

# Some Thoughts On AUSTIN HOUSING

October 18, 2016

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# THOUGHTS ON AUSTIN HOUSING

## *Three Questions:*

**How big is the housing problem?**

**What are the barriers to building  
affordable housing?**

**What do we have to do?**

How big is the Housing Problem?

**BIG.**

**JUST HOW BIG IS THE  
PROBLEM?**



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](#)

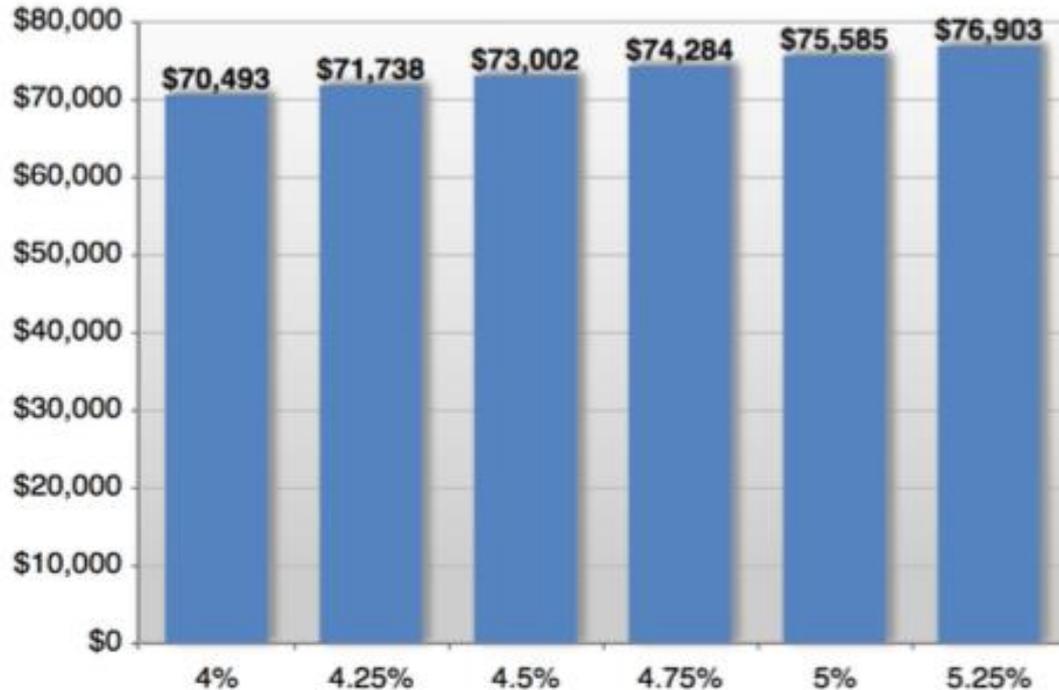
	2014	1 Year Change	3 Year Change
US	<b>\$53,657</b>	<b>+1.04%</b>	<b>+0.93%</b>
Texas	<b>\$53,035</b>	<b>+0.92%</b>	<b>+2.00%</b>
Austin	<b>\$63,603</b>	<b>+1.34%</b>	<b>+6.41%</b>

