



# CITY OF AUSTIN

## Analysis of Impediments to Housing Choice

May 27, 2015



**BBC**  
RESEARCH &  
CONSULTING

Presented by

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# Agenda for today

- **AI requirements**
- **Study Methodology**
- **Primary Findings**
- **Recommendations for Addressing Impediments to Fair Housing Choice**

# AI Requirements

- HUD requires AIs of any city, county or state receiving the Community Development Block Grant (CDBG)
- No regulatory mandate for content
- AIs currently driven by 1996 guidance
- New rules (Assessment of Fair Housing or AFH) still considering public comments, not finalized
- TDHCA v. ICP ruling by Supreme Court on disparate impact could influence AFH content

# Study methodology

- I. Analysis of demographics, including segregation**
- II. Analysis of housing market affordability**
- III. Development of ZIP code level housing model**
- IV. Assessment of access to opportunity for protected classes**
- V. Review of policies and programs to address housing needs**
- VI. Examination of barriers to fair housing choice**
- VII. Development of recommendations**

*Above informed by significant public input process*

# Public outreach methods

- **Focus groups with Austin residents (57 attendees):**
  - African Americans (11 attendees)
  - Hispanics (13 attendees)
  - Persons with disabilities (6 attendees)
  - Persons who are homeless (14 attendees)
  - Seniors (13 attendees)
- **Three public meetings (38 attendees)**
- **Interviews/small group meetings (35 attendees)**
- **Resident survey (5,315\* responses); in-commuter survey (943 responses)**
- **Consultation with experts in fair housing**

*\*Not all respondents answered all questions, so the sample size varies by question.  
For example, 4,316 provided information about household income.*

# Public input

## Voluntary survey



### Austin Housing Choice Paper Survey

Thank you for participating in this survey. The purpose of this study is to help the City of Austin make important decisions about housing and community issues. You have a valuable perspective that will help us understand your experiences with housing and community issues in Austin. Thank you for taking the time to participate!

This survey is not associated with any political party or election. It is not a polling instrument and there is no ballot issue associated with this research. There are no right or wrong answers. It is expected that the survey will take approximately 5-10 minutes to complete. **If you complete the survey, you may choose to enter a drawing for a \$100 Visa gift card.**

If you prefer, the survey is also available online: <http://austintexas.gov/housingsurvey>

Your responses are completely confidential and will only be reported in combination with other responses. If you have any questions about this survey, please contact (512) 974-3100 or [nhco@austintexas.gov](mailto:nhco@austintexas.gov).

#### CURRENT HOUSING CHOICES

##### 1. Which of the following best describes your current housing situation?

- |   |  |
|---|--|
| <input type="checkbox"/> Homeowner                              | <input type="checkbox"/> Living with others, not paying rent, but helping with other bills or child care |
| <input type="checkbox"/> Renter                                 | <input type="checkbox"/> Homeless  |
| <input type="checkbox"/> Living with others but not paying rent | <input type="checkbox"/> Other (please specify): _____   |

##### 2. What type of housing unit do you currently live in?

- |   |   |
|---|---|
| <input type="checkbox"/> Single family home/house   | <input type="checkbox"/> Retirement community/independent living/assisted living  |
| <input type="checkbox"/> Duplex/Triplex/Fourplex  | <input type="checkbox"/> Student housing: On-campus residence hall, Faculty/Family housing, fraternity/sorority house, private dormitory-style housing, co-op |
| <input type="checkbox"/> Townhome   | <input type="checkbox"/> Live/work housing (housing that includes work studio or retail space, not just a home office)  |
| <input type="checkbox"/> Apartment or condo unit in an apartment or condo building  | <input type="checkbox"/> Hotel/motel  |
| <input type="checkbox"/> Apartment or condo unit in a converted single family home  | <input type="checkbox"/> Shelter  |
| <input type="checkbox"/> Accessory dwelling unit (ADU) or garage apartment—apartment/living space that is located within or on property of a single family home | <input type="checkbox"/> Homeless   |
| <input type="checkbox"/> Mobile home/trailer  | <input type="checkbox"/> Other (please specify): _____  |

CITY OF AUSTIN HOUSING CHOICE SURVEY

PAGE 1

*\*Distributed to service organizations and COA recreation centers/ community centers/libraries*

Targeted approach:

Service providers (32 organizations\*)  
Social media  
Austin news media

## RESULTS

5,315

Austin resident responses

943

In-commuter responses

### Online survey Austin resident demographics

- 79% White (3,382)
- 10% Hispanic (423)
- 3% African American (124)
- 2% Asian (78)
- 1% Asian Indian (31)
- 27% have children under age 18 (1,190)
- 68% homeowners (3,509)
- 8% income less than \$25,000 (325)
- 10% have a member with a disability (494)

### Supplemental paper survey

- 202 surveys returned
- 31% Hispanic (61)
- 27% African American (55)
- 50% have a member with a disability (101)

