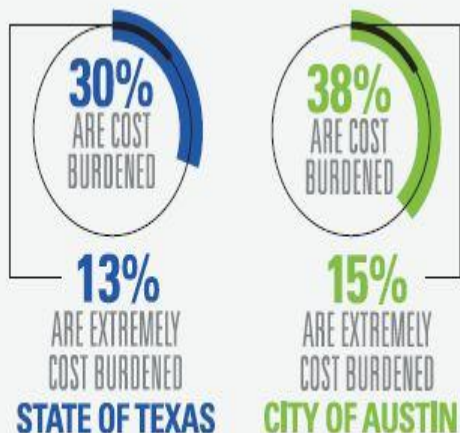
HOMELESS ⁵

OF
PEOPLE LIVING
ON THE STREETS **1,877** 

SUBSIDIZED HOUSING ⁶

21,539 
OF SUBSIDIZED AFFORDABLE HOUSING UNITS

COST BURDENED ⁷



TRANSIT CHOICES ⁸



82 AVERAGE ANNUAL MASS TRANSIT
TRIPS TAKEN CITYWIDE

17,970
AVERAGE ANNUAL VEHICLE
MILES TRAVELED CITYWIDE



1. Poverty: Ryan Robinson City of Austin, 2013 1-Year ACS | **2. Income:** U.S. Department of Housing and Urban Development, 2015 | **3. Rent:** Austin Investor Interests, Q2 2015
4. Home Price: Austin Board of Realtors, Q1 & Q2 2015 | **5. Homelessness:** Ending Community Homelessness Coalition, 2015 | **6. Subsidized Housing:** Neighborhood Housing
and Community Development City of Austin, 2015 | **7. Cost Burden:** Community Action Network, 2013 1-Year ACS | **8. Transit Choices:** Location Affordability Index, 2008-2012



HousingWorks

AUSTIN

5 Steps to keep Austin Affordable

5

STEPS TO
KEEPING
AUSTIN
AFFORDABLE:

1

PRESERVE

We need to preserve affordable housing — both subsidized and unsubsidized.

2

INVEST

We need to continue and expand the wise investments that our community makes.

3

LEVERAGE

We need to stretch our scarce housing dollars by continuing our impressive record on leveraging.

4

PARTNER

We need to foster partnerships between public and private entities.

5

INCLUDE

We need to implement inclusionary affordable housing policies across the city and in a range of housing types.



HousingWorks

AUSTIN

Step 1: Preserve

21,500 Subsidized Units

65,000 Unsubsidized Units

Austin Community Investment Collaborative

A partnership of public, private and nonprofit organizations committed to investing in complete communities that link affordable housing to better opportunities, healthier environments, increased mobility and a higher quality of life.

Step 2: Invest

AFFORDABLE HOUSING BONDS ADDRESS OUR CITY'S CORE VALUES

LONG TERM AFFORDABILITY:

All bond-funded projects have affordability restrictions for at least 40 years (rental) or 99 years (ownership).

DEEPER AFFORDABILITY:

All bond-funded units are affordable to very low-income people, at or below 50% median family income (rental) or 80% median family income (ownership).

GEOGRAPHIC DISPERSION:

More than half of the bond-funded units are located west of IH-35.

3,417



NEW HOMES AND APARTMENTS

648



HOME REPAIRS FOR LOW-INCOME HOMEOWNERS

1,398



NEW RENTAL HOMES FOR LOW-INCOME FAMILIES

131



NEW ACCESSIBLE HOMES FOR PEOPLE WITH DISABILITIES

108



NEW RENTAL HOMES FOR LOW-INCOME SENIORS



HousingWorks

AUSTIN

Density Bonus Programs

Vertical Mixed Use (VMU)	Transit Oriented Development (TOD)	Rainey Street	University Neighborhood Overlay (UNO)
394	162	51	558
AFFORDABLE UNITS	AFFORDABLE UNITS	AFFORDABLE UNITS	AFFORDABLE UNITS

CODE**NEXT**
SHAPING THE AUSTIN WE IMAGINE

Code Prescription: Household Affordability

Tradeoffs:

How might we

- increase housing supply and diversity to increase affordability
- promote mobility choices to ensure affordability
- have an efficient development review process
- create affordability
- promote affordable housing and venues for small business and cultural arts

Tradeoffs:

while.....

