Austin Strategic Housing Plan

City Council Briefing
March 23, 2017
Austin Strategic Housing Plan

Presentation Highlights

• Background
• Community Engagement
• Methodology for Setting Goals and Targets
• Measuring Performance
• Next Steps
Strategic Housing Plan Development Timeline

- **Fall 2015**: Staff Introduces Housing Plan Concept
- **Spring 2016**: Community Engagement to Identify Values
- **June 2016**: Presentation of June draft to Council Housing Committee
- **Summer 2016**: Further Public Engagement on Draft
- **Fall 2016**: Presentation of updated Plan to public; Council Housing Committee
- **Spring 2017**: Planning Commission Review & Potential City Council Adoption of Housing Plan as Amendment to Imagine Austin
Definitions of Affordable Housing and Household Affordability

Affordable Housing:

Housing in which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs and no more than 45 percent of his or her income including transportation.

Definition from the U.S. Department of Housing and Urban Development (HUD)

Imagine Austin Household Affordability (Priority Program #6):

Household affordability is about the costs of housing, utilities, taxes and transportation.

Definition from Imagine Austin Comprehensive Plan

<table>
<thead>
<tr>
<th>Median Family Income</th>
<th>1 Person Household</th>
<th>4 Person Household</th>
<th>Affordable Monthly Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>$16,350</td>
<td>$24,300</td>
<td>$408-$607</td>
</tr>
<tr>
<td>50%</td>
<td>$27,250</td>
<td>$38,900</td>
<td>$681-$972</td>
</tr>
<tr>
<td>80%</td>
<td>$43,600</td>
<td>$62,250</td>
<td>$1,090-$1,556</td>
</tr>
</tbody>
</table>

Per HUD as of March 2016 for the Austin-Round Rock Metropolitan Statistical Area (MSA)
Background
What is a Strategic Housing Plan?

• A roadmap with specific strategies and actions that will position the City of Austin to establish and reach **numerical goals** for affordable housing.

**Examples:**
Importance of a Strategic Housing Plan

*A Housing Plan will align resources, specify strategies, and clarify the community’s role in achieving the shared vision for the future. A Plan can:*

- Identify aggressive strategies to address fair housing.
- Preserve Austin’s identity and culture as a city.
- Create affordable housing for residents along the whole income spectrum.
- Provide housing options closer to jobs and infrastructure to address Austin’s traffic, quality of life, and environmental quality.
- Apply a data-driven planning approach that guides housing policies responsive growth pressures.
55% of Austin
Households are Renters
(183,000 households)

33% earn less than $25,000 annually
(60,000 households)

10% of rental units are
affordable (19,000 housing units)

GAP of 41,000 units
48,000 with 2014 rents

Source: 2014 Comprehensive Housing Market Study; BBC Research and Consulting
Increasing Affordable Ownership Opportunities

*Land Development Code drives results*

45% of Austin Households are Homeowners
(148,000 households)

Renters earning $<50,000
- 20% detached
- 42% attached

Renters earning $<75,000
- 47% detached
- 66% attached

Source: 2014 Comprehensive Housing Market Study; BBC Research and Consulting
Community Engagement
Engagement Designed for 
*Diverse Outreach*

Stakeholders were engaged at various:

- Senior Centers
- Libraries
- Faith Based Communities
- Community Centers
- Neighborhood Associations
- Universities and Schools
Methods and Avenues for Outreach

11,000+ Web site Views

1,572 Survey Responses*

433 Meeting Attendees

30 Community Meetings

14 Boards & Commission Meetings & Presentations

6 Email Blasts

5 Media Stories, including ATXN

*Includes both statistically significant and open surveys
Objective of Community Meetings

Discussions about:

• Key proposed strategies being explored to address affordability

• Attendees provided their thoughts about proposed strategies and concerns they might have

• Additional feedback was collected on other strategies to address affordability and how they might or might not address specific housing needs in Austin

• Opportunities for additional feedback on the Draft Plan
Statistically Significant Survey Results
(English and Spanish)
What we heard: Feedback on June DRAFT Plan