# Primary demographic changes

- Changing age distribution. Young Adults (67,000) and Baby Boomers (64,000) **70%** of 2000-2012 growth
- Continued shift away from 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. Large increase in child poverty (17% in 2000 ➡ **30%** in 2012)

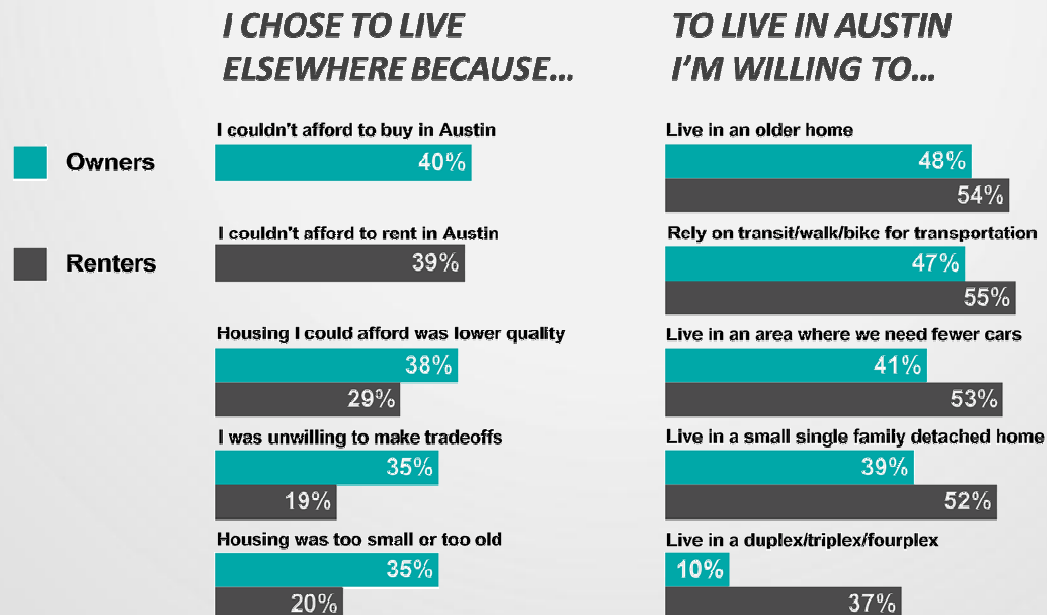
# How have demographic changes affected housing needs?

- **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 has:**
  - Driven demand for multifamily products downtown, surrounding neighborhoods
- **Growth in poverty (coupled with lack of affordable housing) has:**
  - Increased housing cost burden and rental gap

# Why have households left Austin?

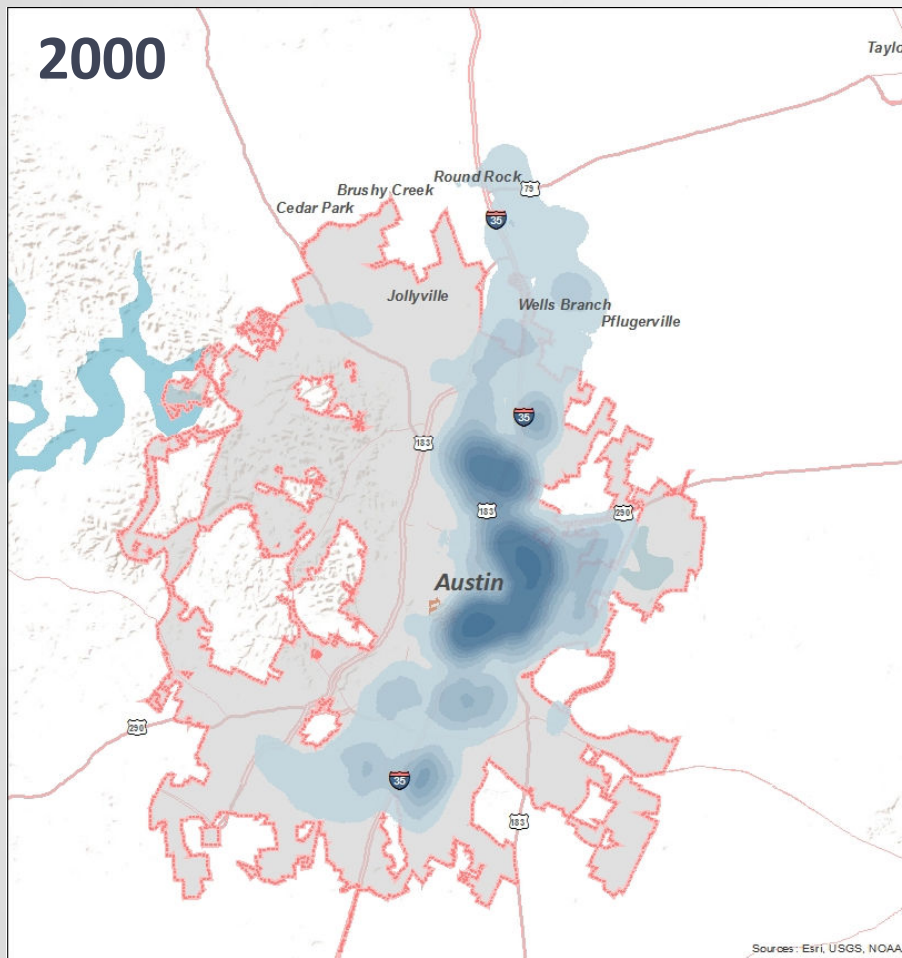
	Affordability	Schools	Traffic	Taxes
African American families (n=20)	60%	40%	15%	5%
Hispanic families (n=57)	51%	21%	7%	7%
All non-white families (n=79)	66%	30%	11%	9%
White families (n=116)	59%	29%	9%	9%