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

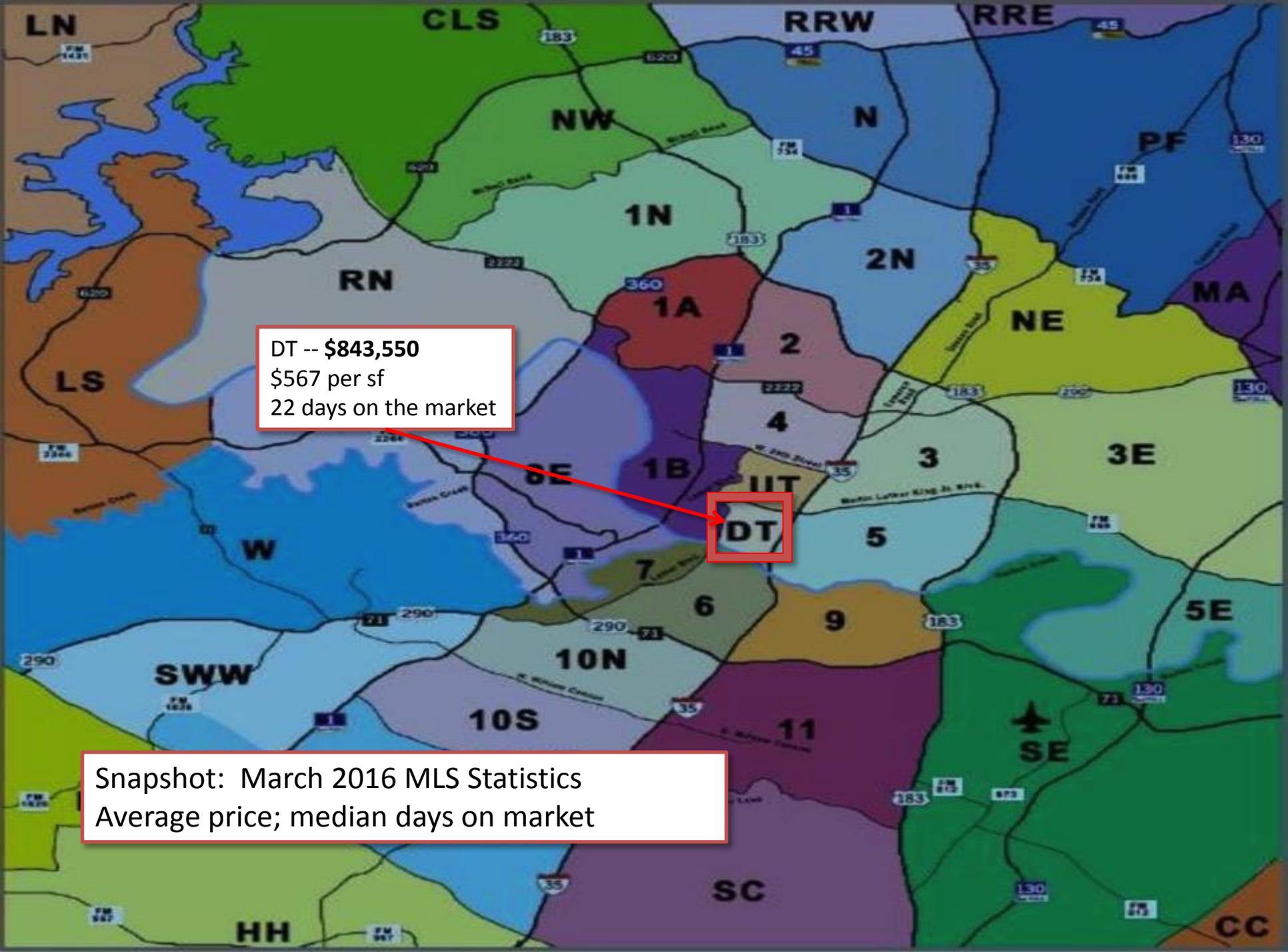
\$63k to \$70k,  
Depending on credit

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	<b>\$70,493</b>



DT -- \$843,550  
\$567 per sf  
22 days on the market

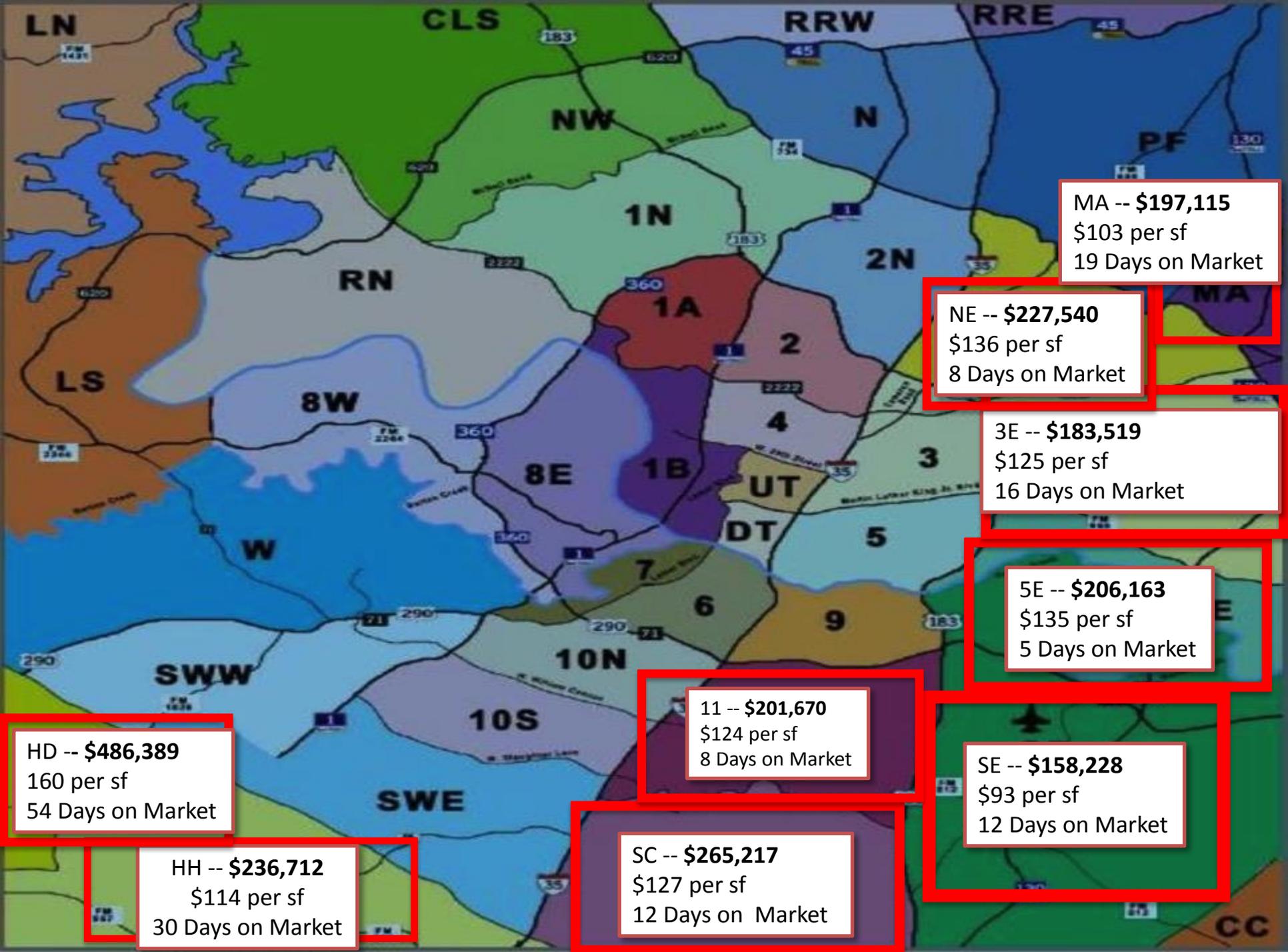
Snapshot: March 2016 MLS Statistics  
Average price; median days on market











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

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

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





# How big is the housing problem?

June 6, 2016 . . . **1,287** spec homes . . .  
**24** available to MHI families

August 29, 2016 . . . **1,254** spec homes . . .  
**13** available to MHI families

October 3, 2016 . . . **1,390** spec homes . . .  
**22** available to MHI families

# How big is the housing problem?

1.6%

available to the median family income household.

Jun

## Where are these homes?

August 29,  
13

3 in Temple

2 in Taylor

5 in Jarrell

October 3,  
22

1 in San Marcos

6 in Manor

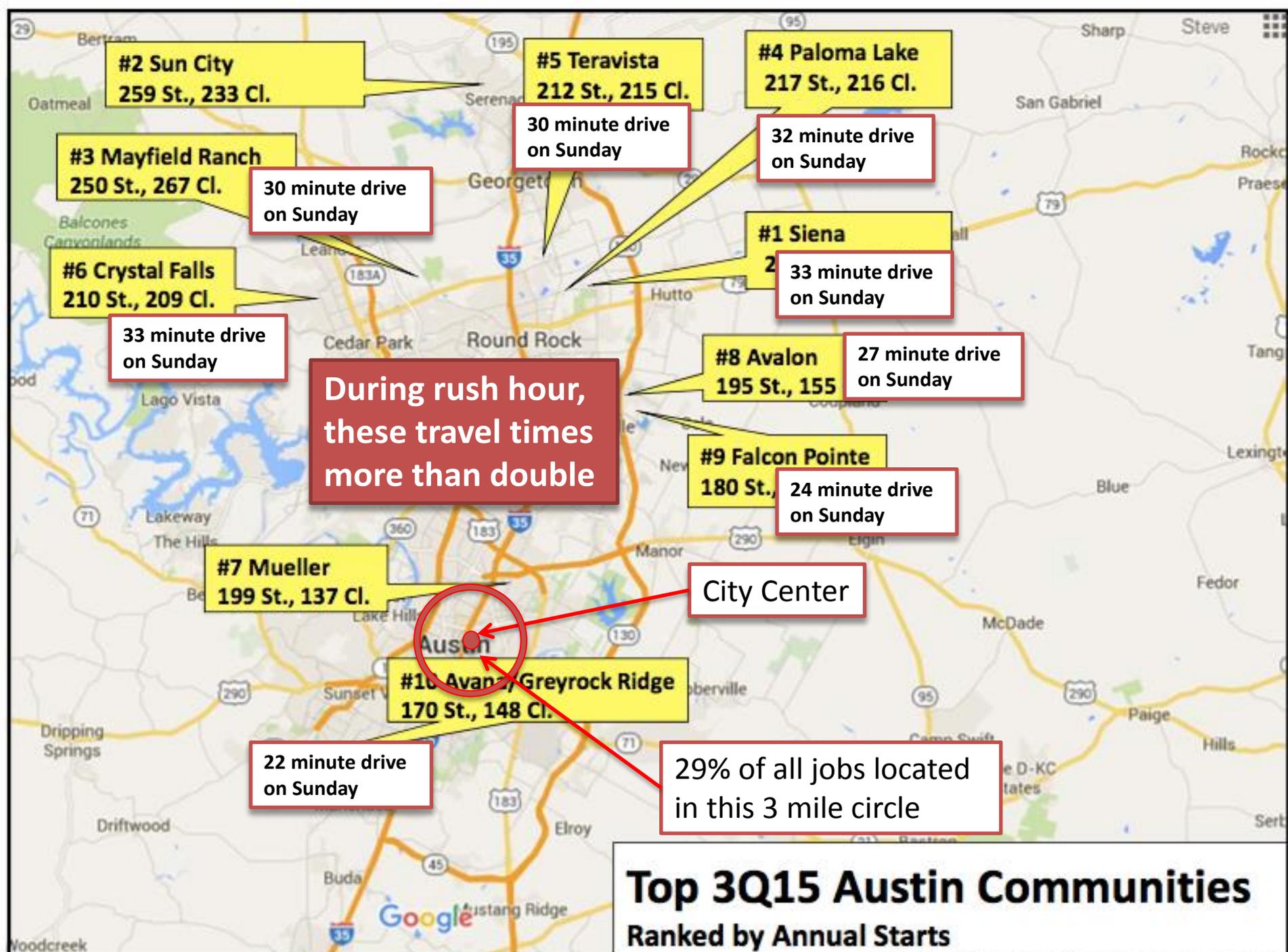
5 in Far East Austin

homes ...