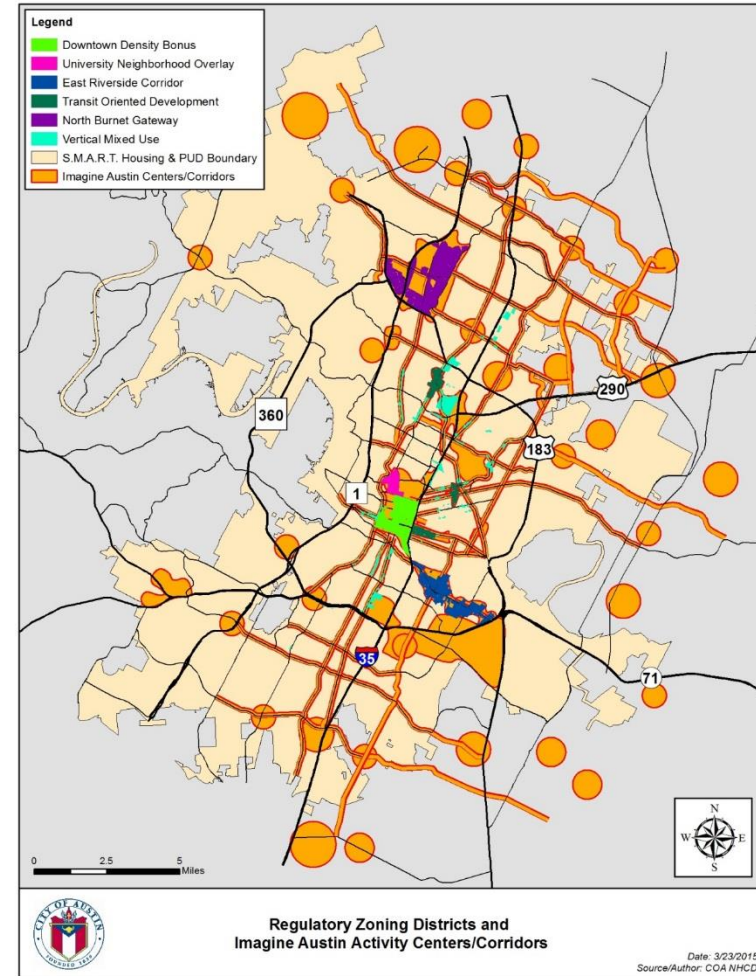
- preserving what is unique and special about Austin?
- enhancing and maintaining neighborhood character?
- ensuring development meets all code requirements?
- supporting environmental regulations?
- supporting the character of our existing neighborhoods?

Prescriptions in general

1. Revise the Density Bonus Programs
2. Map the form-based zones to Centers and Corridors
3. Refining regulatory restrictions on density
4. Aligning with the Fair Housing Action Plan
5. Improving the effectiveness of Compatibility Standards
6. Reducing parking requirements in targeted areas
7. Preserve natural environment
8. Improve development review process

1. Revise the Density Bonus Programs

1. Replace the inconsistent density bonus programs with a new program to promote affordable housing in *Imagine Austin* Centers and along Corridors while promoting fair housing.
2. Align bonus programs and formulas for calculating the number of units, accessibility requirements, the affordability periods, and on-site requirements.
3. Second type of density bonus program to promote legally-binding affordable units will be available in and around Imagine Austin Activity Centers and Corridors with access to transit.
4. Revise the density bonus program to preserve and promoting cultural venues and spaces



2. Map the form-based zones to Centers and Corridors as a way of promoting housing diversity

1. Promote diversity of housing options in targeted areas such as *Imagine Austin* Activity Corridors and Centers that have more transportation choices.
2. Consideration will be given to the local context such as the type of neighborhood and other features such as environmental and transportation.
3. Provide a more diverse set of housing options within most form-based code districts.
4. Promote transportation use including transit and bicycle.
5. Allow for compatible retail and commercial uses by right including arts, culture and creative