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



# Where have minority households gone?

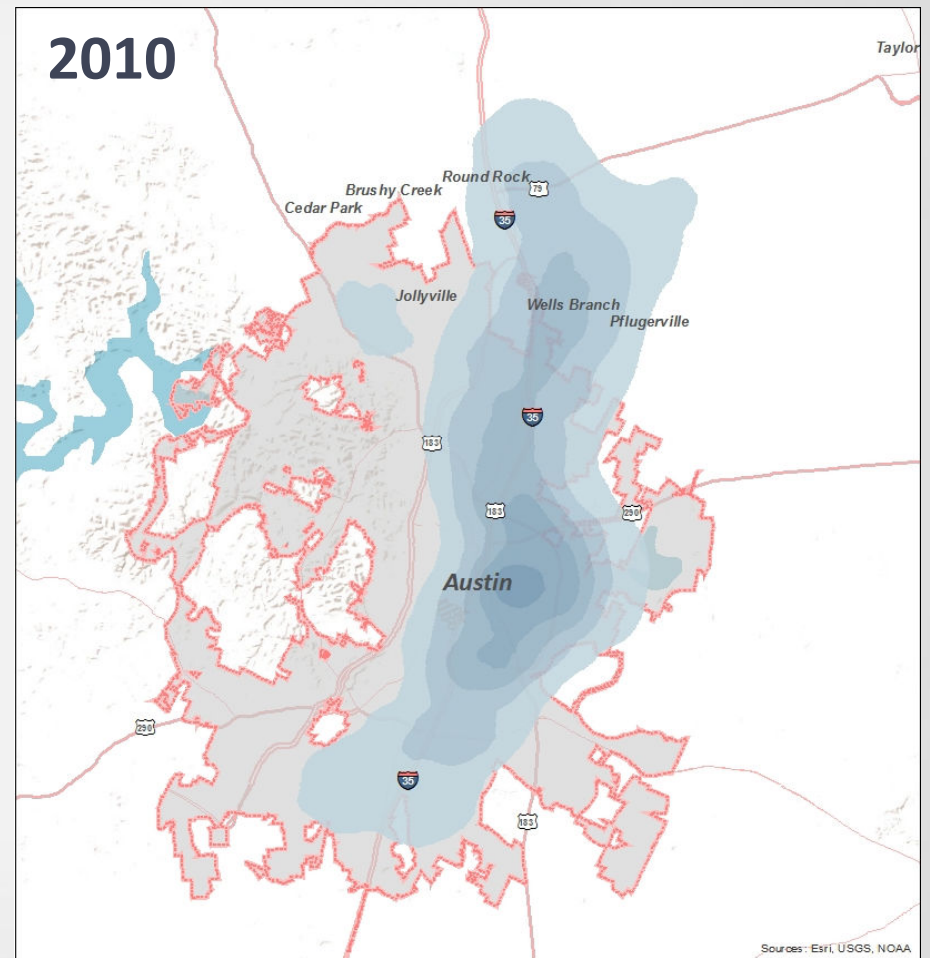
## African American Population



African American Population  
2000 Census

Low Density  
Moderate Density  
High Density

University of Texas  
Austin City Boundary



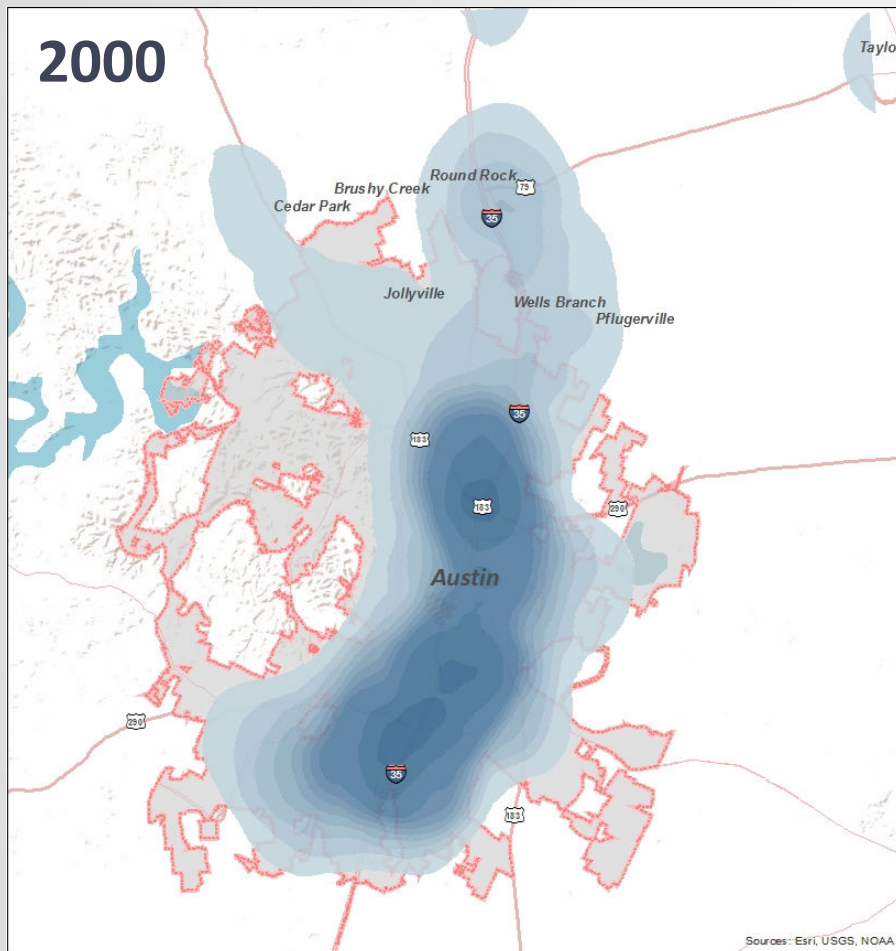
African American Population  
2010 Census