S

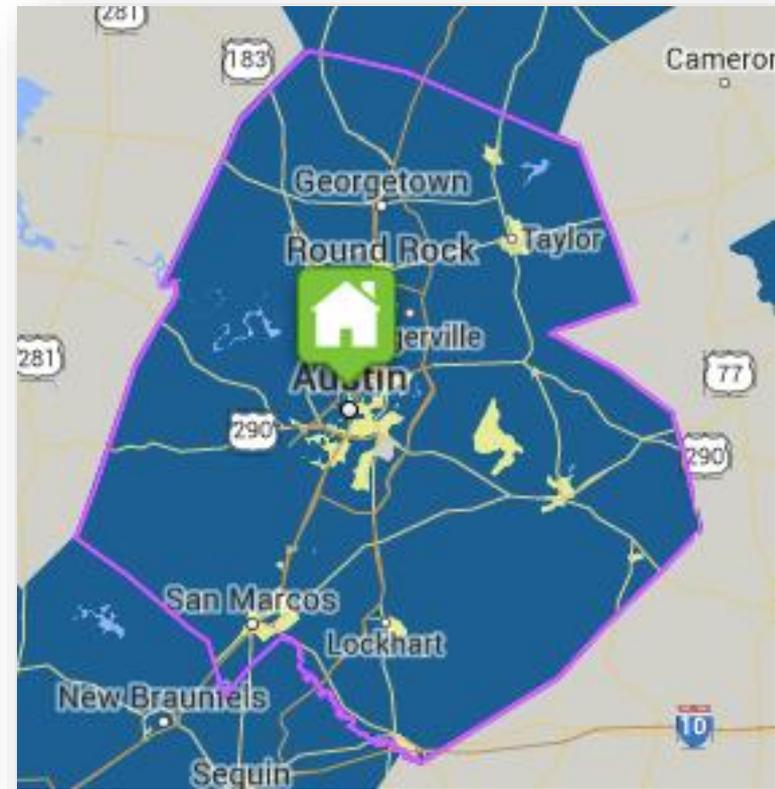
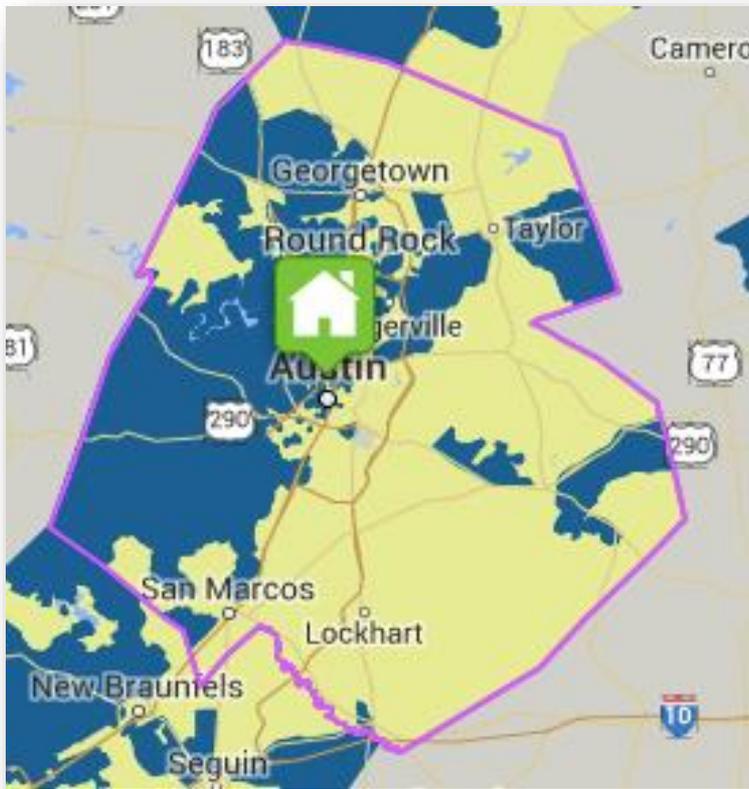
homes ...

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# Top 3Q15 Austin Communities Ranked by Annual Starts

## Housing + Transportation Affordability Index – Austin Metro



Implications? . . . Sprawl? Traffic Congestion? Environment? . . . But, the “status quo” is what our system promotes . . . Is that the right direction?

<http://htaindex.cnt.org/compare-affordability/>

How big is the Housing Problem?

“At least we are not like  
San Francisco!”

Or, are we?

# How big is the Housing Problem?

Year	MEDIAN SALE PRICE 3 Bedroom House		SF as % of Bay Area
	San Francisco	Bay Area (a)	
1990	\$299,340	\$238,510	126%
1991	\$291,600	\$241,830	121%
1992	\$286,420	\$240,120	119%
1993	\$275,380	\$268,100	108%
1994	\$274,690	\$237,660	116%
1995	\$283,700	\$233,280	122%
1996	\$288,240	\$241,870	119%
1997	\$311,240	\$266,180	117%
1998	\$361,410	\$291,780	124%
1999	\$409,570	\$308,477	133%
2000	\$543,059	\$414,918	131%

Notes: (a) Does not include Napa and Sonoma Counties.

Sources: S.F. Property Report; California Association of

## Bay Area home sales and prices for June

Number of Bay Area homes sold in June and the median price, along with the percentage change since May and the percentage change since June of last year

County	NUMBER SOLD			MEDIAN PRICE		
	June 2016	Change from May	Year-over-year change	June 2016	Change from May	Year-over-year change
Alameda	1,737	▲ 9.70%	▼ -9.80%	\$705,000	▼ -0.70%	▲ 7.60%
Contra Costa	1,816	▲ 11.10	▼ -6.10	541,000	▲ 0.20	▲ 8.20
Marin	360	▲ 6.50	▼ -6.70	960,000	▼ -1.00	▲ 3.20
Napa	165	▲ 16.20	▲ 16.20	535,000	▼ -7.00	▼ -0.90
San Francisco	574	▲ 12.50	▲ 2.20	1,170,000	▲ 2.90	▲ 2.60
San Mateo	712	▲ 5.50	▼ -3.80	1,070,000	▲ 4.40	▲ 13.20
Santa Clara	1,975	▲ 5.10	▼ -7.20	860,000	▼ -1.70	▲ 4.50
Solano	733	▲ 11.40	▼ -2.00	375,000	▲ 1.30	▲ 7.40
Sonoma	607	▼ -1.10	▼ -15.30	529,250	▼ -0.10	▲ 9.10
Bay Area	8,679	▲ 8.00%	▼ -6.50%	\$712,000	▲ 1.00%	▲ 7.90%

