



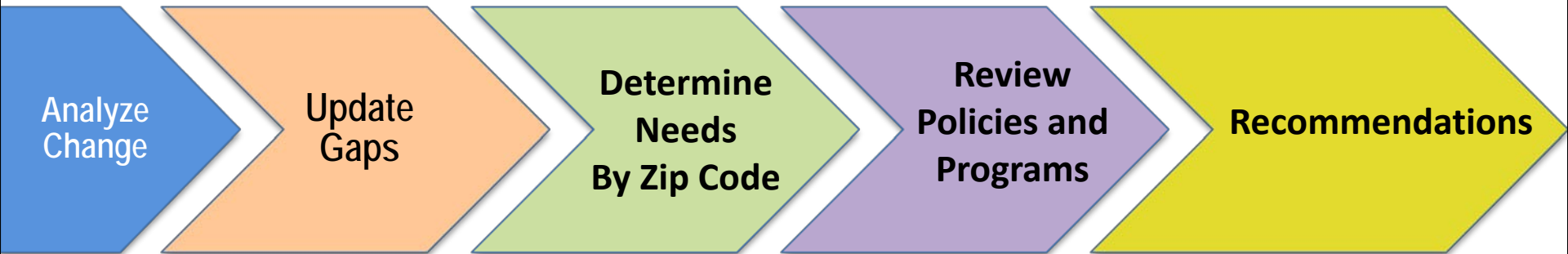
CITY OF AUSTIN

2014 Housing Market Study

September 9, 2014

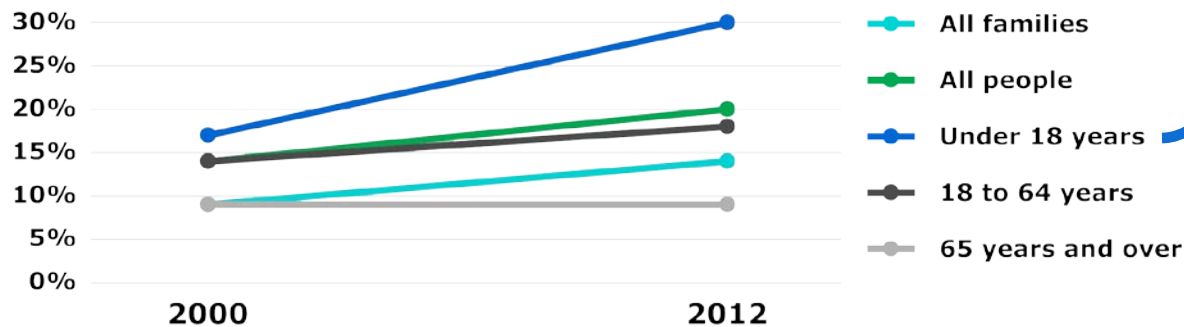


Components



Economic Changes

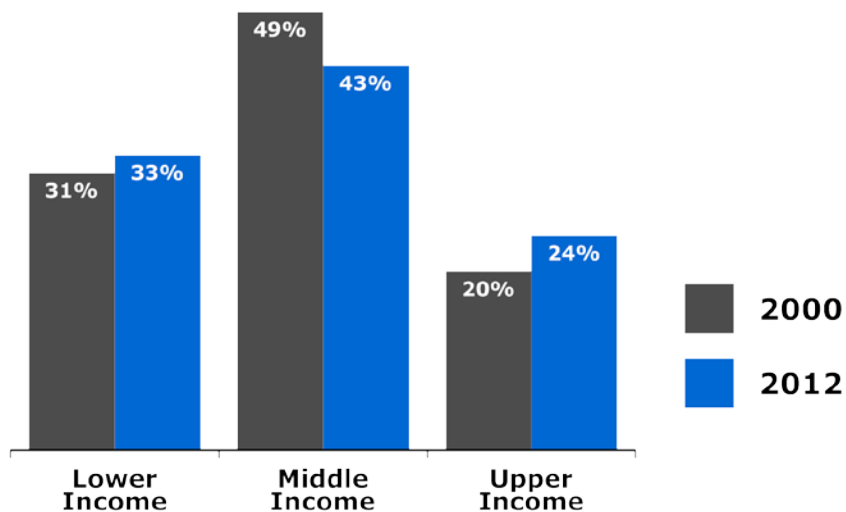
Increase in poverty



Rise in child poverty

2000 2012
17% → 30%

Decline in middle income households

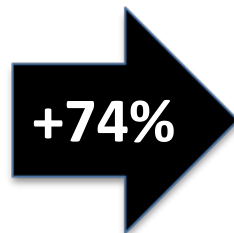


Economic Changes

Renters earning $>\$75,000$



2007



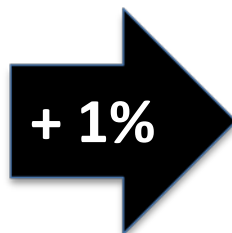
2014

+15,000
People

Renters earning $<\$25,000$



2007



2014



Rental Market

55% of household in Austin are renters:

- Rental vacancies at 10-year low point (**4-5%**)
- Median rent approximately **\$1,000/month**
- Increase in price price per sqft for all properties

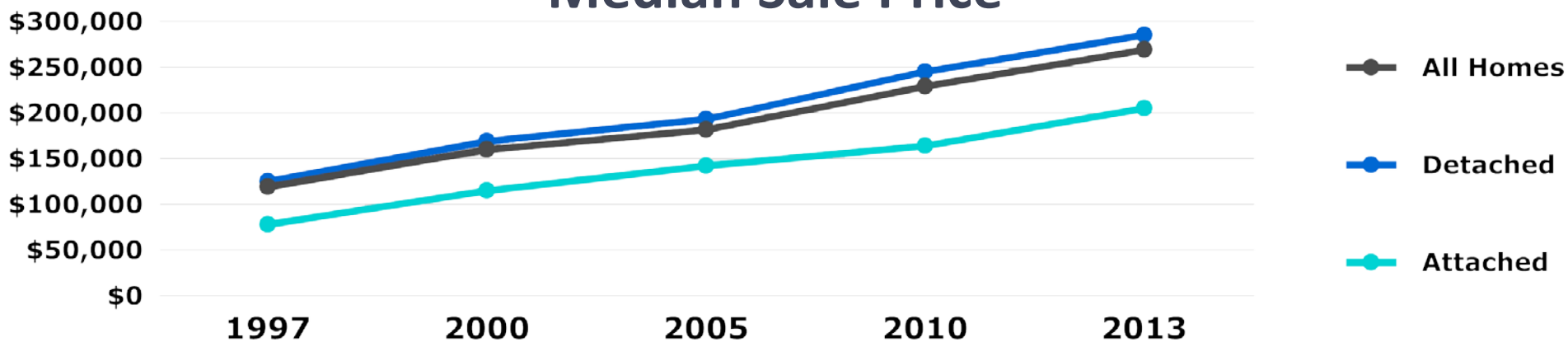


Owner Market

45% of household in Austin are owners

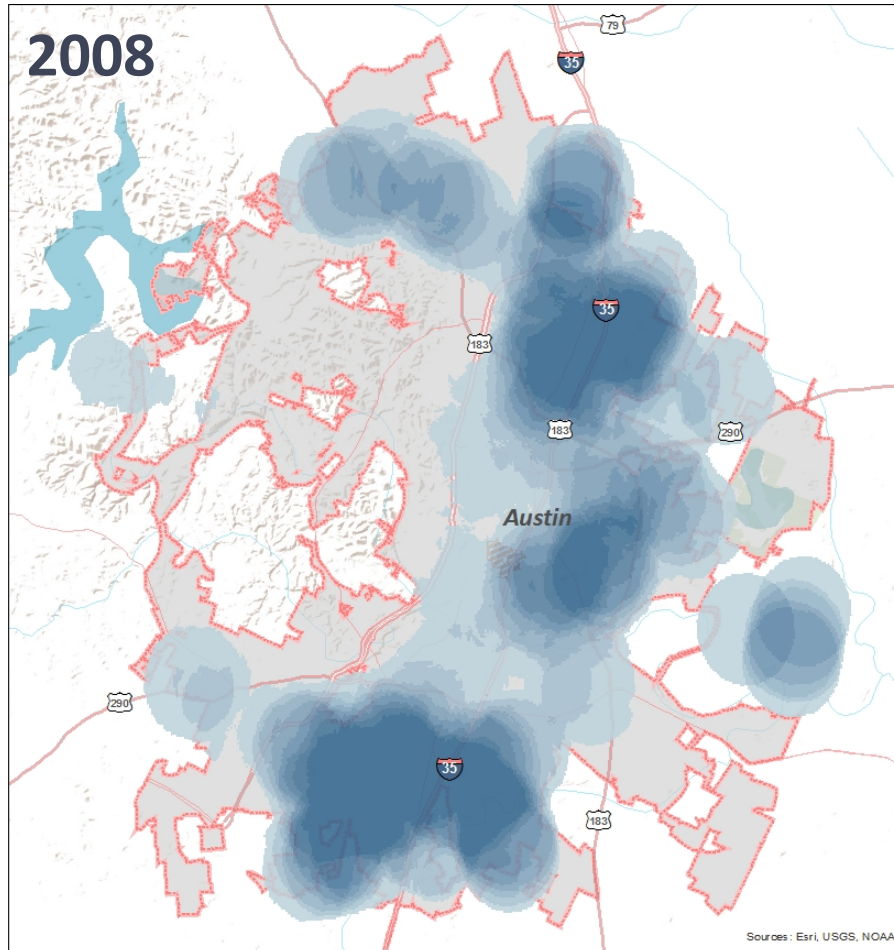
Home prices increased by **68%** since 2000