Low Density  
Moderate Density  
High Density

University of Texas  
Austin City Boundary

# Where have minority households gone?

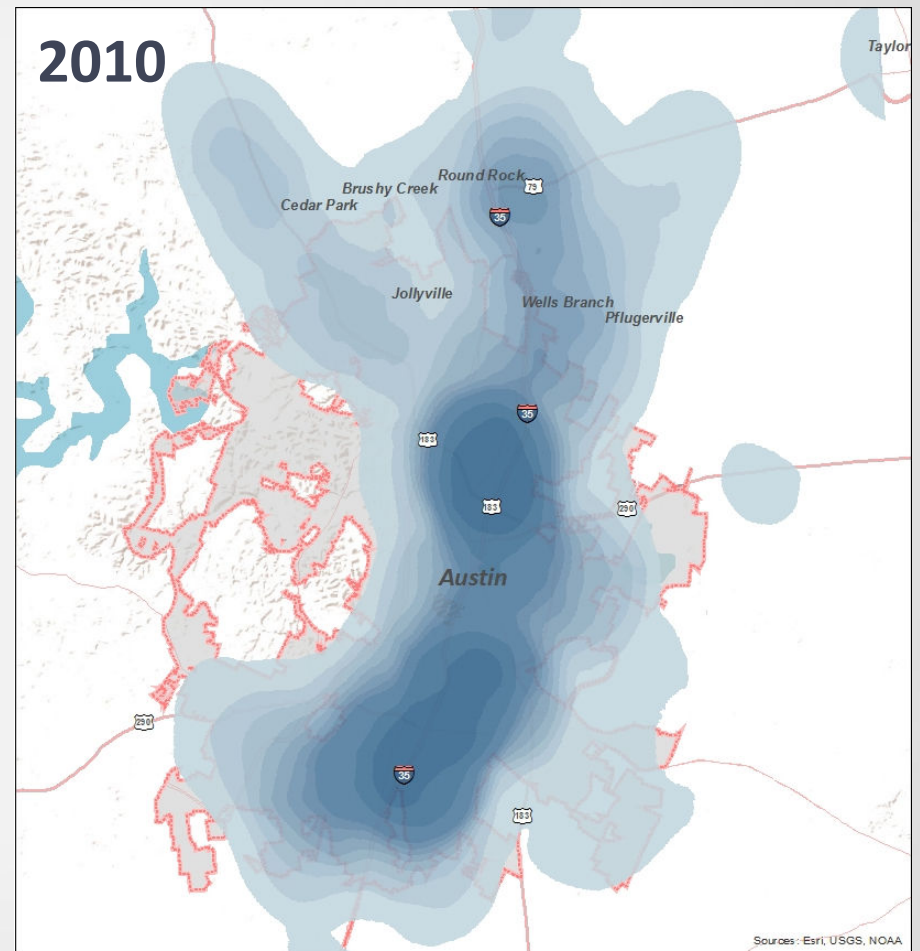
## Hispanic Population



Hispanic Population  
2000 Census

Low Density  
Moderate Density  
High Density

University of Texas  
Austin City Boundary



Hispanic Population  
2010 Census

Low Density  
Moderate Density  
High Density

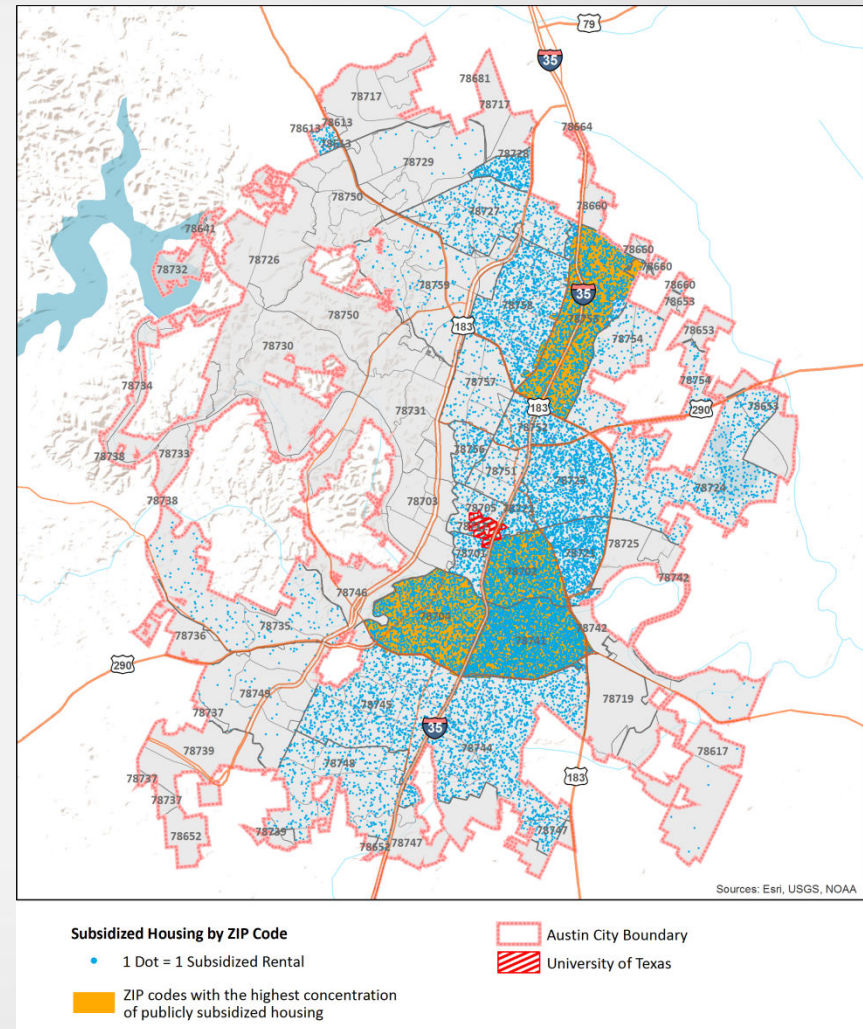
University of Texas  
Austin City Boundary

# What residents told us about their housing needs

- **Accessible AND affordable housing close to transit is extremely difficult to find for persons with disabilities**
  - *“Most of us have to choose between accessibility and affordability. Housing that is both affordable and accessible is a needle in a haystack.”*
  - *“It’s very difficult to find housing that’s near transit. Routes get cancelled. The last place I lived, the route was cancelled and for six months I had to walk four miles to get transit, and since I’m blind, this was dangerous.”*
- **Any blemish on your history (criminal, credit, eviction) = nearly impossible to find a place to rent**
  - *“I had a lot of trouble finding a place because I have an eviction notice on my record. I didn’t pay my rent because my ceiling caved in. ... I just didn’t pay. Even though I eventually paid in full and have all the paperwork, the eviction still makes it hard for me to find a place to live.”*
  - *“I have a criminal background and can’t find housing.”*

# Rental 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%)




# Rental 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)
- Gap would be worse had the supply of deeply subsidized units not increased. Proportion of units affordable to <\$20,000 households (4%) stayed the same as in 2008 despite a growth in poverty.

