



CITY OF AUSTIN

2014 Comprehensive Housing Market Study

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Presentation to Housing Committee

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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) focused on how housing market and needs have changed since 2008
- 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)

Study Methodology

Public Input

- Three public meetings
- Five focus groups meetings
 - African Americans
 - Hispanics
 - Persons with disabilities
 - Homeless
 - Seniors
- Interviews/small group meetings
- Resident survey with over 5,000 responses

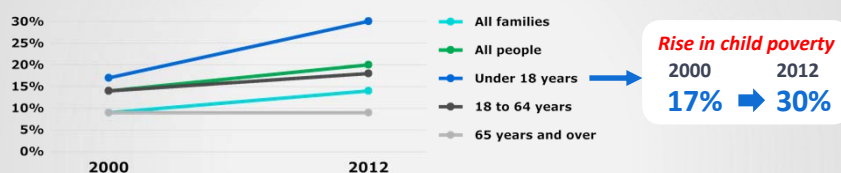
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Primary demographic changes

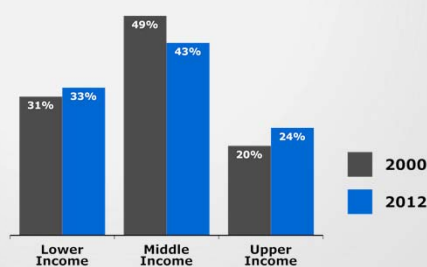
- Changing age distribution. Young Adults (67,000) and Baby Boomers (64,000) 70% of 2000-2012 growth
- Reduction in percent of families (32% in 1970 ➡ 25%)
- Majority “minority” city due to Hispanic growth. Decline in African Americans (residents ↓2.3%, families ↓18%)
- Decline in proportion of persons 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



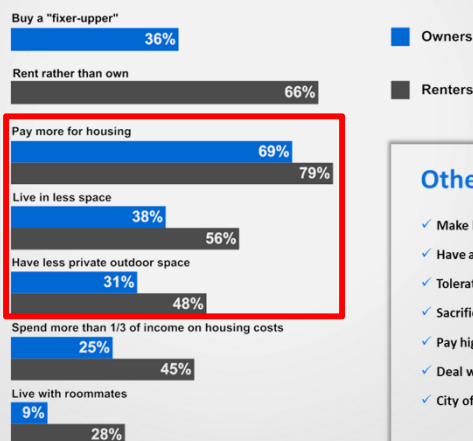
How have demographic changes affected housing demand?

- **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

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

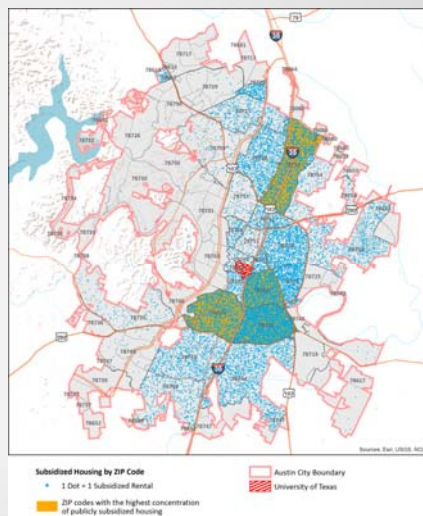


Other tradeoffs

- ✓ 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

- Overall, renter incomes have not kept up with increased rents. Median rent is **\$200** more per month than in 2000
- Publicly subsidized rental units are concentrated in a handful of ZIP codes (78741=18%, 78753=10%, 78702=9%, 78704=9%)

