



## Reclaiming Affordability In Today's Austin

Liveable City Board Presenters:

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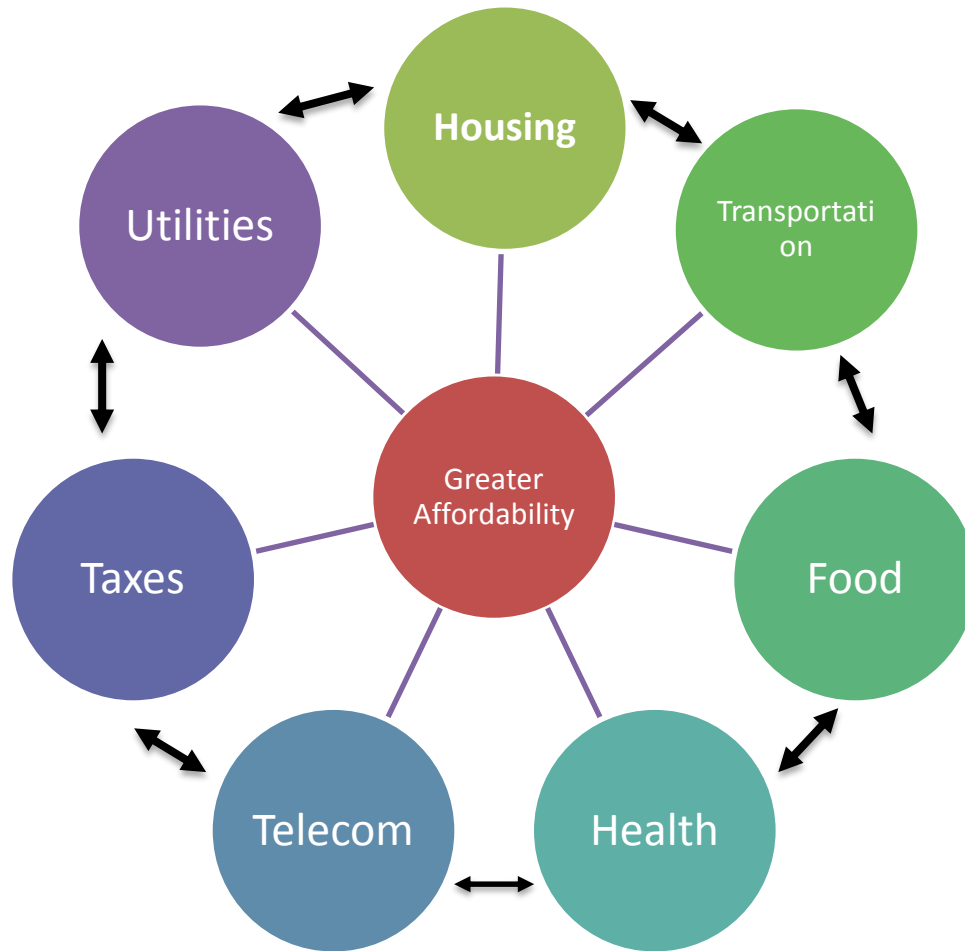
Catharine Echols



- Our 2002 Quality of Life Survey identified affordability as a major issue, since then Liveable City has engaged in multiple efforts to better understand Austin's affordability challenges
- After a multi-year effort, Liveable City plans to release a report, *Reclaiming Affordability In Today's Austin* in April