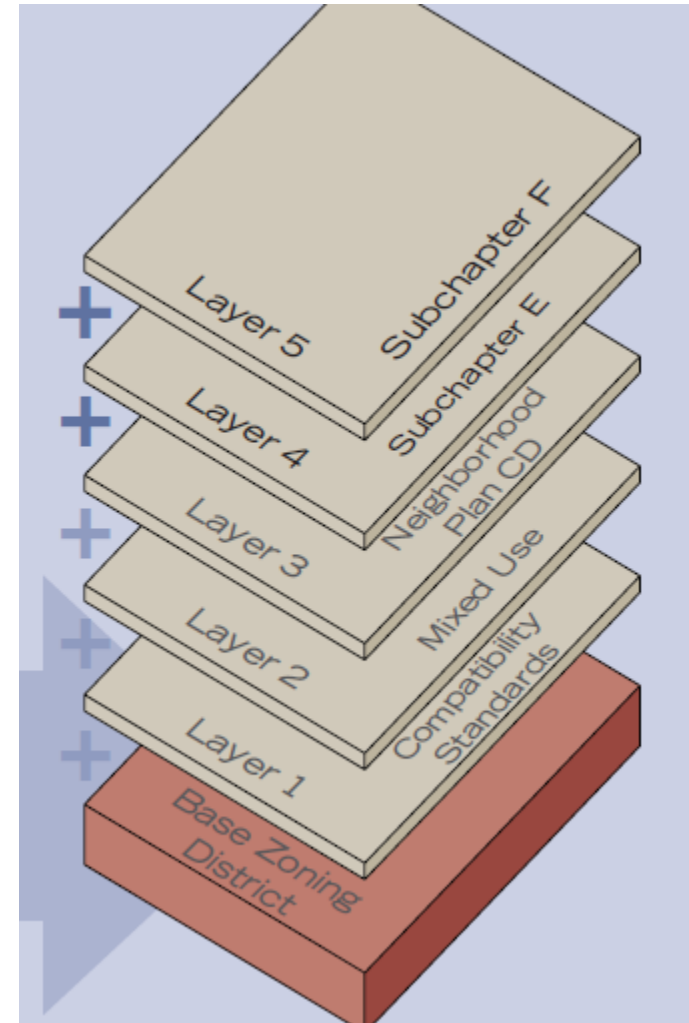


MissingMiddleHousing.com is powered by Opticos Design.
Illustration © 2015 Opticos Design, Inc.