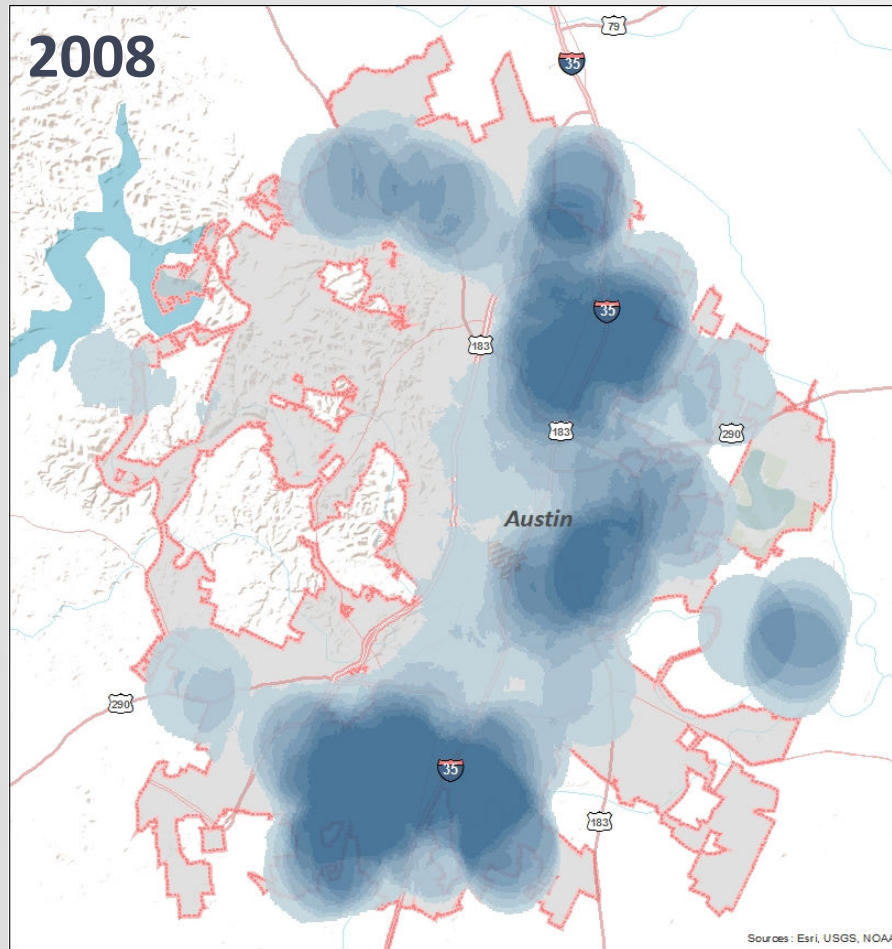
# Homeownership affordability

- Despite rise in prices, falling interest rates have made homes to buy *more affordable* than in 2008
- But geography of affordable homes has changed

Affordability in 2008 (5% down and 6.5% int rate)				Affordability in 2013 (5% down and 4.5% int rate)			What if interest rates hadn't changed?  	Possible Affordability in 2013 (5% down and 6.5% int rate)		
Affordable Home Price	Affordable Homes in the Market (No. and %)			Affordable Home Price	Affordable Homes in the Market (No. and %)			Affordable Home Price	Affordable Homes in the Market (No. and %)	
Households earning less than \$35,000	\$113,000	803	6%	\$129,000	1,189	8%		\$113,000	752	5%
Households earning less than \$50,000	\$160,000	2,651	21%	\$183,000	3,515	24%	\$160,000	2,357	16%	
Households earning less than \$75,000	\$240,000	6,107	49%	\$274,000	7,366	51%	\$240,000	6,163	43%	