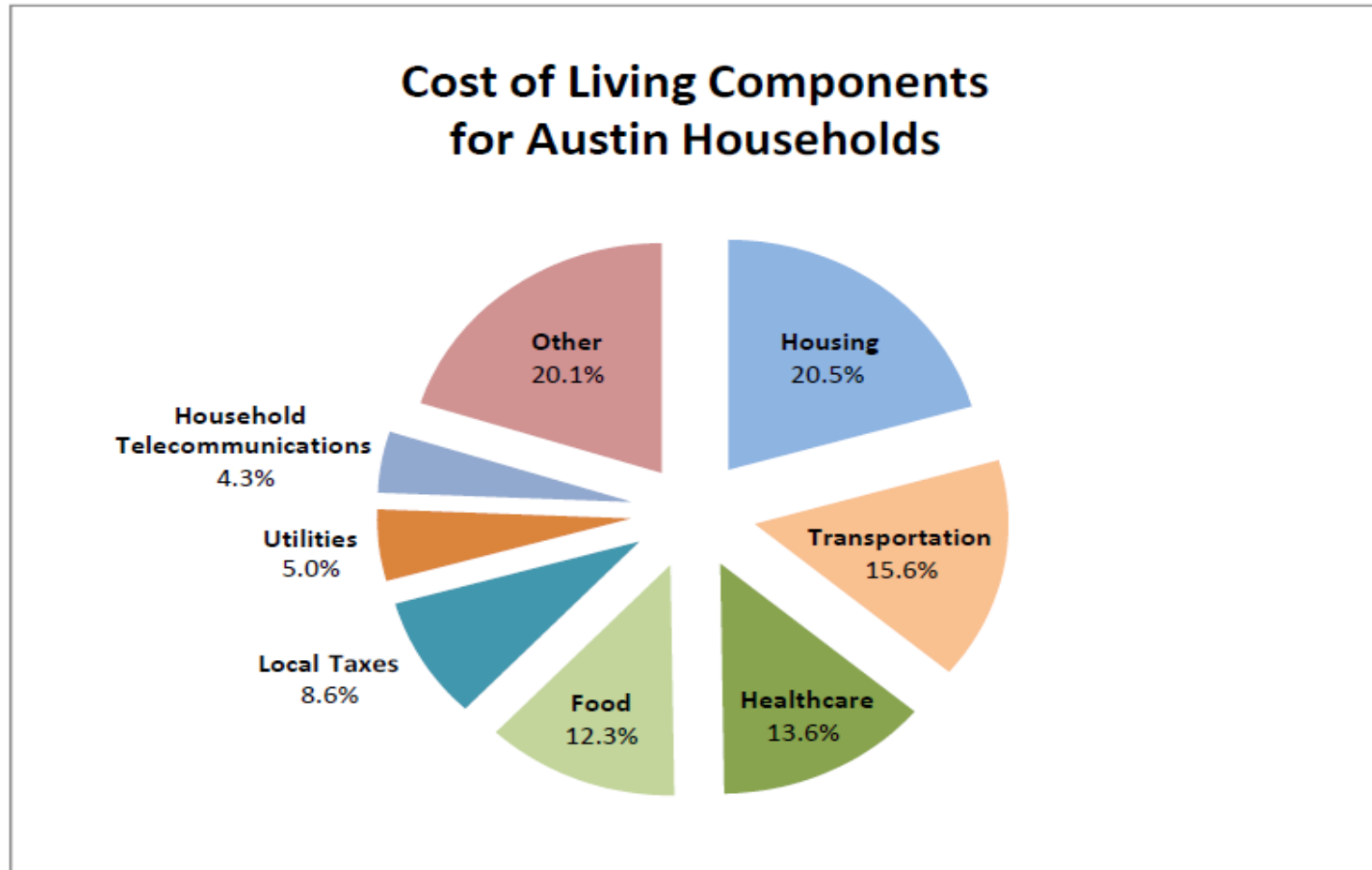


## Progress on Affordability Requires Reducing Individual *and* Interrelated Costs of Living



Example :  
Minimize (Housing + Transportation +  
Energy and Water + Taxes) for middle  
and lower income households

# Focus on Seven Areas of Household Expenses



# The Tax Burden Increase

- Accounting for inflation, budget and tax increases largely driven by needs to provide services to a growing population.
- Big Issue: Highly regressive character of state and local taxes in Texas
- As the region grows, the costs of growth fall disproportionately on low and middle-income residents.
  - Property rich, income poor homeowners
  - Renters



# Low Tax Burden for the Top 40%, High Burden for the Bottom 40%

*Total State and Local Taxes as a Share of Income*

Income Quartile	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
CALIFORNIA	10.6%	9.2%	8.2%	7.6%	7.4%	8.7%	8.8%
MASSACHUSETTS	10.0%	9.8%	9.3%	8.7%	7.6%	7.3%	4.9%
TEXAS	12.6%	10.4%	8.6%	7.4%	6.1%	4.8%	3.2%

Source: Institute on Taxation & Economic Policy, 2103

# Local Actions -Taxes

- Aggressively push for **equalization of residential and commercial property appraisals** and **monitoring of property valuations** by the Travis Central Appraisal District.
- Review city tax incentive policies to determine:
  - **whether a moratorium is warranted** given the area's current booming economic growth.
  - how public incentives could be targeted to **promote living wage jobs for unemployed or underemployed low-income** workers.
- Focus on **Rate Reductions** versus Share of Property Value Exemptions