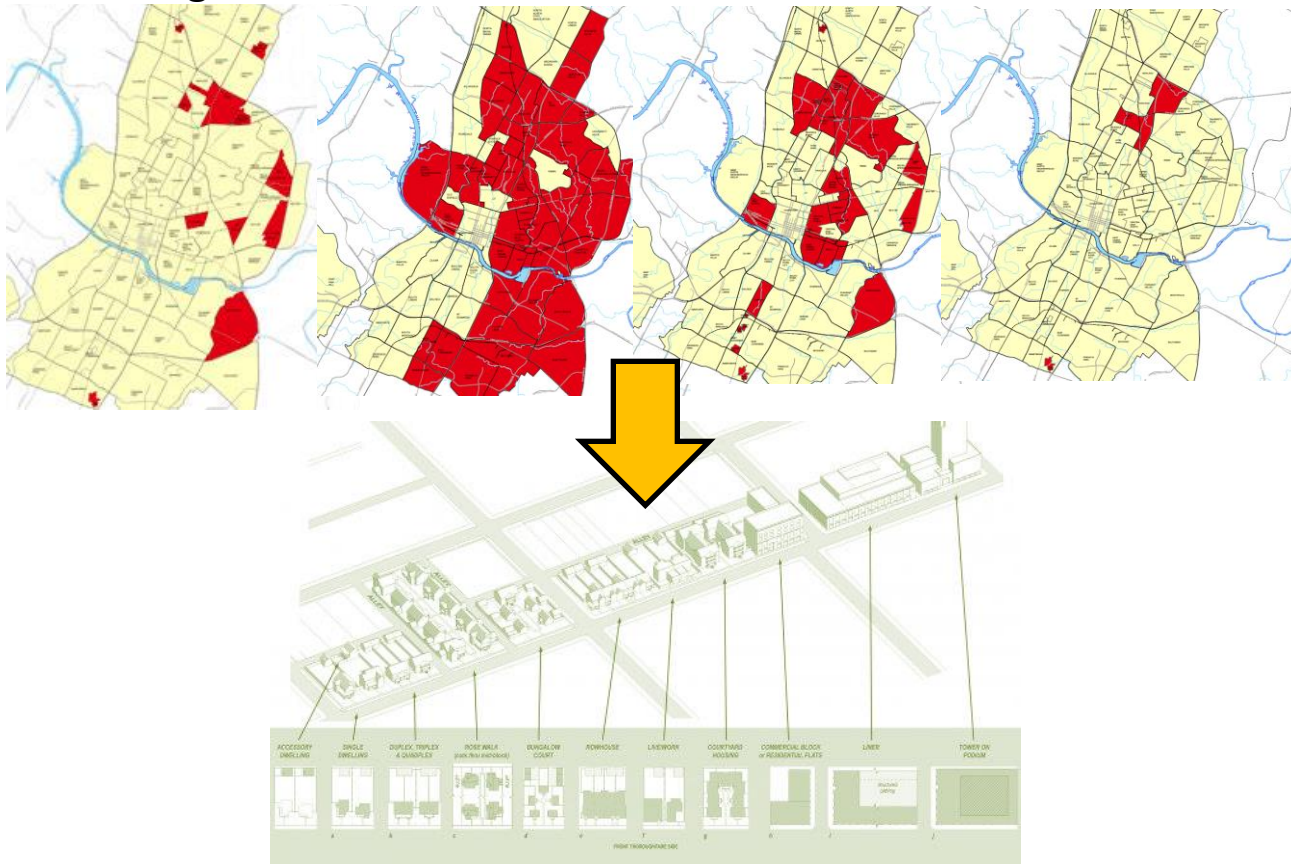
3. Refining regulatory restrictions on density

1. New lot size standards will be incorporated into each form-based district that is supportive of the various neighborhood contexts.
2. In the Single-Family and Multifamily zoning districts, the lot sizes will be reduced in certain contexts to promote Missing Middle residential uses as well as fit within the context of the neighborhood.
3. In the form-based districts, density will be addressed by the form standards contained within each district.



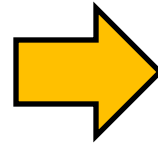
4. Pursuant to the City of Austin's Fair Housing Action Plan, the revised code will replace the opt-in/opt-out programs

1. Provide a more refined set of zoning districts, transect and use-based, that replace the complicated “opt-in, opt-out” regulations and process in order to affirmatively further fair housing choice throughout Austin.



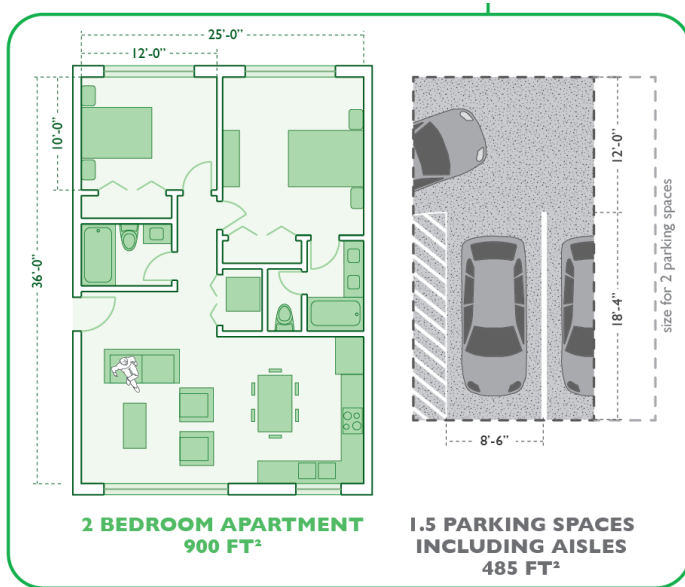
5. Improve the effectiveness of Compatibility Standards

1. The form-based standards will regulate factors such as building placement and height which allows compatibility to be built into the districts.
2. Evaluate the impacts of compatibility standards in the use-based districts on household affordability especially affordable housing.



