



FINAL
Subject to
Approval of
Council and
HUD

CITY OF AUSTIN, TEXAS
2000-2005
CONSOLIDATED PLAN



000803-28

August 2000

DRAFT

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Goals & Strategies, 2000-2005

and FY 2000/2001 Proposed Budget Allocations



The City of Austin's Consolidated Plan, 2000-2005 is the culmination of an extensive analysis of Austin's demographic changes, its housing and community development needs, current resources to meet those needs, and continuing impediments to fair housing. The citizens of Austin were instrumental in developing this plan. Seventy-four people testified at seven public hearings or sent written comments, 535 responded to a needs survey, and 61 service providers attended stakeholder meetings. Increasing affordable housing was the primary concern of the public.

Driven by a vibrant economy, the Austin area population has nearly doubled since 1990, yet the supply of affordable housing has not kept pace. Without intervention, the supply of new single-family homes priced under \$90,000 will fall short of demand by more than 300 homes in the year 2000 alone. First-time homebuyers earning 80 percent of the area's median family income still find it difficult to purchase and maintain a home without savings or financial assistance from family. Those earning 50 percent of the median income — about \$27,700 for a family of four — find it virtually impossible to purchase the median-priced home.

As homeownership becomes less affordable, the demand for affordable rental housing increases and continues to exceed demand. The vacancy rate has dropped below 3 percent. Demand for nearly 2,600 units priced between \$376 and \$625 per month will go unmet over the next five years. Currently, families earning 30 percent of the median income cannot afford a market-rate unit of any size, let alone an apartment suitable for a families with children. Of households earning 50 percent of the median income, only those who are single can afford a suitably-sized unit — a studio or one-bedroom.

The lack of supply of homes and apartments is impacting those at other stages of the housing continuum. Nearly 2,300 families are waiting for a public housing unit to become available, and another 2,100 families are on the waiting list for Section 8 certificates and vouchers. Families often wait more than a year for short-term transitional housing to become available, and the two primary providers of emergency shelter are turning away significant numbers of women and children for lack of space. Disabled residents also face a critical shortage of affordable and accessible housing.

Rising housing prices; the lack of affordable buildable land; regulatory impediments in the form of fees, permitting delays and zoning processes; housing discrimination based particularly on disability and on race; and new federal lead-based paint abatement regulations all pose serious barriers to increasing the supply of safe, affordable and accessible housing.

Through a citizen survey process, Austin residents echoed the critical need for affordable rental and homeownership housing but also highlighted the need for affordable child care, including child care for those with disabilities, and the need to expand youth programs.

The City of Austin's Neighborhood Housing and Community Development Office (NHCD) has established priorities, goals and strategies for the next five years based on this housing

Goals & Strategies, 2000-2005

and FY 2000/2001 Proposed Budget Allocations

market analysis, the citizen survey results, meetings with community development stakeholders, consultations with key community institutions, input received at public hearings and during a 30-day public comment period. The following housing and community development goals and strategies will drive NHCD's work for the next five years:

Goal 1 Create/Retain 5,000 Affordable Units Annually by 2005

Strategies:

- Link housing services through a continuum from homelessness to homeownership
- Increase the supply of affordable, adaptable, accessible units, particularly rental units
- Retain affordable housing stock through rehabilitation and construction programs
- Increase nonfederal resources in order to create and retain more affordable housing units
- Facilitate regulatory reform to reduce institutional barriers to housing development
- Expand the capacity of nonprofit housing developers

Goal 2 Create/Preserve 250 Jobs, Primarily for Low/Moderate Income Residents

Goal 3 Revitalize East 11th and 12th Street Corridor

Strategies:

- Increase capital available to small businesses & micro-enterprises for startup & expansion
- Amend the Consolidated Plan in FY2001-02 to reflect the Long-term Strategic Plan for Regional Minority Economic Development, to be received by October 2000.
- Strengthen workforce development efforts
- Continue active involvement in the Austin/Travis County Welfare-to-Work Coalition and monitor progress of the GreaterAustin@Work Initiative to inform NHCD workforce development efforts.