## Build Local Coalitions to Reform State Tax Structures

- Pursue four key **changes in state law** as priorities for the 2017 legislative session:
  - require **disclosure of current sales prices** of residential and commercial properties
  - allow a **flat dollar amount homestead exemption for all local taxing entities**, rather a percentage-value exemption
  - establish a **circuit-breaker provision** that directs reimbursement **if property tax bills exceed a specified % of income**



# HOUSING AFFORDABILITY

- Shift in affordable locations within the region, with major impacts on low income households
- *The challenge:*
  - Preventing large scale displacement of low income households
  - Creating more inclusive patterns of growth/redevelopment

## Segregation rating



## Preserve access:

Strategically preserve aging rental housing in key locations in Austin.

## Prioritize long-term affordability:

Community land trusts, cooperative ownership models

### ACTION STEPS:

#### *AFFORDABLE HOUSING PLAN*

- Set corridor goals, link to Imagine Austin

- Prioritize CLTs, Coops

#### *PRESERVATION 'STRIKE FUND'*

- Support building the fund

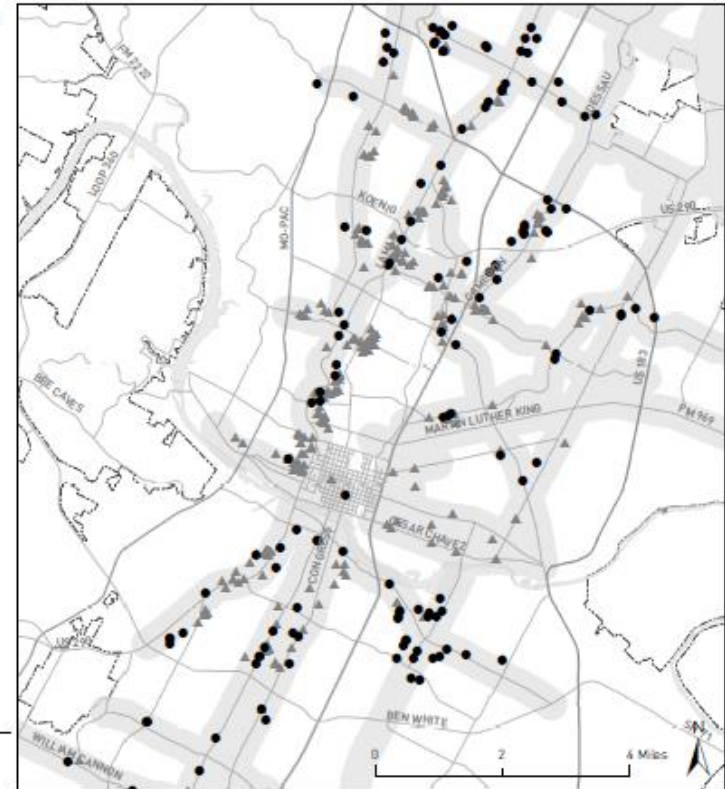
#### Class C Apartments in Transit Corridors

Inclusive Corridors Project | Austin, TX

Area of Analysis: Central Austin



Created by: Sara McLamagham | Spring 2014  
Data Source: City of Austin GIS Data, TCAD  
NAD 1983 StatePlane Texas Central FIPS 4203 (US Feet)



Increase housing options for a range of household types, across the city.