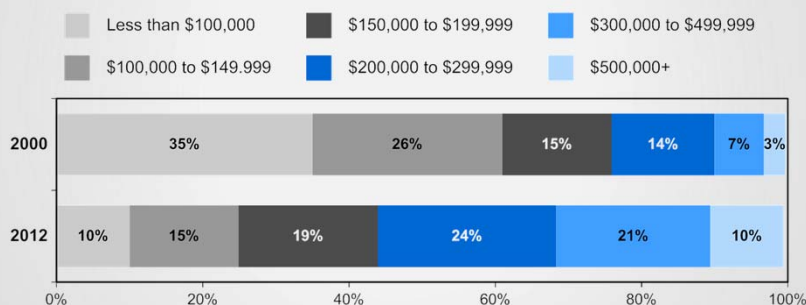


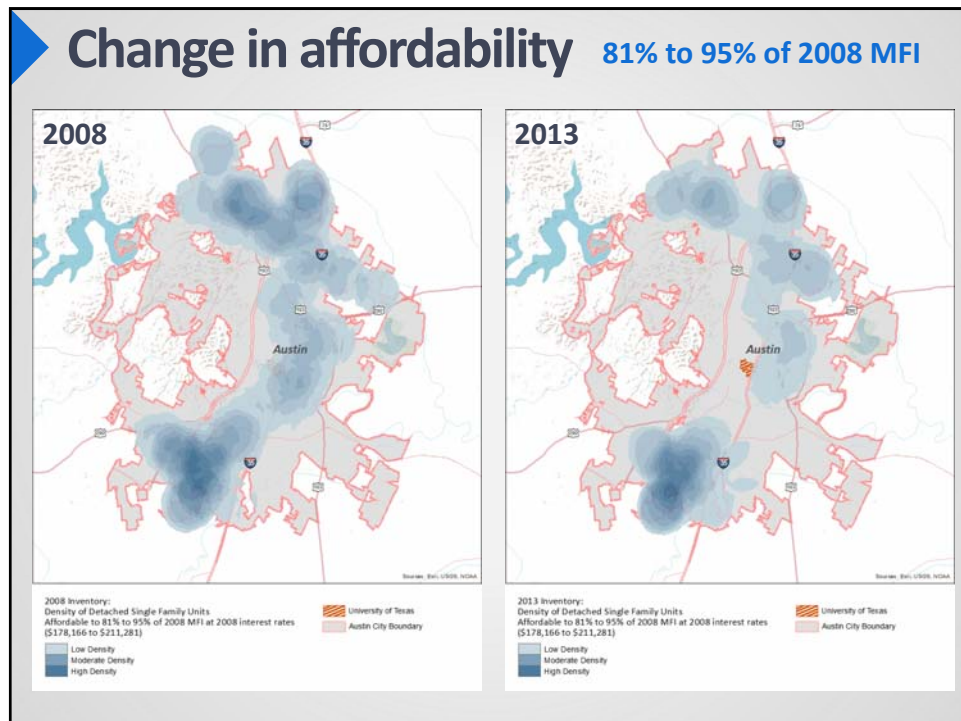
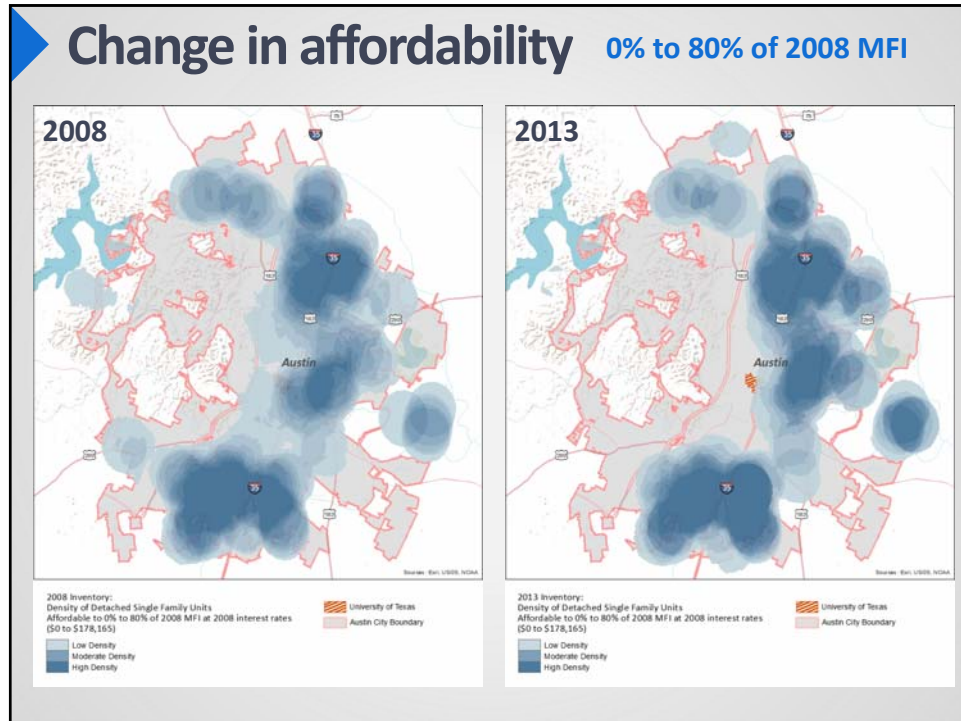
Housing market affordability