Goal 4 Increase Opportunities for Self-Sufficiency

Strategies:

- Expand resources to increase the supply of affordable, high-quality child care
- Collaborate with other City Departments to expand availability of youth programs
- Support efforts to improve delivery of services to neighborhoods
- Continue efforts to strengthen Fair Housing enforcement

Secondary Goals NHCD will also work toward the following two administrative goals

- a. NHCD will exceed the U.S. Department of Housing and Urban Development's spending requirements for participating jurisdictions. That is, NHCD will hold no more than 1.5 of its annual CDBG allocation in its line of credit, and federal funds will be expended within three years of award.

-
- b. All funds committed and expended meet regulatory requirements, resulting in no repayment of federal funds due to the lack of internal and compliance control and 100 percent of contractors will comply with City and federal regulations.

Strategies:

- NHCD will implement the monitoring plan detailed in Section V.

NHCD anticipates having the following resources for use during fiscal year 2000/2001:

<u>Program</u>	<u>Federal Resources</u>
Community Development Block Grant (CDBG)	\$8,093,000
HOME Investment Partnership Grant (HOME)	3,147,000
Emergency Shelter Grant (ESG)	287,000
Housing Opportunities for Persons With AIDS (HOPWA)	<u>787,000</u>
TOTAL FEDERAL RESOURCES	\$12,314,000

Additional resources include local Housing Trust Fund (HTF), housing bond activity, and funds generated by programs of the Austin Housing Finance Corporation (AHFC).

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2000-2005 Consolidated Plan

Executive Summary

Goals & Strategies, 2000-2005 and FY 2000/2001 Proposed Budget Allocations

Goal 1: Create or Retain 5,000 Affordable Units Annually by 2005.

FY 2000/01				
	Program Level	Jobs/ Persons	Units/ Businesses	Lots
A. Low and Moderate Income Renters				
<i>Increase the supply of affordable, adaptable and accessible units, particularly rental units.</i>				
<i>for example:</i>				
1. Rental Housing.....	\$6,676,761	-	610	167
2. Housing Multi-family Bonds.....	\$20,000,000	-	560	-
B. Low and Moderate Income Homeowners				
<i>Increase the supply of affordable, visitable units; Retain affordable housing stock through rehabilitation and construction programs; Increase nonfederal resources in order to create and retain more affordable housing units.</i>				
<i>for example:</i>				
1. First-Time Homebuyer.....	\$5,454,287	400	40	167
2. Owner-occupied Assistance.....	\$3,440,619	-	784	-
3. Housing Single-family/MCC Bonds.....	\$25,600,000	-	46	-
C. Homeless and "At-Risk" of Homelessness				
<i>Expand the capacity and services for longer term shelter needs; increase transitional housing opportunities; prevent homelessness through timely intervention; and empower low-income persons in federally assisted and public housing to achieve self-sufficiency</i>				
<i>for example:</i>				
1. Assisted Housing.....	\$1,237,939	348	20	-
2. Homeless/Emergency Shelters.....	\$280,000	828	-	-
D. Accessible / Adaptable Housing				
<i>Increase housing units that are accessible; educate landlords and subrecipients about accessibility laws / ordinances; and promote voluntary adaptability for all new housing construction.</i>				
<i>for example:</i>				
1. Architectural Barrier Removal.....	\$1,000,000	531	-	-
2. Voluntary Compliance.....	\$105,000	-	-	-

FY 2000/01

**Goal 2:
Create or
Preserve 250
Jobs by 2005**

A. Economic Development

Stimulate job opportunities for low- and very-low income persons; increase capital available to small business and micro-enterprises for startup and expansion.

for example:

1. Small Business Development.....	\$1,334,718	73	80	-
2. Commercial Revitalization.....	\$822,543	-	**	-
3. Neighborhood Services.....	\$1,588,820	15,704	-	-
4. Public Facilities.....	\$3,128,118	5,117	-	-

**Goal 3:
Revitalize
East 11th
and 12th
Streets**

A. Revitalize East 11th and 12th Streets

Support the redevelopment of a discrete area within one of Austin's most culturally rich and economically distressed neighborhoods.

for example:

1. Commercial Revitalization.....	\$822,543	-	**	-
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**Goal 4:
Increase
Opportunities
for Self-
Sufficiency**