Source: CoreLogic

The Chronicle



# THOUGHTS ON AUSTIN HOUSING

Date	Sales	Dollar Volume	Average Price	Median Price	Total Listings	Months Inventory
Jan 1990	558	46,937,286	84,117	71,000	4,391	7.9
Feb 1990	444	37,056,240	83,460	71,199	4,343	8.7
Mar 1990	431	34,722,653	80,563	72,497	4,459	9.3
Apr 1990	569	34,616,822	60,838	71,998	4,545	9.1
May 1990	549	44,907,102	81,798	73,694	4,731	9.3
Jun 1990	711	60,299,199	84,809	73,994	4,551	8.4
Jul 1990	700	62,972,700	89,961	72,896	4,756	8.4
Aug 1990	765	64,913,310	84,854	72,996	4,747	8.0
Sep 1990	601	49,149,780	81,780	73,694	4,633	7.8
Oct 1990	629	49,215,476	78,244	69,104	4,004	6.7
Nov 1990	558	46,937,286	84,117	71,000	3,942	6.7
Dec 1990	553	47,941,229	86,693	72,197	3,842	6.5
Jan 1991	451	37,497,042	83,142	71,299	3,763	6.5
Feb 1991	415	34,513,475	83,165	74,592	3,805	6.6
Mar 1991	616	48,169,352	78,197	70,800	3,787	6.4

Date	Sales	Dollar Volume	Average Price	Median Price	Total Listings	Months Inventory
Jun 2015	3,288	1,094,200,338	332,786	270,000	6,465	2.5
Jul 2015	3,374	1,130,754,766	335,138	265,000	7,121	2.8
Aug 2015	3,151	1,027,961,708	326,233	260,000	7,052	2.7
Sep 2015	2,814	893,366,978	317,472	253,000	6,746	2.6
Oct 2015	2,529	853,168,196	337,354	253,000	6,590	2.5
Nov 2015	1,956	673,463,680	344,307	270,000	5,936	2.3
Dec 2015	2,562	891,571,043	347,998	270,000	5,112	1.9
Jan 2016	1,620	522,262,981	322,385	252,790	5,039	1.9
Feb 2016	2,017	655,608,713	325,042	264,900	5,264	2.0
Mar 2016	2,808	960,599,255	342,094	275,000	5,834	2.2
Apr 2016	2,857	978,642,560	342,542	284,840	6,239	2.3
May 2016	3,277	1,149,405,247	350,749	284,340	6,425	2.4
Jun 2016	3,600	1,309,826,977	363,841	291,000	7,178	2.6
Jul 2016	3,133	1,087,605,053	347,145	281,450	7,627	2.8
Aug 2016	3,259	1,151,925,225	353,460	285,000	7,539	2.8



# How big is the Housing Problem?

- 1991 – 2016 Compounded Annual Metro Bay Area Price Appreciation:

» **4.38%**

- 1991 – 2016 Compounded Annual San Francisco City Price Appreciation:

» **5.49%**

- 1991 – 2016 Compounded Austin Metro Area Price Appreciation:

» **5.67%**

# How big is the Housing Problem?

So, if we do nothing, in 25 years,  
Metro Austin median home  
price will be:

**\$1,157,000**

In 13 years: **\$594,000**

# Barriers to Affordability: Undersupply?

25 Year Span	Single Family Permits	2-4 Unit Building Permits	5+ Unit Building Permits	Total Housing Permits	Population Growth	HH Size	Estimate of Units Needed	Overage/Deficit of Needed Housing Units
1991	2,994	8	220	3,222	34,451	2.48	13,892	(10,670)
1992	4,641	34	996	5,671	32,155	2.48	12,966	(7,295)
1993	6,369	90	2,084	8,543	36,995	2.48	14,917	(5,374)
1994	6,250	115	4,403	10,768	39,137	2.48	15,781	(5,013)
1995	7,435	197	6,133	13,765	42,632	2.48	17,190	(3,425)
1996	10,095	498	6,484	17,077	41,480	2.48	16,726	351
1997	8,456	441	4,720	13,617	38,227	2.48	15,414	(1,797)
1998	10,805	490	5,128	16,423	44,315	2.48	17,869	(1,446)
1999	11,704	344	7,849	19,897	50,319	2.48	20,290	(393)
2000	13,045	780	8,064	21,889	43,865	2.569	17,075	4,814
2001	9,115	354	8,345	17,814	71,553	2.569	27,852	(10,038)
2002	11,072	590	5,570	17,232	26,506	2.569	10,318	6,914
2003	12,116	715	2,499	15,330	28,208	2.569	10,980	4,350
2004	14,309	600	3,106	18,015	34,028	2.569	13,246	4,769
2005	17,346	634	5,261	23,241	43,300	2.569	16,855	6,386
2006	17,615	1,082	7,399	26,096	62,127	2.569	24,183	1,913
2007	12,120	881	6,902	19,903	62,371	2.569	24,278	(1,375)
2008	7,710	270	3,812	11,792	56,014	2.569	21,804	(10,012)
2009	6,678	31	2,049	8,758	46,468	2.569	18,088	(9,330)
2010	6,200	296	2,290	8,786	33,951	2.575	13,185	(4,399)
2011	6,231	81	3,927	10,239	65,120	2.575	25,289	(15,050)
2012	8,261	114	11,220	19,595	53,889	2.575	20,928	(1,333)
2013	8,954	402	11,509	20,865	49,141	2.575	19,084	1,781
2014	11,842	444	7,990	20,276	59,026	2.575	22,923	(2,647)
2015	11,857	448	10,065	22,370	57,395	2.575	22,289	1
<b>Totals</b>				<b>391,184</b>	<b>1,152,673</b>		<b>53,421</b>	<b>(62,237)</b>

Notes: \*Housing Need Estimate based on population growth divided by average household size.  
 \*Estimate only. Delivery of actual units may or may not occur during year of building permit issuance.  
 Nevertheless, over 25 years, the number of permits typically provides an accurate estimate of units delivered.

# Barriers to Affordability: Transportation

## *Better Transportation Options:*

- Can we agree that there is not enough money available to build enough new roads to eliminate congestion?
- 10 to 15 units per acre are needed to support good transit.
  - Austin averages about 5.4 units per acre.
- Put housing where jobs are located
- Put jobs where housing is located

***I we don't start looking at the housing/jobs connection, we will continue to drive up "close in" housing prices.***

# Barriers: Silo Mentality:

- We pride ourselves in protecting our environment . . .
  - We strive to lower impervious coverage limits on individual lots to preserve water quality . . .
  - . . . Which causes sprawl (very bad for the environment) and increased housing and transportation costs.

**What about addressing the problem this way:**  
***How do we preserve water quality yet allow for increases to impervious coverage to provide housing?***

# Barriers: Silo Mentality:

- We pride ourselves in protecting our environment . . .
  - We want to preserve heritage trees
  - . . . Which limits the development of many areas and/or raises the cost of housing. . .

***What about addressing the problem this way:***

***What are ways we can preserve or enhance our tree canopy and provide for more housing?***

# Barriers: Silo Mentality:

- We know that the City is facing unprecedented financial pressures . . .
  - Parks cannot be expanded – no maintenance \$
  - Austin Energy has become a big profit center transferring \$105 million to the general fund . . .
  - Zero property and sales tax dollars go to maintain and repair City roadways . . .
  - New regulations (driving up the cost of housing) are regularly implemented . . .

***What about addressing the problem this way:  
How can we add development that provides MORE tax  
dollars than long term obligations to relieve this burden  
AND provide more housing?***

# Density Helps Affordability and Our Tax Base

Austin Affordability Analysis		
Property:	10 Acres	
Land Price:	\$5,000,000	
Austin Median MFI (family of 4) Mortgage Affordability	\$69,300	
for Austin MFI (@ 6.75%)	185000 <sup>1</sup>	
Sales Price of MFI Home	\$205,000	
		Income Assumptions:
		2001 Median Family Income (four person family) = \$71,100
		2001 Austin METRO Median NEW Home Price app. = \$155,000
		2007 Median Family Income (four person family) = \$69,300
		2007 Austin METRO Median NEW Home Price app. = \$202,000
		Assume reasonable credit, modest debt and 10% down.