# Change in affordability

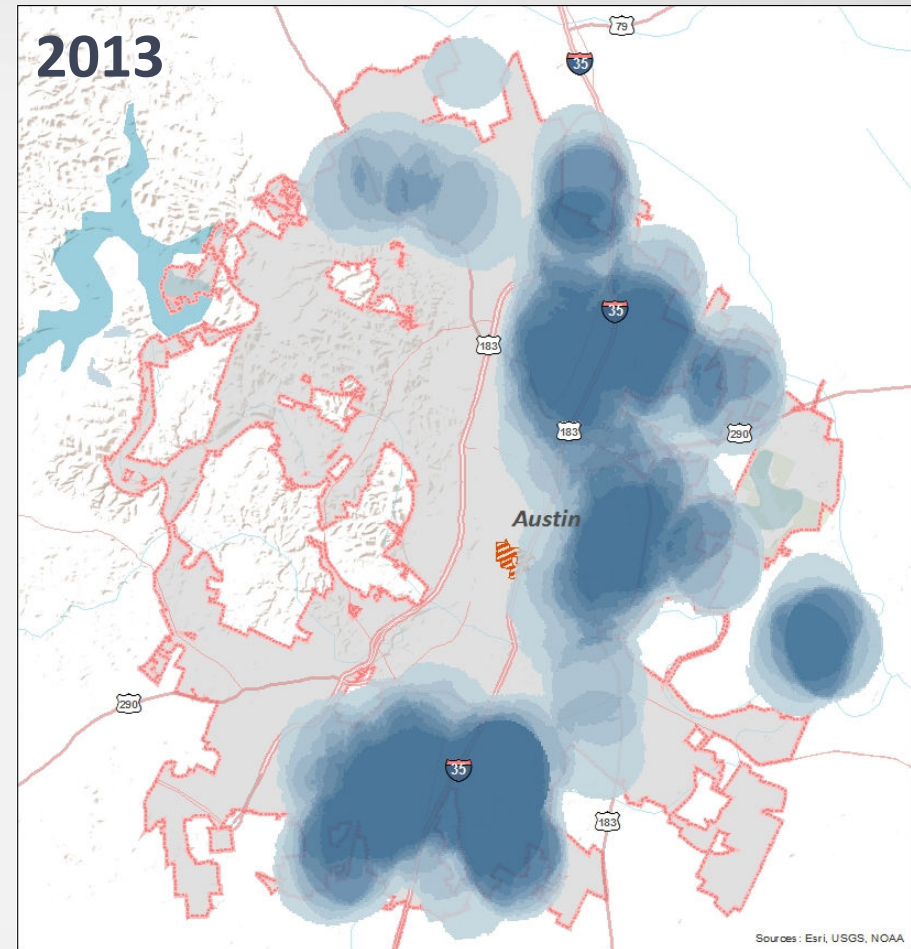
0% to 80% of 2008 MFI



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

Low Density  
Moderate Density  
High Density

University of Texas  