A. Expand Resources to Increase Childcare Supply

Support citywide efforts to increase childcare services for Austin's low-moderate income families.

for example:

1. Child Care Services.....	\$650,000	211	-	-
2. Child Care Center (El Buen Pastor).....	\$125,000	117	-	-

B. Collaborate with Other City Departments to Expand Availability of Youth Programs

Promote the expansion of the City's at-risk youth programs supported by the Parks and Recreation Department.

for example:

1. Youth Support Services.....	243,813	533	-	-
2. Millennium Youth Center (debt service).....	540,654	5,000	-	-

C. Support Efforts to Improve Delivery of Services to Neighborhoods

for example:

1. Neighborhood Support Services.....	\$254,061	3,000	-	-
2. English as a Second Language.....	\$50,000	350	-	-
3. Housing Information and Referral.....	\$55,946	10,800	-	-
4. Senior Services.....	\$80,000	180	-	-

D. Continue Efforts to Strengthen Fair Housing Enforcement

Provide monitoring and enforcement services to the community that promote equitable and fair access to housing for all of Austin's residents.

for example:

1. Fair Housing Counseling.....	\$255,000	630	-	-
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**ARA plans to develop 10,000 square feet of office space.

2000-2005 Consolidated Plan

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Section I



Introduction

2000-2005 Consolidated Plan

Purpose



The Consolidated Plan, 2000-2005, presents a coordinated approach for addressing Austin's housing and community development needs. The plan describes community needs, resources, priorities, and proposed activities to be undertaken with certain federal grant funds. The City of Austin combined quantitative analyses of the needs of Austin's low and moderate-income residents with substantial input from residents, business owners, community leaders, and service providers to determine how to use these resources most effectively.

This plan was developed under the guidelines established by the U. S. Department of Housing and Urban Development (HUD) and it serves as the application for four formula grant programs. The grant programs include:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships (HOME)
- Emergency Shelter Grants (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)

All funding recommendations for and programs operated with these funds will be judged based on their ability to help the City meet the goals and priorities established in this plan. The City wishes to thank the more than 900 Austin residents who participated in this process. It is our hope that this Plan will result in helping our families and neighborhoods to work more effectively together and thrive in the years ahead.

National Goals Federal law requires that housing and community development grant funds primarily benefit low and moderate-income persons in accordance with the following HUD goals:

Provide a suitable living environment.

This includes improving the safety and livability of neighborhoods; increasing access to quality facilities and services; reducing the isolation of income groups within areas by deconcentrating housing opportunities and revitalizing deteriorating neighborhoods; restoring and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons; and conserving energy resources.

Provide decent housing.

Included within this broad goal are the following: assist homeless persons in obtaining affordable housing; retain the affordable housing stock; increase the availability of permanent housing that is affordable to low and moderate-income Americans without discrimination; and increase supportive housing that includes structural features and services to enable persons with special needs to live in dignity.

Expand economic opportunities.

Within this goal are creating jobs accessible to low- and very low-income persons; providing access to credit for community development that promotes long-term economic and social viability; and empowering low-income persons in federally assisted and public housing to achieve self-sufficiency.

City of Austin Goals

The City of Austin's vision is to be the most livable community in the country. The mission of the City's Neighborhood Housing and Community Development (NHCD) Office—the primary administrator of Austin's HUD funding—is to provide housing, community, and small business development services to benefit eligible residents, so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency. In order to do this, NHCD established the following goals for 2000-2005 for both housing production, community development and for NHCD's administration operations:

- Create or retain 5,000 units of reasonably priced housing annually by 2005
- Create or retain 250 jobs by 2005, primarily for low to moderate income residents
- Revitalize East 11th and 12th Streets
- Increase opportunities for self sufficiency
- NHCD will exceed the U.S. Department of HUD's spending requirement for participatory jurisdictions
 - NHCD will hold no more than 1.5 its annual CDBG allocation in its line of credit
 - Federal funds will be expended within three years of award.
- All funds committed and expended meet regulatory regs.
 - No repayment of federal funds due to lack of internal and compliance controls
 - 100% of contractors are in compliance with city and federal regs.