<sup>1</sup> For purposes of determining affordability for a "median family income family of four" we made the following assumptions: Reasonable credit standards; \$600 per month in outside fixed payments such as car payments, day care, credit cards, etc.



Product Type	SF-3 Single Family	SF-3 Duplex	SF-6 Condo	MF-1/MF-2 Condo	MF-3 Condo	MF-6 Condo
Units	54 Units	88 Units	123 Units	145 Units	300 Units	800 Units
Units per Acre	5.4 Units per Acre	8.8 Units per Acre	12.3 Units per Acre	14.5 Units per Acre	30.0 Units per Acre	80.0 Units per Acre
Per Unit Land/Below Ground Improvement Cost	\$160,000	\$120,000	\$87,000	\$74,000	\$35,000	\$15,000
Sale Price	\$475,000	\$360,000	\$240,000	\$225,000	\$166,000	\$166,000
<b>Income Required for Purchase</b>						
Down Payment	\$47,500	\$36,000	\$24,000	\$22,500	\$16,600	\$16,600
Loan Amount	\$427,500	\$324,000	\$216,000	\$202,500	\$149,400	\$149,400
Monthly P/I	\$3,765	\$2,906	\$1,949	\$1,832	\$1,373	\$1,373
Total Monthly Debt Payment	\$4,265	\$3,406	\$2,349	\$2,232	\$1,773	\$1,773
Total Monthly PMI Payment	\$278	\$211	\$140	\$132	\$97	\$97
Minimum Qualifying Annual Income	\$173,249	\$133,579	\$89,529	\$84,156	\$63,025	\$63,025

# What we have to do:

- *Increase the supply of housing*
- *Plan properly:*
  - Put housing where jobs are
  - Put jobs where housing is
  - Plan for alternative transportation options
- *Build development that only helps our Financial Future*
- *Eliminate the “Silo Mentality” and understand that all issues are affected with each decision.*

# What we have to do:

- We have all read that the Austin metro area will double by 2040.
- That means that the City will house 2,000,000 people by 2040.

***What if we looked at the problem this way:  
If we are going to double, how is EACH of the ten  
districts going to house its share –  
1/10 of that population growth?***

**Thank you.**



# Extra Slides

# Compacted & Connected Benefits

- *Matching housing with jobs:*
  - Austin has highest concentration of urban jobs in the nation – 29% of all jobs located in 3-mile radius of the center of the City.
  - Over 50% of all new housing is happening in the suburban areas of metro Austin . . .

# Compact & Connected is Good for the Environment

- Actual estimated densities for 2015:
  - For-sale single family: ~average 4 units per acre
  - Apartments: ~average of 35 units per acre
- ~ Impervious Coverage Added to Built Environment:
  - SF:  $(11,518/4) \times .45 = 1,296$  acres of impervious coverage
  - MF:  $(9,000/35) \times .70 = 180$  acres of impervious coverage
- TOTAL ~1,476 acres of impervious coverage

# Compact & Connected is Good for the Environment

- If 2015 housing averaged MF densities:
  - For-sale single family: ~average 35 units per acre
  - Apartments: ~average of 35 units per acre
- ~ Impervious Coverage Added to Built Environment:
  - SF:  $(11,518/35) \times .70 = 329$  acres of impervious coverage
  - MF:  $(9,000/35) \times .70 = 180$  acres of impervious coverage
- TOTAL 509 acres of impervious coverage

# Compact & Connected is Good for the Environment

So? 509 instead of 1,476 acres means what?

- 967 acres of open space left open.
  - 1.51 square miles.
- 967 acres of trees remain.
- 967 acres of creeks and vegetation remain.

# A Picture of Austin (Metro) Growth 2010 -- 2020

- **580,000** new residents . . . At **2.6** people per housing unit, means **223,077** new housing units will be needed . . .



# Suburban Density of 3 Units/Acre



- At a suburban density of **3** units per acre, we will need **74,359** acres of land to house just our population growth over the next 10 years.
- . . . or **116** square miles. . . .

# Townhome Density of 10 Units/Acre



- At a townhome density of **10** units per acre, we will need **22,308** acres of land to house just our population growth over the next 10 years.
- . . . Or **35** square miles. . . .

# Downtown Density of 200 Units/Acre



- At a downtown density of **200** units per acre, we will need **1,115** acres of land to house just our population growth over the next 10 years.
- . . . Or **1.7** square miles. . . .

# What Differing Densities Look Like

200 Units/Acre

10 Units/Acre

3 Units/Acre

114.26 Square Miles

81 Square Miles

116 Square Miles

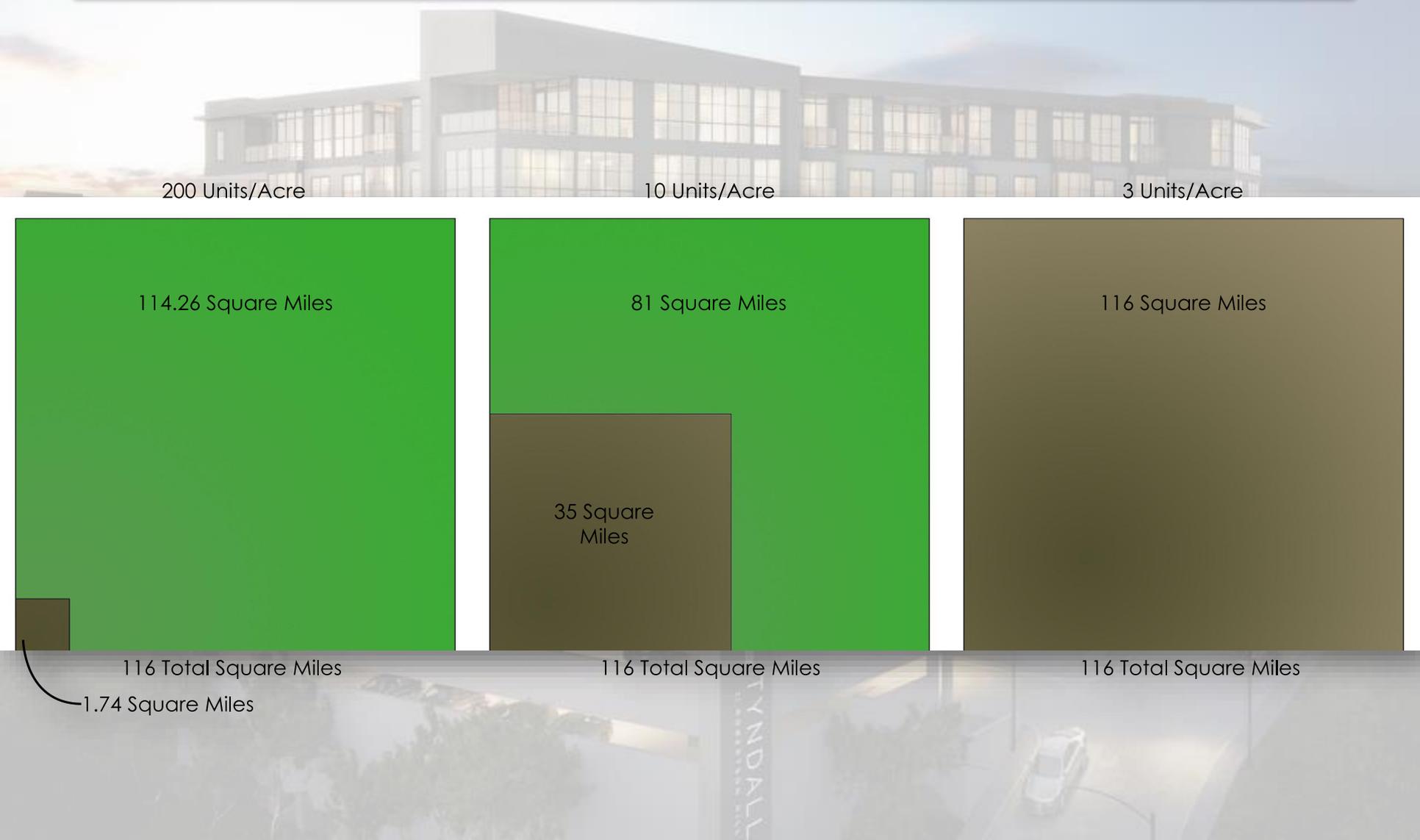
35 Square Miles

116 Total Square Miles

116 Total Square Miles

116 Total Square Miles

1.74 Square Miles



# Compact & Connected: Financial Sustainability

- Study after study is showing that low density development does not pay for itself.
- It pay pay for 100% of its costs when built, nothing lasts forever. The ongoing maintenance and eventual cost of replacement of roads, water pipes, wastewater pipes and drainpipes exceeds the City revenue generated to pay for such costs.