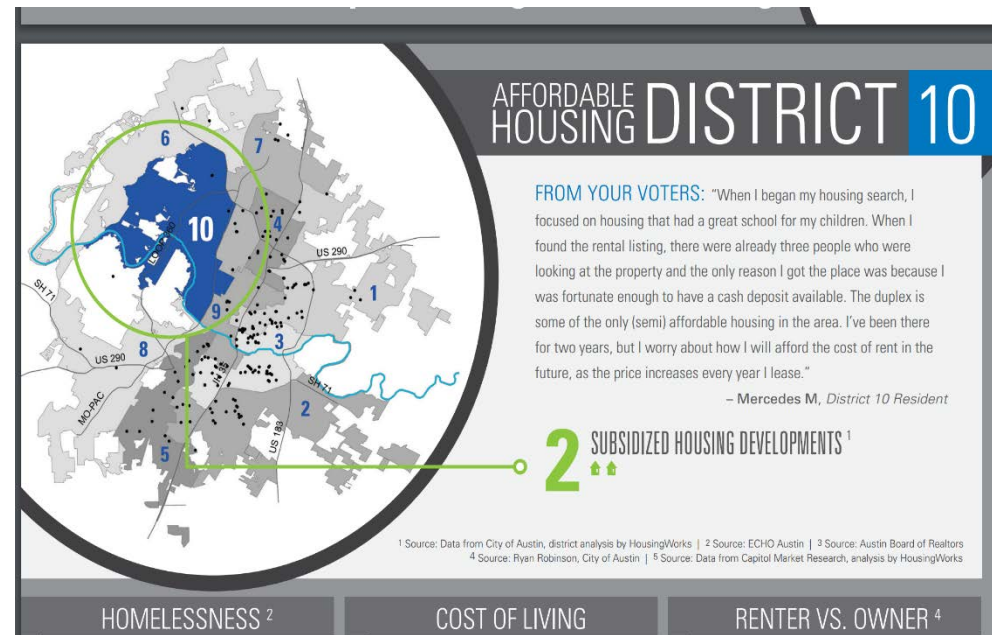
## ACTION STEPS:

### *CODENEXT*

- Increase ability to develop more 'missing middle' housing adjacent to centers and corridors
- Increase housing diversity in new subdivisions

### *AFFORDABLE HOUSING PLAN*

- Prioritize family housing near good schools





## Prioritizing Transportation Options Is Key to Affordability

For most residents, transportation is the second highest household expense after housing.

“Conventional [transportation] planning, generally has given little consideration to affordability” *Litman*



# Lower Income Working Families Spend a Greater Percentage of Incomes for Transportation

Transportation costs burden lower income working families more because they must travel greater distances due to the lack of affordable housing.

- The lack of affordable transportation limits job opportunities, social inclusion and access to basic services including healthy food.
- “Commuting time has emerged as the single strongest factor in the odds of escaping poverty. The longer the commute, the lower the chance of low income families moving up the ladder”.
- Total vehicle ownership cost is much more than gas.

# State and Local Governments Drive Transportation Costs Through Funding Decisions

- The CAMPO 2040 Regional Plan estimated at \$35.1 billion over 25 years assumes \$11.8 billion from local sources - \$2.8 billion from City of Austin.
- Key projects include the *proposal to modify sections of IH-35 through Hays, Travis and Williamson County at the cost of \$4.3 billion.*
- With these plans, *the vast majority of funds are directed toward expanding and extending roadways, leaving few dollars available for more affordable transportation options.*

# Increase Transportation Options to Decrease Household Costs

- Retaining transportation affordability means limiting the overall cost households bear for transportation to access basic goods and activities such as medical care, shopping, education, work and recreation.
- Households are *transportation burdened* when they spend more than 20% of their income on transportation. Spending more than 45% on transportation and housing combined is extremely cost burdened.
- *In communities with a wide variety of transportation options and connected land uses (such as housing near transit and jobs), transportation costs can be as low as 10% of household income.*

# Transportation Affordability: Key Recommendation

*Develop a comprehensive 21st century Transportation Plan for Austin that prioritizes transportation options and incorporates the full range of tools to improve mobility, accessibility and affordability.*

The City of Austin should create a new transportation vision and plan that

- transforms how we think about mobility in the region;
- integrates the full range of mobility options with land use and housing;
- establishes clear goals and measures for equity and affordability, such as reducing transportation cost burdens for low-income residents;