Median Sale Price








Change in affordability

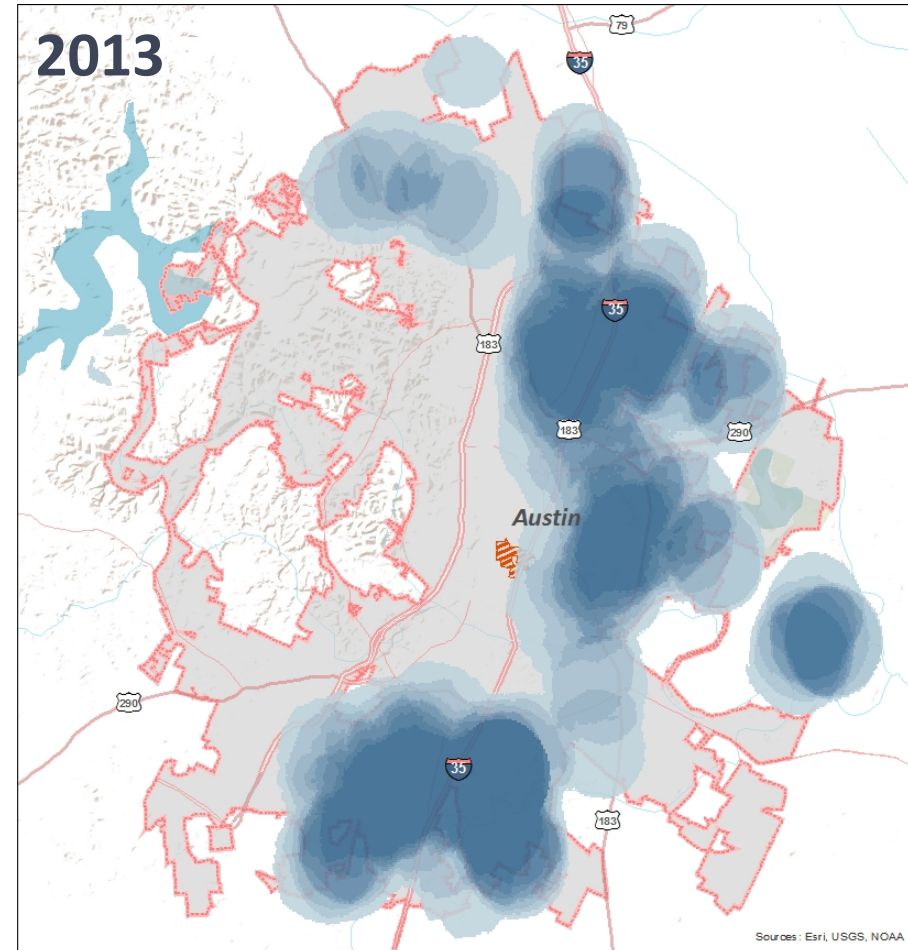
0% to 80% of 2008 MFI





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

 University of Texas
 Austin City Boundary

 Low Density
 Moderate Density