# Compact & Connected: Financial Sustainability

Approximate Lengths of Roads/Utilities Associated with Austin's Expected 10-Year Growth (2010-2020) at Urban, TH and Suburban Densities

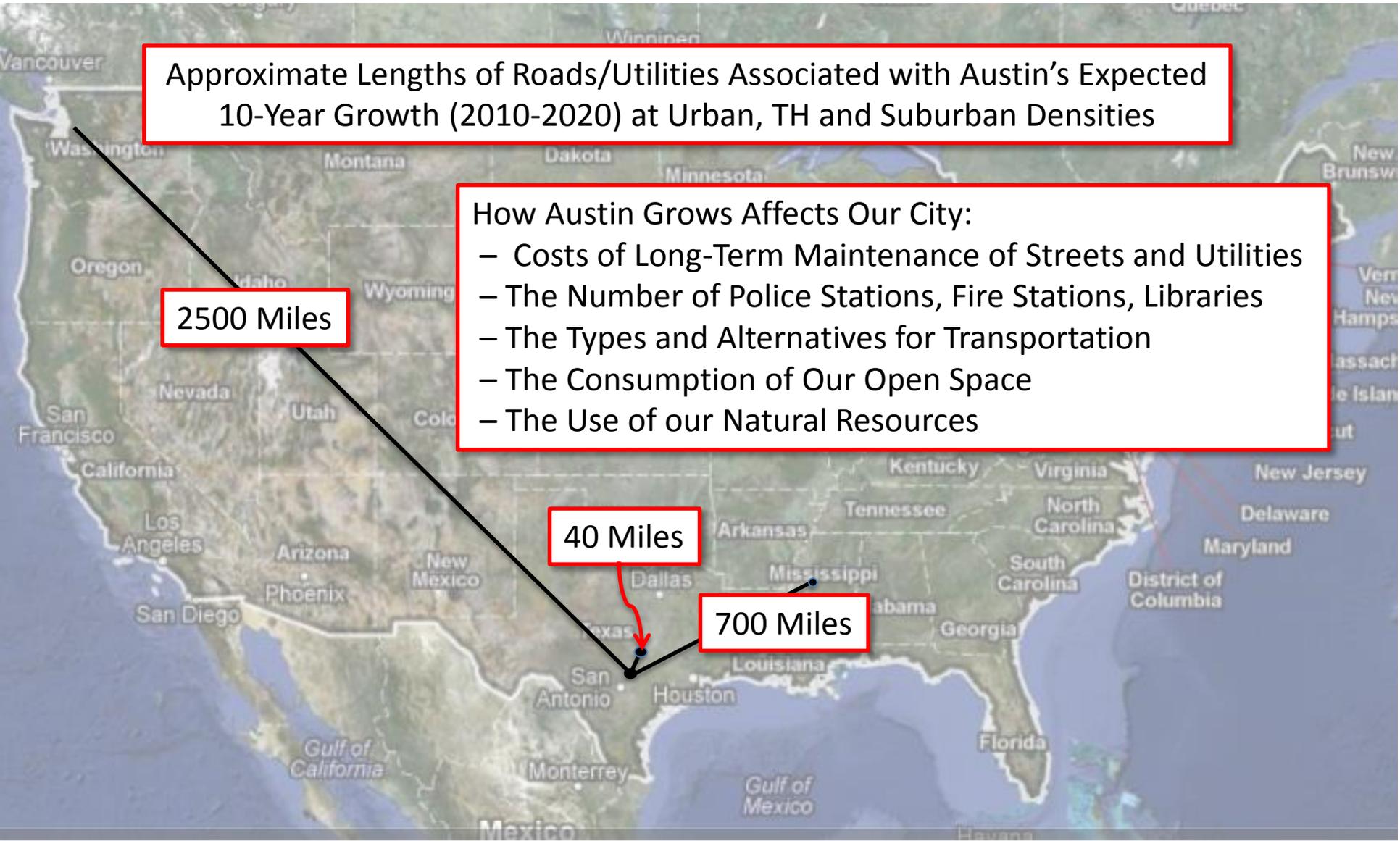
2500 Miles

How Austin Grows Affects Our City:

- Costs of Long-Term Maintenance of Streets and Utilities
- The Number of Police Stations, Fire Stations, Libraries
- The Types and Alternatives for Transportation
- The Consumption of Our Open Space
- The Use of our Natural Resources