Austin City Boundary

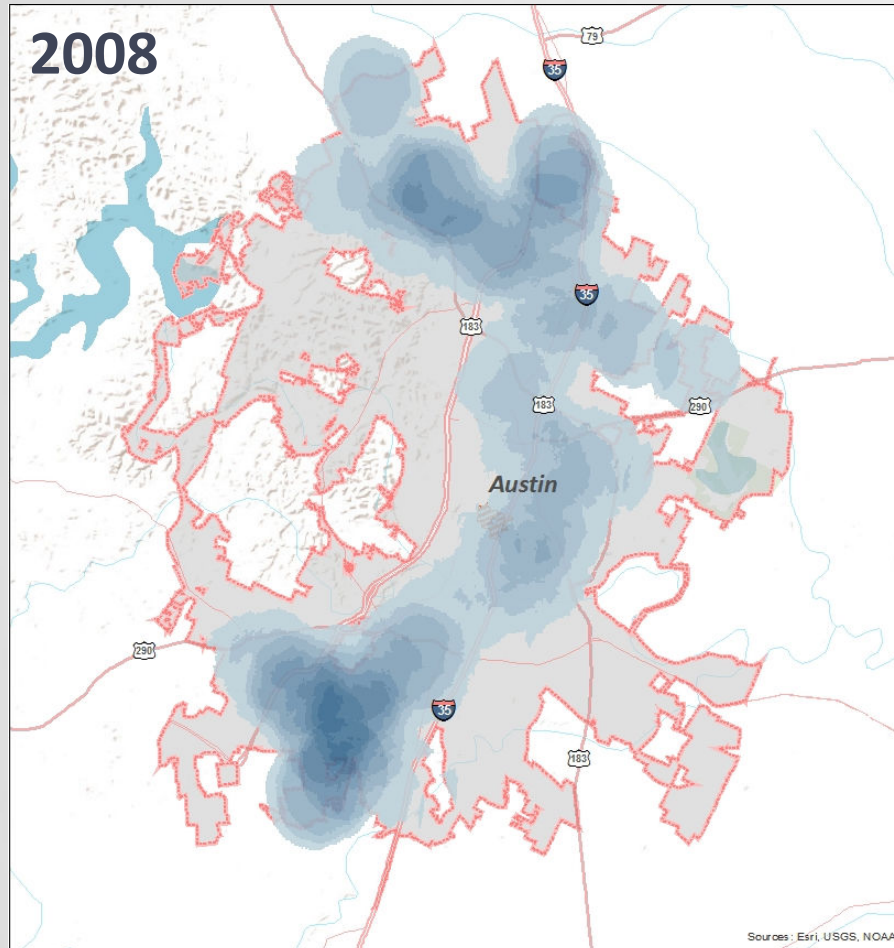


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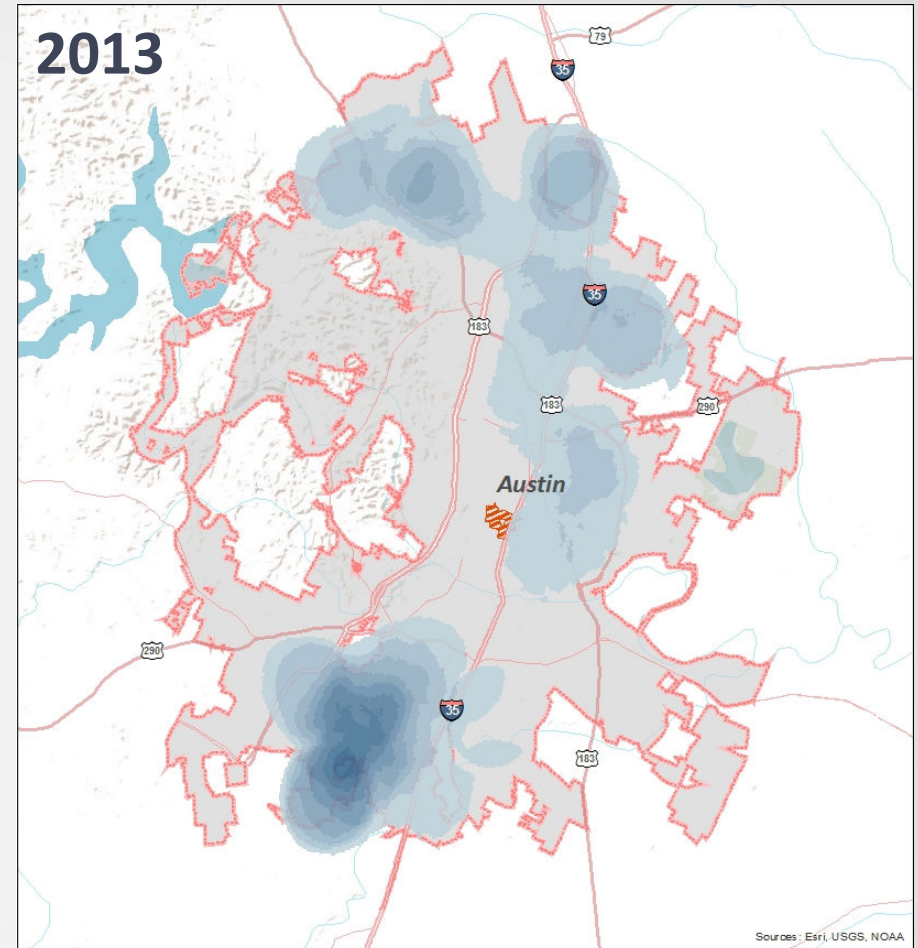
# Change in affordability 81% to 95% of 2008 MFI