 High Density



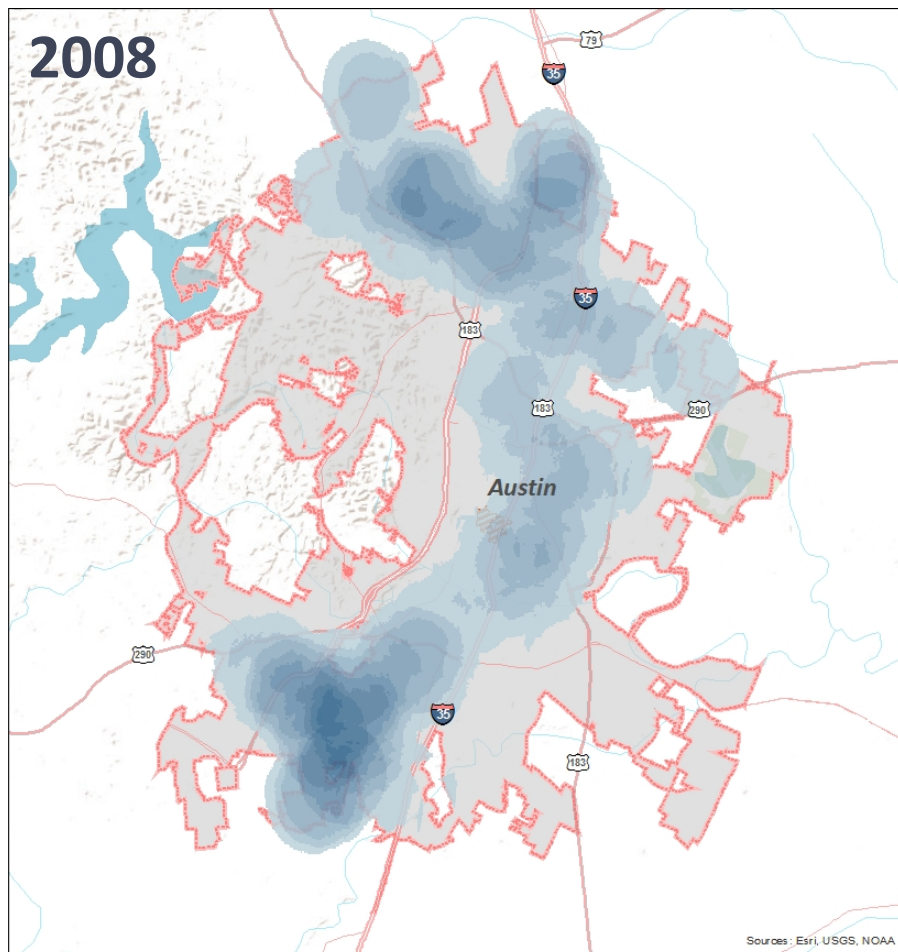
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

Change in affordability

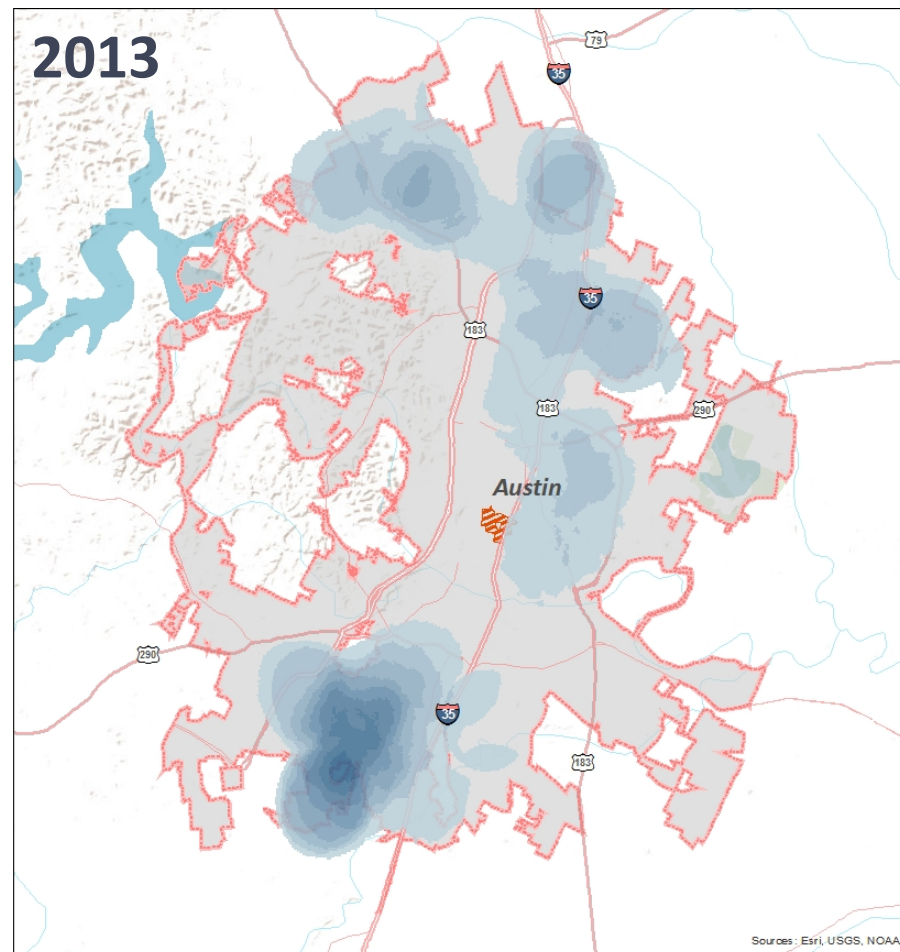
81% to 95% of 2008 MFI





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)