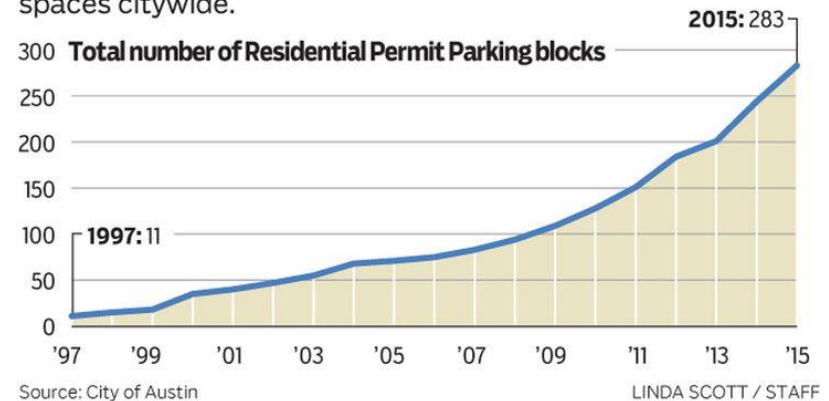
6. Reduce parking requirements in targeted areas

1. Reduce parking minimums in areas targeted for compact development and have mobility choices.
2. Waive parking minimums for developments that build affordable housing near transit stops.
3. Evaluate shared parking and Residential Parking Permit program to balance various needs.



Residential Permit Parking growth

The city's Residential Permit Parking program covered 11 blocks in its first year, allowing only residents with a permit to park on those streets during specified hours. With a growing number of neighborhoods petitioning for permit-only street parking, such permits are now required on 283 city blocks, accounting for about 5,246 parking spaces citywide.