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)

Low Density  
Moderate Density  
High Density

University of Texas  
Austin City Boundary



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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# Housing market affordability

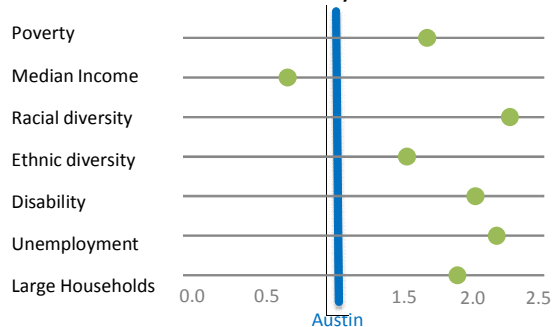
- **Housing Market Study (HMS) included zip code level model with equity and affordability indicators**

# Housing market data

## AUSTIN ZIP CODE XXXXX

### Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



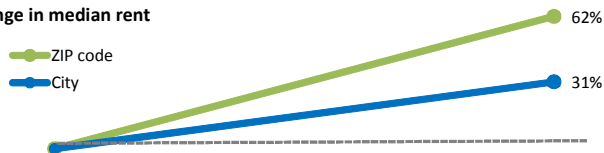
**Income balance:** does this ZIP code have a healthy mix of incomes?

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

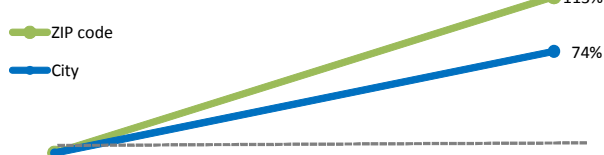
### Is this ZIP code at risk of gentrification?

*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 barriers

**Persons with disabilities and some racial and ethnic minorities are disproportionately affected by gap in affordable housing. This is because:**

- Poverty rates are higher (31% African American, Hispanic residents; 29% persons with disabilities)
- Housing discrimination

# Housing barriers

- **Lack of affordable housing citywide contributes to protected class concentrations**
  - Racial and ethnic minorities make up 81% of residents in high poverty, racially/ethnically concentrated areas v. 23% of overall population
- **Concentrated areas have aging community amenities, lower performing schools, high rates of unemployment and crime. Lack of opportunity for protected classes influenced by lack of code enforcement and city funding of infrastructure and amenities**
- **City efforts to create affordable housing are limited by state law. The city's efforts may not produce units that benefit protected classes. Units may not be distributed throughout the city**
- **Overly complex land use regulations may limit housing choice (multifamily site area minimums, ADU limits, compatibility standards, neighborhood plans)**

# Housing barriers

Private practices contribute to housing barriers through:

- Noncompliance with fair housing accessibility requirements (source: complaint data, lawsuits)
- Unreasonable look back periods, complicated rental agreements (stakeholder and resident input)
- Much higher rates of mortgage loan denials (HMDA analysis)
- Steering of prospective homebuyers to certain neighborhoods (resident input)



# Recommendations to address affordability and housing barriers

- Adopt regulatory fixes now to provide greater incentives for <80% MFI housing and family units in high opportunity areas
- Examine impact of city housing subsidies (e.g., density bonuses) on protected classes
- Make better use of publicly-owned land and land banking to produce needed housing
- Implement Homestead Preservation Districts in gentrifying areas to make use of state-allowed inclusionary zoning tools

# Recommendations, continued

- Work with public housing providers to test programs enabling persons with disabilities to locate in areas close to transit and services. Use of small area rents to expand housing choice
- Improve builder compliance with fair housing accessibility rules (training, dedicated inspector)
- In city-funded projects require reasonable look back period and acceptance of voucher holders
- Improve information available on housing choice
- Conduct matched-paired testing to better understand private sector barriers and determine solutions
- Correct health and safety deficiencies in housing stock maintenance and examine police response time in concentrated areas
- Expand access to public parks in concentrated areas
- Work with surrounding communities to examine fair housing barriers on a regional level

# Discussion/Questions?