- Add additional detail whenever possible
- Break down goals by median family income (MFI)
- Explain methodology of how goals were established
- Prioritize actions/strategies, noting which ones will have the biggest impact
- Highlight how the plan implements Imagine Austin
- Align goals with a geography (Council Districts, Neighborhoods) other than zip codes

All comments received on the June 6, 2016 Draft Plan are included in appendix E: www.austintexas.gov/housingplan
Actions Taken to Respond to Feedback

Changes to Goals:

✓ Broke down affordable housing goals by median family income (MFI) categories

✓ Aligned housing goals with city council districts instead of zip codes

✓ Increased housing goals based on regional growth rate

✓ Provided detailed methodology of how housing goals were established

✓ Set home repair goals
Actions Taken to Respond to Feedback

Additional Detail:

✓ Highlighted how the plan implements Imagine Austin and how CodeNEXT can help implement the plan

✓ Added implementation matrix to denote high impact actions, policymaking required, lead partners and estimated timeframes

✓ Detailed past efforts to increase Austin’s supply of affordable housing, including success stories from Austin

✓ Included information about the importance of preservation of older housing stock and production of new housing (both subsidized and unsubsidized)

✓ Included strategies to reduce large household expenses (in addition to transportation costs)

✓ Added information about public housing authorities
Methodology for Setting Goals and Targets
Austin’s Unique Challenges

• **Rental Gap:** Significant need (48,000 units) for deeply affordable rental units (primarily those renting for less than $500/month) for renters earning <$25,000 per year

• **Geographic Dispersion:** Geographically limited housing opportunities:
  • Affordable rentals are scarce west of I-35
  • Homes to buy for <$250,000 concentrated in northeast, far south and southeast Austin

• **Resident Displacement:** Rising housing costs in some neighborhoods causing long-time residents to seek more affordable housing elsewhere

• **Linking Housing and Transit:** A growing need for affordable housing near transit and services to:
  • Enable seniors to age in place
  • Provide a wider array of housing choices for persons with disabilities
  • Mitigate the financial impact of rising transportation costs
Wages Flat, Home Prices and Rents Rising Fast

Source: National Association of Homebuilders (NAHB), Austin Opportunity Index, and Austin Investor Interests Data (2006-2016)
Lack of Deeply Affordable Rental Units Forces Low Income Households to Compete for Housing

![Bar chart showing the number of households at different income levels and the estimated occupied housing units affordable at each income level. The chart indicates that low income households are stretching financially to rent more expensive units.](source: 2014 ACS Census; Austin Balanced Housing Model, Fregonese & Associates, 2016)
Cost of the Affordable Rental Housing Gap

Cost of closing Austin’s Affordable Housing Gap Today ≈ $6.48 Billion for 48,000 unit gap

Cost of closing Austin’s Affordable Housing Gap 2025 ≈ $11.18 Billion

- Calculation: $135,000 (estimated construction cost) x 48,000 units = $6.48 billion.
- Calculation: $164,430 (estimated construction costs in 2015 dollars) x 68,000 units (continued rate of increase from 2008 through 2014) = $11.18 billion.
- Does not include land costs.
Community Housing Goals Methodology

**STEP 1:** Multiply the 2015 City of Austin Total Housing stock by the 2025 MSA Population Percent Change. This shows the number of new housing units that need to be added to keep pace with population growth.

\[
397,637 \times 34\% = 135,197
\]

- **2015 # Housing Units (City of Austin)**
- **2025 MSA Population % Change (est.)**
- **2025 # New Housing Units Needed to Keep Pace with Population Growth**

<table>
<thead>
<tr>
<th>MFI Range</th>
<th>Income Ranges</th>
<th>Percent of Households by MFI Range*</th>
<th>2025 # New Housing Units Needed by MFI Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30% MFI</td>
<td>&lt; $22,600</td>
<td>16.58%</td>
<td>22,417</td>
</tr>
<tr>
<td>31-60% MFI</td>
<td>$22,601-$45,240</td>
<td>18.46%</td>
<td>24,963</td>
</tr>
<tr>
<td>61-80% MFI</td>
<td>$45,241-$60,300</td>
<td>11.70%</td>
<td>15,822</td>
</tr>
</tbody>
</table>

**0-80% MFI Unit Goal**

Rounded 60,000

**STEP 2:** Proportionally distribute the number of new units needed to keep pace with population growth by the percent of Austin households at various income levels.