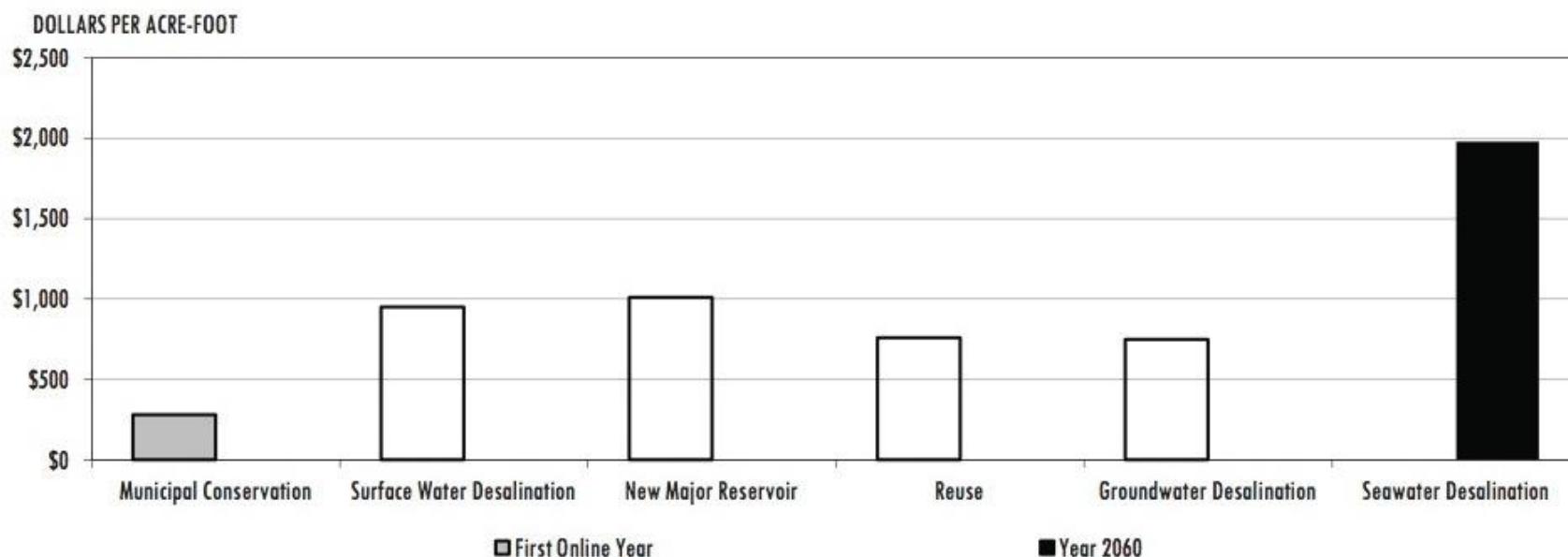


## Water, Energy and Affordability

- Utility bills 5% of living expenses on average; higher for low income households
- AE rates up by 7% since 2012; AWU rates by 13% last year alone
- Austin's ownership of electric and water utilities helps pay for core services and valued programs
- Challenge: keep utility bills in check and meet future demand, while benefitting from public ownership