 University of Texas
 Austin City Boundary

 Low Density
 Moderate Density
 High Density



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)

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 Low Density
 Moderate Density
 High Density

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)



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

Units
affordable
to renters
wanting to
be owners

Renters
earning
<\$50,000 { 2012
20% detached
42% attached

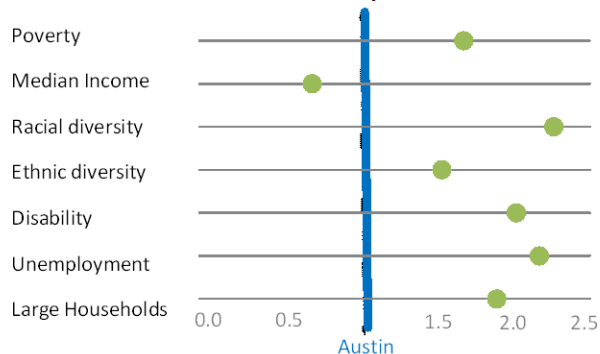
Renters
earning
<\$75,000 { 2012
47% detached
66% attached

Housing Market Data

AUSTIN ZIP CODE XXXXX

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



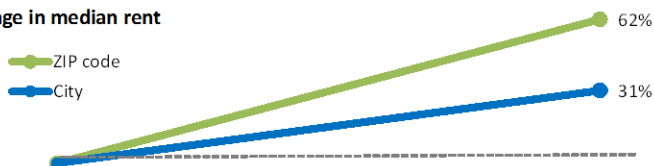
Income balance: does this ZIP code have a healthy mix of incomes?

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

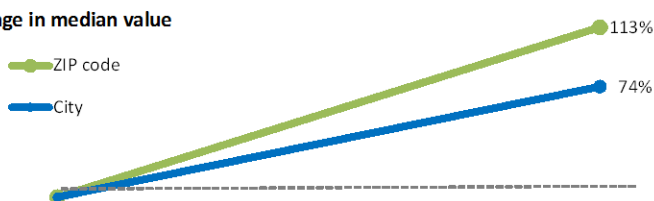
Is this ZIP code at risk of gentrification?

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

Housing Market Data

AUSTIN ZIP CODE CITY OF AUSTIN

Housing Affordability

Median Home Value: **\$216,700**

Median Rent: **\$950**

Homeownership for residents earning less than \$50,000

29%

of owners city-wide earn less than \$50,000

vs.

24%

of homes for-sale in Austin are affordable to them

Rentals for residents earning less than \$25,000

33%

of renters city-wide earn less than \$25,000

vs.

10%

of rental units in Austin are affordable to them

Odds that workers can afford to...

Buy

Rent



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

2%

8%



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

5%

27%



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

22%

74%



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

58%

98%

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

Zip code

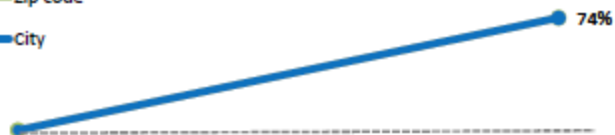
City



change in median home value

Zip code

City



Transportation

29%

of Austin residents live within a quarter mile of a transit stop

\$668

is the average monthly transportation cost for residents of Austin

38%

of housing + transportation costs that are transportation in Austin

Recommendations

- ***Planning/Policy Strategies***
 - Set affordable housing targets
 - Explore property tax rebates (Raised tax exemptions, HB 3350)
- ***Development Process and Incentives Strategies (CodeNEXT)***
 - Reevaluate zoning and development process
 - Remove regulatory barriers to housing development
 - Improve development incentives to produce affordable housing

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

- ***Financial Strategies***
 - Supplement existing funding (G.O. Bond)
 - Establish a land banking program
 - Establish alternative financing sources through community development financial institutions (CDFIs)



Next Steps

- **Assessment of Fair Housing (AFH)**
- **CodeNEXT**
- Focus on **expanding toolkit** to address needs

Next steps: Solutions

- **Adopt “early win” regulatory fixes now**
- **Make better use of public assets**
- **Pursue public private partnerships**
- **Establish an overall affordability goal for the city**
 - **Boulder and Flagstaff use 10%; similar to Austin program requirements**
 - **Manage to the goal**