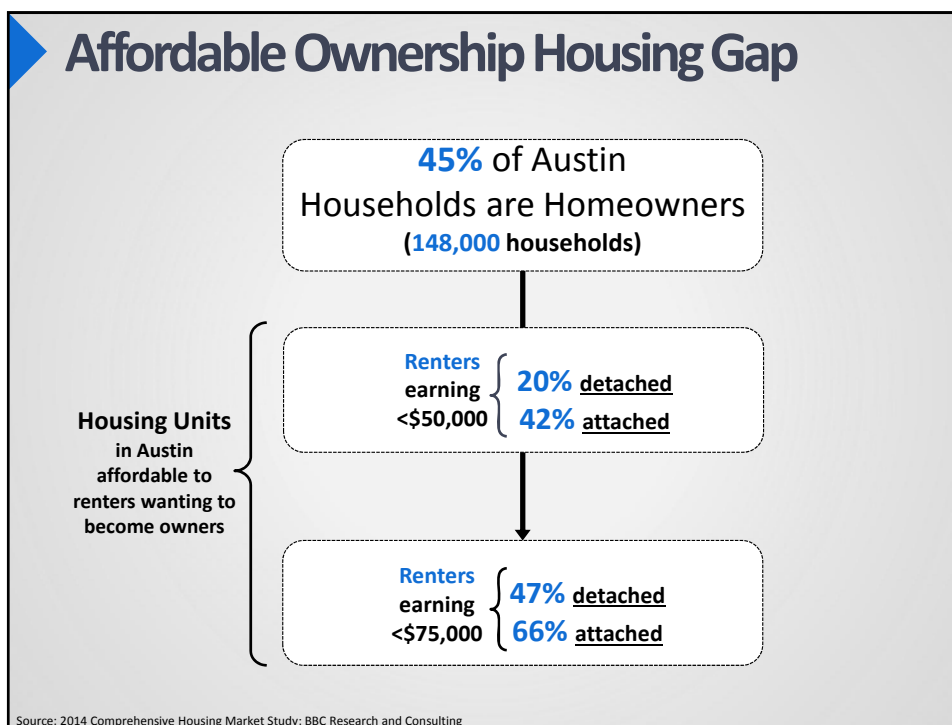
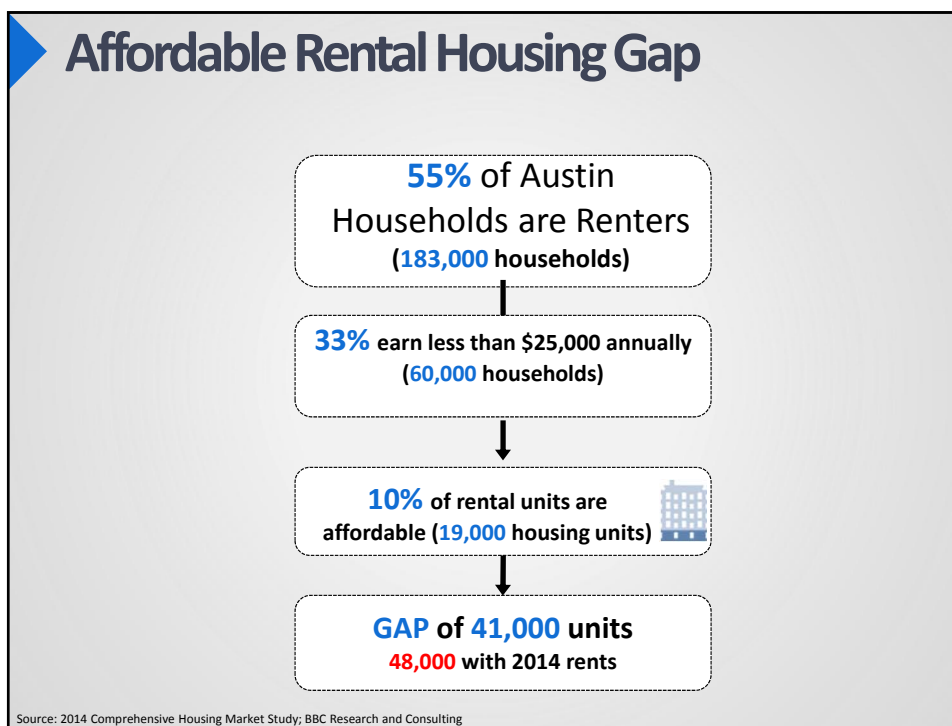
- Shortage of affordable rentals has increased from 37,500 in 2008 to 40,900 units in 2012 (or 48,000 units using 2014 rents)
- Increase almost entirely driven by loss of rentals affordable for \$20,000 to \$25,000 income households (5,000 units)
- Accessible AND affordable housing close to transit is 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)







Housing market affordability

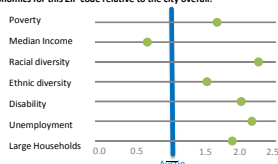
- Housing Market Study (HMS) included zip code level model with equity and affordability indicators
- Definitions and output for every zip code contained in Appendix A

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...

	Buy	Rent
Retail and service workers (earning about \$24,000 per year)	12%	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 goals in *Imagine Austin*

Develop and maintain household affordability throughout Austin:

- Encourage compact development that is close to services, job centers, transportation options, and retail nodes
- Revise the land development code to support more affordable development practices
- Promote additional tools (fee waivers, TIF districts, linkage fees, etc.) to create and maintain affordable housing
- Promote durable construction for more sustainable housing practices
- Address housing barriers for persons with special needs to prevent homelessness
- Household affordability includes not only housing costs, but also utilities and transportation.

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▶ 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.**

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

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Discussion/Questions?