# Conservation is the most cost-effective means of meeting water supply

**ANNUAL AVERAGE COST OF WATER MANAGEMENT STRATEGIES (DOLLARS PER ACRE-FOOT), FISCAL YEAR 2012**

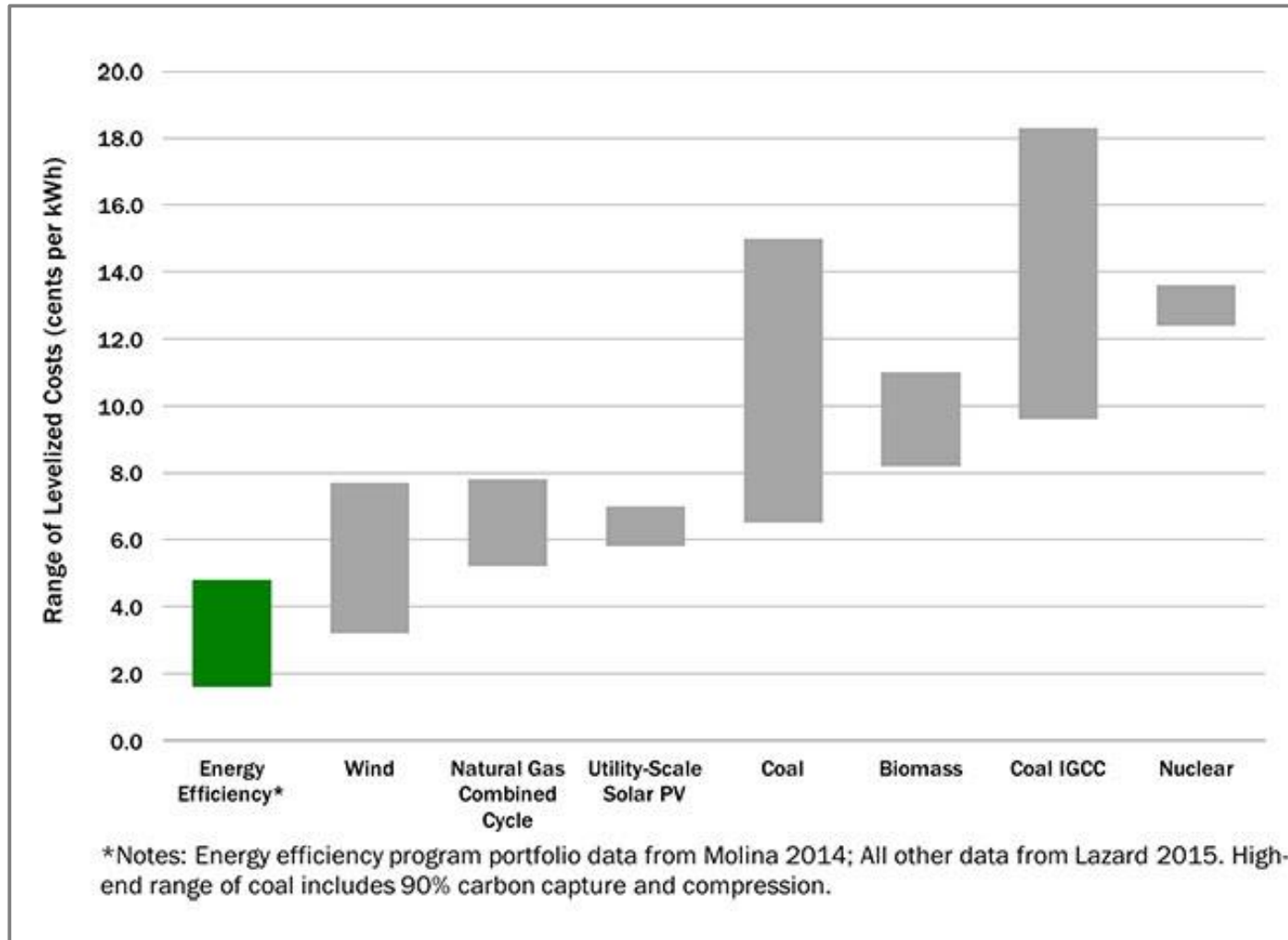


Source: Legislative Budget Board, 2012

## Austin's contract with LCRA makes conservation more urgent

- Austin pre-paid LCRA \$100 mill. for water in 1999; no additional payments up to 201,000 ac ft / year
- Once Austin hits trigger, must pay for ALL water at current price – \$10-15 million increase / year
- Water from another source, e.g. Carrizo Wilcox, counts towards the trigger
- Reclaimed water, greywater, and conservation do NOT count towards the trigger

# Efficiency the most cost-effective means of meeting energy supply



## Austin Energy's conservation programs help keep bills in check

- Policy: keep AE rates in lower 50% of utilities within ERCOT – currently a bit over
- But average *bills* are lower than almost all other large utilities -- due to conservation & efficiency
- Benefits of AE programs need to be extended to renters – landlords have no incentive to invest in conservation

# Recommendations:

- Conservation first: rebates for weatherization & HVAC, solar, turf grass replacement, rainwater harvesting, etc.
- Preserve tiered rate structure with 'lifeline rate' to assure everyone can meet basic needs
- Expand reclaimed water, greywater, and
- Make new subdivisions water and energy misers via built-in solar, rainwater, greywater, AC condensate, etc
- Extend benefits into multi-family

# Health

Health-related costs, coupled with income lost due to illness/injury, can be devastating.

Health insurance can be unaffordable, especially for those in the “health insurance gap.”

Wait lists for affordable mental health and substance abuse treatment are long.

# Health Recommendations

1. Create a comprehensive partnership to achieve 100 % health insurance coverage.
  - a. Expand health insurance outreach and enrollment assistance
  - b. Engage schools in ensuring that children eligible for CHIP are enrolled



# Health recommendations

2. Strengthen, expand and promote access to affordable preventive health care.
  - a. Expand school-based health services into the community.
  - b. Co-locate mental health services with medical clinics.



# Health recommendations

3. Employ the CodeNext process to ensure a healthful built environment.