40 Miles

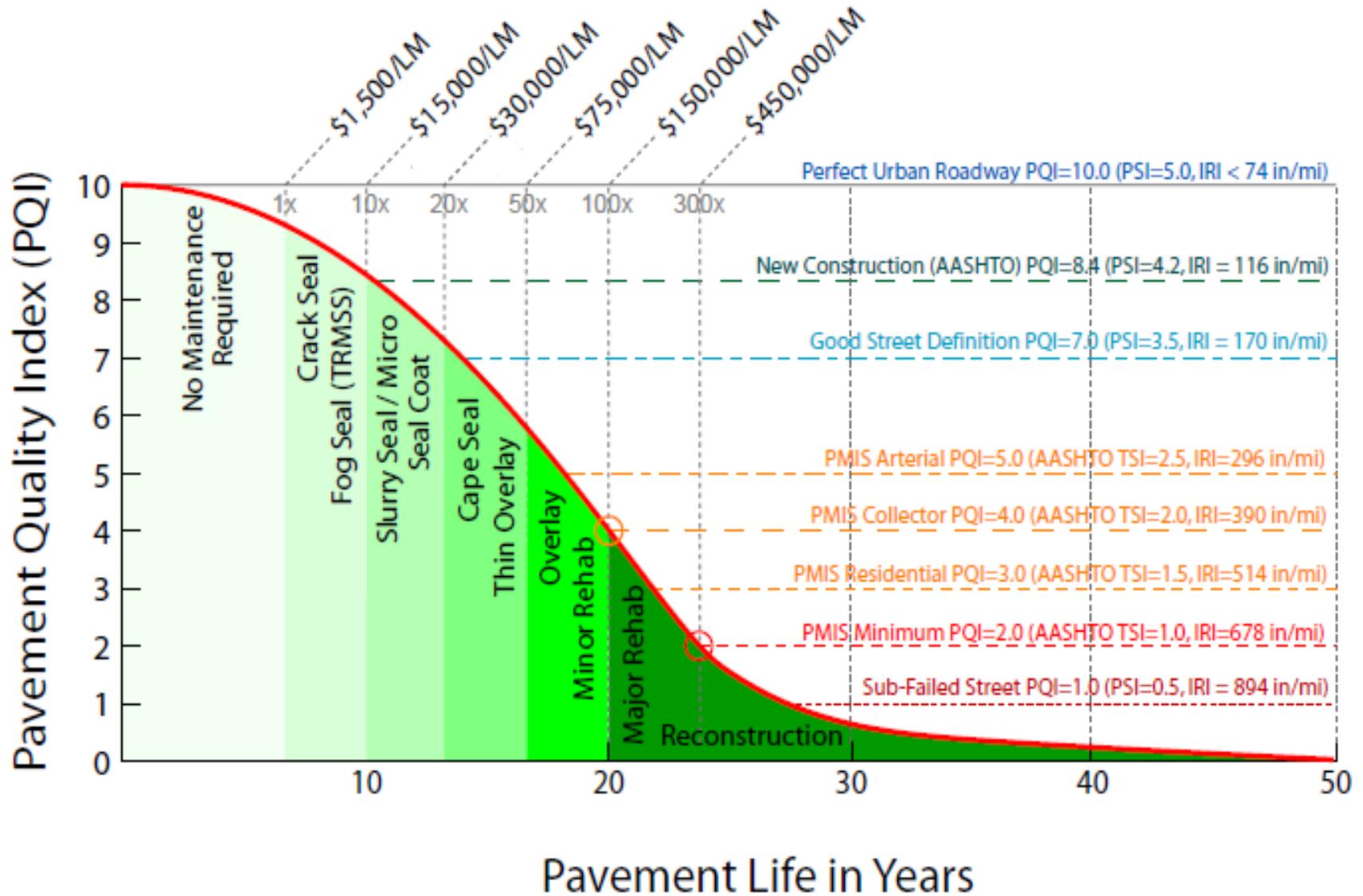
700 Miles



# Compact & Connected: Financial Sustainability

- There are many studies confirming that low density does not financially sustain itself . . .
  - Strongtowns.org
  - Our own Downtown Austin Alliance brought in Urban 3 to tell us the value of our downtown
    - <https://www.youtube.com/watch?v=zm9mjJ1tnic>
- Most interesting are our own leaders . . .

# Pavement Life Cycle and Maintenance Ranges



# Types of Pavement Maintenance

read more at [www.austintexas.gov/page/frequently-asked-questions-about-street-preventive-maintenance](http://www.austintexas.gov/page/frequently-asked-questions-about-street-preventive-maintenance)

## Typical Treatments Used and Unit Costs

\$1,250,000/LM	Reconstruction – Downtown Great Streets	
\$750,000/LM	Reconstruction - Arterial	
\$500,000/LM	Reconstruction - Collector	
\$300,000/LM	Reconstruction - Residential	
\$150,000/LM	Rehabilitation	Capital
\$72,000/LM	Overlay	Operations
\$52,000/LM	Thin Overlay	
\$33,000/LM	Cape Seal	
\$22,000/LM	Microsurfacing	
\$17,000/LM	Seal Coat	
\$19,000/LM	Slurry Seal	
\$6,000/LM	Fog Seal	
\$1,750/LM	Crack Seal	

# Life-Cycle Cost for 80-Year Program

Area	Treatment	Total Cost	Annualized Cost
<b>Idealized Life Cycle Maintenance Program Costs over 80 Years</b>			
46,907 LM	Surface Treatments (\$19K/LM)	\$891.2M	\$11.1M
13,077 LM	Thin Overlays (\$52K/LM)	\$680.0M	\$8.5M
15,490 LM	Standard Overlays (\$72K/LM)	\$1,115.3M	\$13.9M
	<b>TOTALS</b>	<b>\$2,686.5M</b>	<b>\$33.5M</b>
<b>Idealized Life Cycle Capital Program Costs over 80 Years</b>			
7,992 LM	Rehabilitation (\$150K/LM)	\$1,198.8M	\$15.0M
3,764LM	Residential Reconstruction (\$300K/LM)	\$1,129.2M	\$14.1M
2,512LM	Collector Reconstruction (\$500K/LM)	\$1,256.0M	\$15.7M
1,222LM	Arterial Reconstruction (\$750K/LM)	\$916.5M	\$11.5M
	<b>TOTALS</b>	<b>\$4,500.5M</b>	<b>\$56.3M</b>

The total annual cost of maintenance  
and capital repair and replacement is  
\$89.8M.

How do we pay for all of it?

# Potential Local Funding Sources

- General Fund/Property Taxes
  - Competition with other agencies
  - Variable from year-to-year
  - Property taxes pay for General Obligation Bonds
- Dedicated Fees and Fines
  - Transportation User Fees
  - Transportation Impact Fees
  - Traffic Fines/Parking Revenues
- OPM (Other Peoples Money)
  - Grants
  - Partnerships

# FY14 Spending Plan

Requirement	Amount	FY14 Budget	Amount
80-Year Maintenance Program	\$33.5M	Street Preventive Maintenance	\$19.0M
		Street Repairs	\$6.1M
		Minor Construction and Repair	\$5.1M
		Overlay/Slurry Seal Contracts	\$3.0M
		<b>TOTAL</b>	<b>\$33.2M</b>
80-Year Capital Program	\$56.3M	FY14 CIP Plan Document	\$55.7M
<b>TOTAL</b>	<b>\$89.8M</b>	<b>TOTAL</b>	<b>\$88.9M</b>

## DISCLAIMERS:

- Maintenance budget numbers do not include funds available for ROW maintenance, signal system operation and maintenance, sidewalk and bicycle facilities, or pavement markings.
- CIP funding shown does not include funding committed to “partnership” projects, traffic calming, bicycle, trail, or sidewalk specific projects.
- Numbers are summarized and rounded, but may be considered “directionally” correct.

Is this sustainable?

Total Requirement = \$89.8M/year  
Total Lane-Miles (L-M) = 7,618  
Cost/lane-mile/year = \$11,787 → \$982/month

Costs are exclusive of traffic signal, sidewalk and bicycle facility construction!!!

Average Dedicated Residential User Fee (SFR) = \$5.85/month  
Required Number of Rate Payers/L-M = 168  
Maintenance Cost Allocation = 62 Rate Payers  
Capital Cost Allocation = 106 Rate Payers

Linear Feet/Mile = 5,280'  
Usable Frontage/Mile = 4,224'

Suburban SFR Frontage = 100'  
Average Rate Payers/Mile = 43

Urban SFR Frontage = 50'  
Average Rate Payers/Mile = 85

Medium Density Multifamily = 552'  
No. Units = 60  
Average Rate Payers/Mile = 545

# Compacted & Connected Summary

- Is the only way the market can provide affordable housing.
- If properly planned (mixed uses with density nodes), transportation can be improved.
- The best thing we can do for our environment.
- Must done to insure the financial sustainability of our City.`