<table>
<thead>
<tr>
<th>MFI Range</th>
<th>Income Ranges</th>
<th>Percent of Households by MFI Range*</th>
<th>2025 # New Housing Units Needed by MFI Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>81-120% MFI</td>
<td>$63,301-$90,480</td>
<td>19.20%</td>
<td>25,959</td>
</tr>
<tr>
<td>121%+ MFI</td>
<td>$90,481+</td>
<td>34.05%</td>
<td>46,037</td>
</tr>
</tbody>
</table>

**81% + MFI Unit Goal**

Rounded 75,000
Proposed 10 Year Community Housing Goals

135,000 Housing Units in 10 Years:
60,000 at 80% MFI and below; and 75,000 at 80% MFI and above
Holistic Approach to Affordable Housing

**Preserve**
- Maintain existing homes affordable to community members

**Produce**
- Increase overall housing supply at all income levels

- Acquire and rehabilitate affordable homes at-risk
- Advance new home ownership models
- Create supportive financing environment
- Simplify regulations
- Use available public land for affordable housing
- Expand funding at all levels
- Adopt proven policies
Community Values Identified Through Stakeholder Process

Prevent Households From Being Priced Out of Austin

Foster Equitable Communities

Invest in Housing for Those Most in Need

Create New and Affordable Housing Choices for All Austinites in All Parts of Austin

Help Austinites Reduce their Household Costs
Proposed 10 Year **Community** Housing Goals

- **Housing Near Transit:** At least 75% of new housing should be within ½ mile of Imagine Austin Centers & Corridors.

- **Prioritized Preservation:** Preserve 10,000 affordable housing units over 10 years.

- **Permanent Supportive Housing:** Produce 50 Permanent Supportive Housing (PSH) units each year through 2018, with half of those units (25) being Housing First.

- **Each City Council District should contain:**
  - **Establish a 10% rental housing goal:** At least 10% of rental housing units that are affordable to households earning at or below 30% Median Family Income (MFI) ($24,300 or less for a 4 person household in 2016);
  
  **and**

  - **Establish a 25% ownership housing goal:** At least 25% of ownership housing units that are affordable to households earning at or below 120% Median Family Income (MFI) ($93,360 or less for a 4 person household in 2016).
Strategy to Achieve 60,000 Affordable Units in 10 Years

- **New Affordable Housing Bond Program**: Under development
- **HACA/Austin Affordable Housing Corporation**: May receive reduction in federal funding
- **Density Bonus Programs**: Currently being recalibrated under CodeNEXT
- **Austin Housing Trust Fund**: Includes increased funding directed by Council
- **2013 Affordable Housing Bond Program**: Currently being expended
- **Federal Funds**: May receive reduction in federal funding
- **Other Tools**: All other tools described in the Austin Strategic Housing Plan

Year values in parenthesis denote the anticipated affordability period for each mechanism.
Measuring Performance
Measuring the Community’s Progress

EXAMPLE: CITY OF BOSTON

Narratives will Clearly Explain:

• Why each goal is important
• How the City of Austin measures the goal
• What progress the City of Austin and the Community are making toward each goal

Links will provide:

• Public access to the data
• Additional information on specific programs
Next Steps

**March 28:** Planning Commission for recommendation to Adopt Plan as Amendment to Imagine Austin

**April 6:** Austin City Council Meeting
- Austin City Council Public Hearing;
- Recommendation for Council Action (RCA) to Adopt Plan as an Amendment to Imagine Austin

**Dec 31 annually:** Report to Mayor and Council, public aligned with the department Consolidated Annual Performance & Evaluation Review report
Discussion

Neighborhood Housing and Community Development Department
512.974.3100
www.austintexas.gov/housingplan