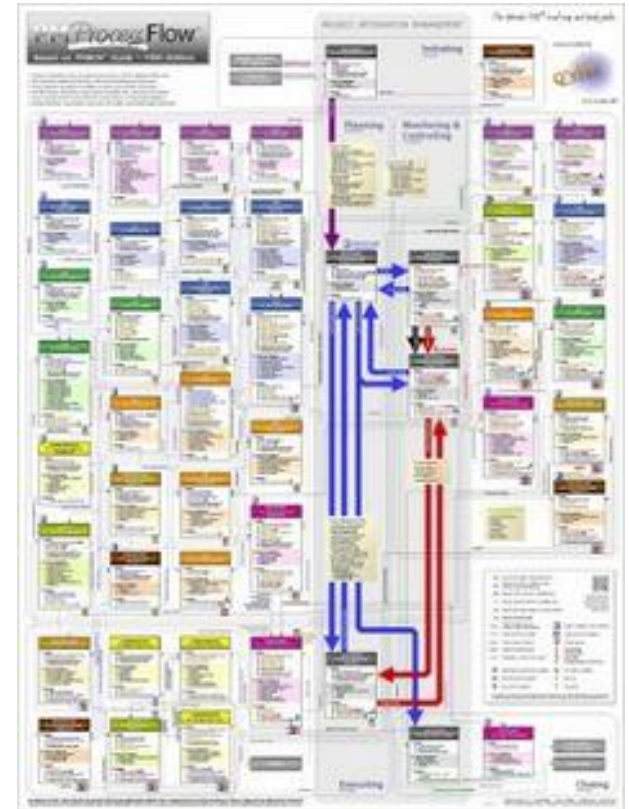
7. Preserve Natural Environment

1. Maintain the context-sensitive prescriptions identified in the Natural and Built Environment Code Prescription.

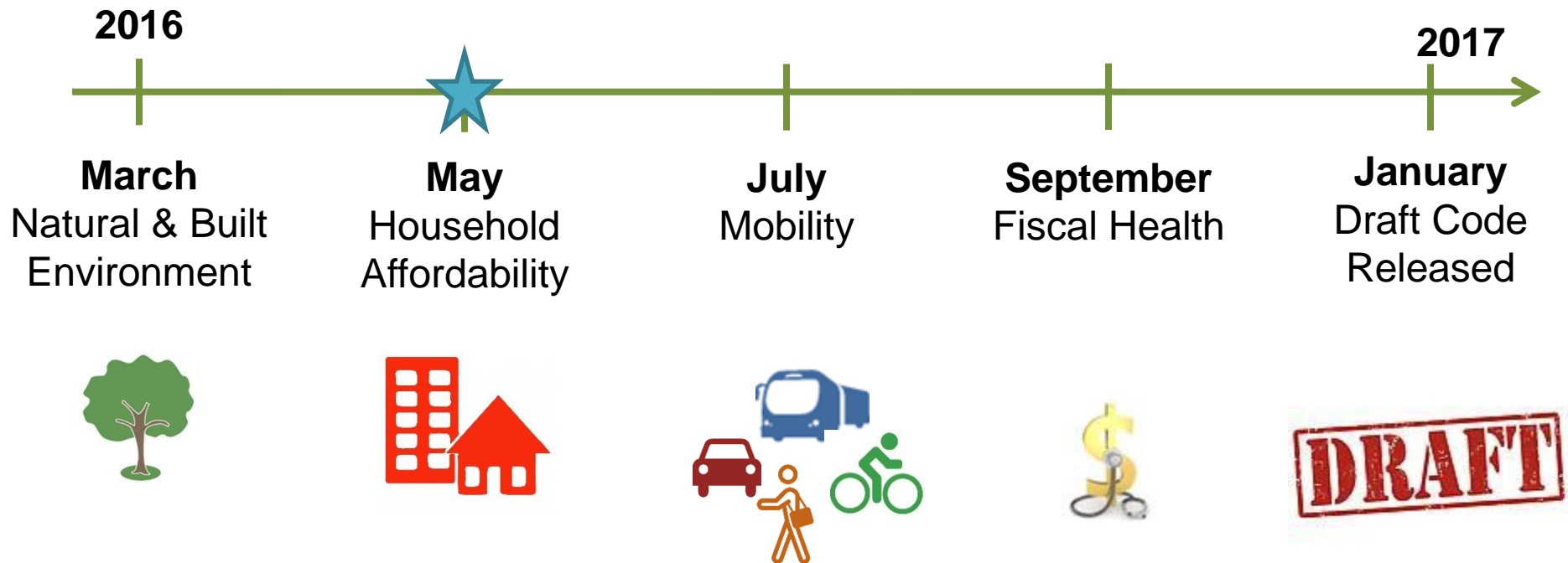


8. Improve the development review process

1. Simplify the permitting process for Missing Middle projects between 3 and 10 units.
2. Re-organize and re-format the Land Development Code to make code requirements clear and understandable.
3. Eliminate, consolidate, or restructure conflicting code provisions to increase the simplicity of applying the new code.
4. Provide a more refined set of zoning districts, (form-based and conventional) that replaces the complicated “opt-in, opt-out” regulations and process.



Schedule for the 4 Code Prescription Papers



Code Prescription: Household Affordability Schedule



May 2

CAG Meeting:
Presentations
& Discussion



May 23

CAG
Meeting:
Public Input



June 20

CAG Meeting:
Discussion &
Recommendations
Actions

Ongoing
speakupaustin!
Road Show

May 14

Community
Walk



June

Reddit
AMA



ASK ME ANYTHING

June 21

Council
Work
Session

Moving Forward

- Collecting feedback
- Future CAG meetings

Questions?

CODENEXT
SHAPING THE AUSTIN WE IMAGINE