# Biggest Impediments to Compact & Connected

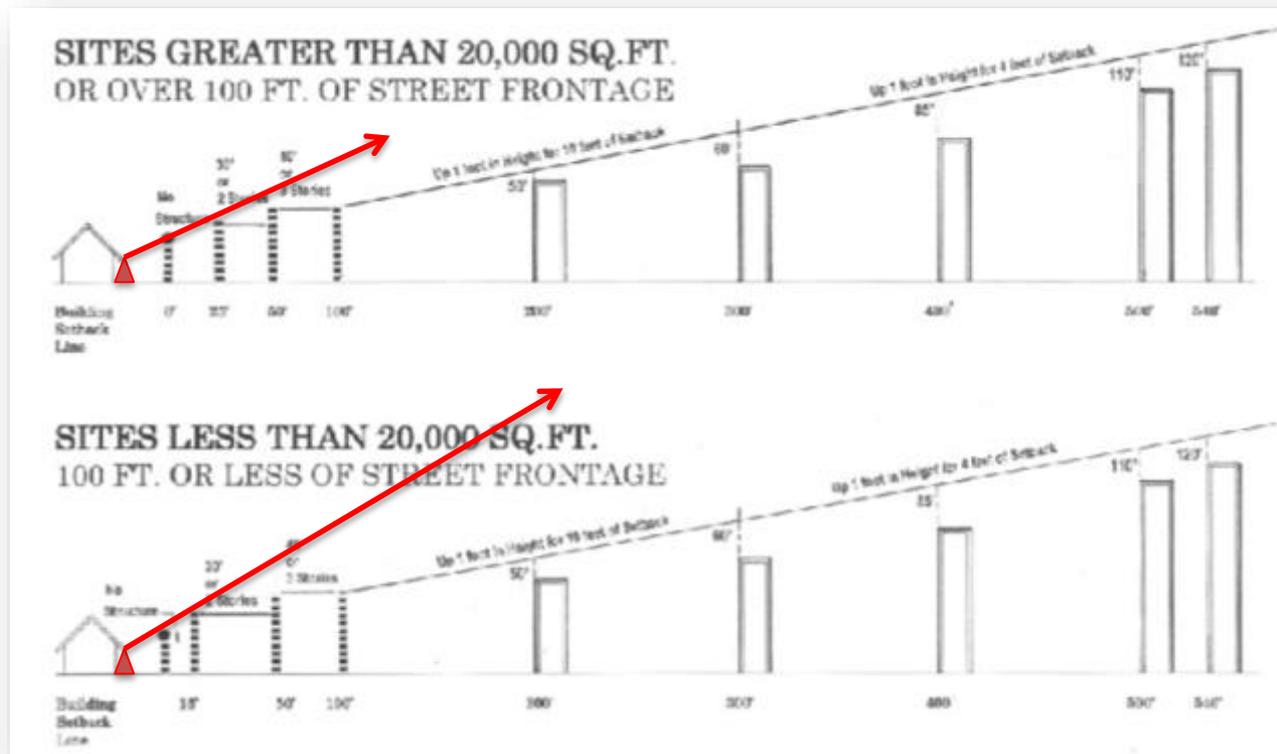
- Lack of understanding of what is needed. The direct consequences if we don't become more compact and connected are big.
  - Applies to the public and City staff as well.
- Compatibility.
- Heritage trees.
- Impervious Cover.
- Delays.

# Biggest Impediments to Compact & Connected

- *Lack of understanding of what is needed.*
  - Opposition arises on a project (appropriately located) without understanding that failing to become more compact WILL raise our taxes, reduce our services and worsen traffic.
  - Regulations or changes in regulations, the cumulative effect of which is to reduce density.
    - Here is where the lack of a common mission seems to come forth.

# Biggest Impediments to Compact & Connected

- Compatibility.



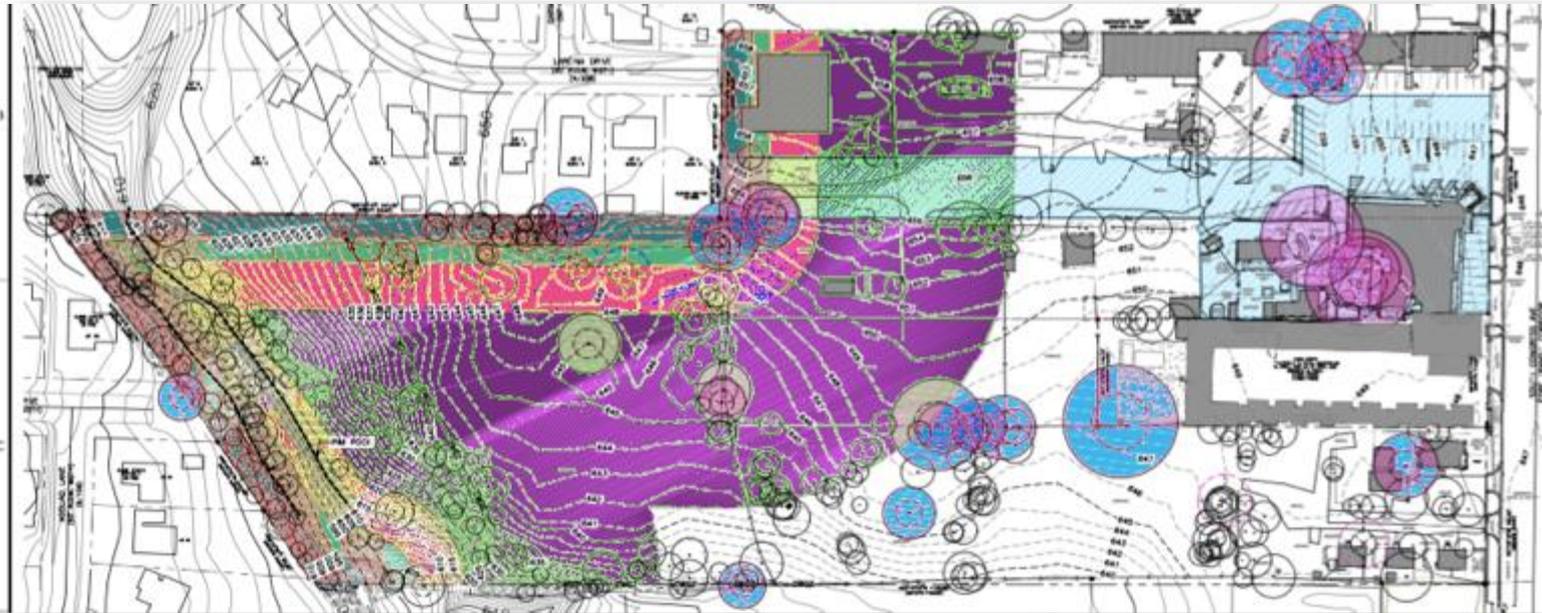
# Biggest Impediments to Compact & Connected

- Compatibility.



# Biggest Impediments to Compact & Connected

- *Compatibility and Heritage Trees.*



# Biggest Impediments to Compact & Connected

- *Impervious Cover.*



# Biggest Impediments to Compact & Connected

- Delays. Two primary issues:
  - Construction costs – inflation – construction costs up 40% (or more) since 2011. (Explains house prices up 40%.)
  - Capital stack: Equity costs money. The consumer always pays.
    - If returns are not acceptable, equity goes elsewhere.
    - Equity typically demands 15 to 25% annual compounded returns for development projects.
    - The result: Many times, projects don't make sense unless they are high-priced.

# Compact & Connected

- *What I did not say:*

- I did not say “density is appropriate everywhere”. It is not.
- I did not say “destroy neighborhoods”.
- I did not say staff is not doing their jobs. I think staff has difficult tasks trying to answer to people with differing goals.

# Compact & Connected

- *What I did say:*

- Compact & Connected is not only good for our City, it is a necessity.
- I did say we are moving towards dense housing because that is the only way we will provide housing for the bulk of our citizenry.
- I did say density (in right locations and mix of uses) is needed to improve our transportation systems, help our environment and help our City be able to pay for the services it must provide.

A modern, multi-story apartment building is shown at dusk. The building features a mix of white and dark grey panels with large glass windows that are illuminated from within. A rooftop pool area with lounge chairs and a glass enclosure is visible. The sky is a deep blue with some light clouds. In the foreground, a street with a few cars and trees is visible. A large white sign with a red border is centered over the building.

Thank You!

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