Key Participants



The housing and community development delivery system in Austin is composed of a number of complementary components. This section describes the primary institutions and organizations of that system. Many of these organizations participated in the development of the Consolidated Plan, 2000-2005. The City's Neighborhood Housing and Community Development Office is the primary author of this Plan. Any questions regarding the community needs assessment or other aspects of the Consolidated Plan should be directed to the Neighborhood Housing and Community Development Office, 512-499-3125, 512-499-3102 (TDD).

Key Contributors

Four other organizations provided significant input into the Consolidated Plan under contract to NHCD. They are.

- ADAPT (Americans Disabled for Attendant Programs Today) for an assessment of the needs of disabled residents;
- Capitol Market Research for an analysis of Austin's housing market;
- Diana McIver & Associates for a review and analysis of fair housing issues (the complete report, An Analysis of Impediments to Fair Housing Choice in the City of Austin, published June 2000).
- LBJ School of Public Affairs, University of Texas at Austin for development and coordination of citizen surveys and stakeholder meetings.

Public Sector Partners

City of Austin

- Neighborhood Housing and Community Development Office. NHCD administers the four federal block grant programs covered by this plan. NHCD contracts with the local health department to manage programs through the Emergency Shelter Grant (ESG) and Housing Opportunities for People with AIDS (HOPWA) programs. NHCD also provides substantial funding to the Austin Housing Finance Corporation, which is co-located with NHCD. NHCD is the author of the Consolidated Plan.
- Housing Authority of the City of Austin. HACA is a federally subsidized agency providing housing to very low-income Austin residents. It operates both public housing and Section 8 rental assistance vouchers or certificates. HACA partners with a variety of public, nonprofit and private organizations to provide residents with educational and job training programs as they move toward economic self-sufficiency.

City/County Governance

- Austin/Travis County Health and Human Services Department. ATCHHS provides public health, primary care, social and environmental health services for the residents of Travis County. ATCHHS manages approximately \$1.1 million in federal funds under contract to

Key Participants

NHCD to serve the homeless and people living with HIV/AIDS in Austin. ATCHHS' planning and research office also provides annual assessments of community needs.

- **Austin/Travis County Mental Health and Mental Retardation Center.** ATCMHMR provides community-based mental health, mental retardation, and substance abuse services to severely disabled adults and children who are most in need of assistance. ATCMHMR provides a comprehensive array of services including information and referral, psychiatric evaluation, 24-hour crisis intervention, medication support, inpatient treatment, employment and vocational services, case coordination, family support and respite care, housing and supported living and residential services. Moreover, ATCMHMR provides mobile services to clients in homes, on the streets, and at other community sites.
- **Housing Authority of Travis County.** HATC is a federally subsidized agency that provides housing to very low income Austin residents. HATC's mission is to promote adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination.

Coordinating Organizations

- **Austin Area Comprehensive HIV Planning Council.** The Council determines service needs, sets priorities, and allocates available funds for the purchase of specific HIV-related services for HIV-positive clients and their family. The Austin/Travis County HHS administers those funds. The HIV Planning Council reviews and makes recommendations to HHS on the City's proposed allocation of Housing Opportunities for People with AIDS funding.
- **Community Action Network.** CAN, a private/public partnership of thirteen major community organizations, is committed to Austin-Travis County becoming a healthy, safe, educated, and compassionate community where people work together to achieve their full potential. CAN has the unique mission of engaging the community in a planning process that coordinates and optimizes public, private and individual assets and actions to achieve sustainable solutions to health, human and social issues. Task forces are created for key community issues. *The CAN Working Group on Affordable Housing*, in partnership with the Greater Austin Chamber of Commerce and the City of Austin, released "Through the Roof: A Report on Affordable Homes in Austin" in August 1999. The report explains Austin's lack of affordable housing and the impact it has on the region; it also makes recommendations on how to address the issue. *The CAN Homeless Task Force*, established by the City Council in 1996, is a standing committee focused on planning and building consensus around the prevention of homelessness and how to help those who are homeless achieve maximum self-sufficiency.
- **Community Development Commission (CDC)** The Austin City Council appoints members of the community to the CDC. The 17-member CDC reviews and makes recommendations to Council on the annual allocation of Community Development Block Grant and Home Investment Partnerships monies.

Nonprofit Organizations

Austin has a network of community-based nonprofit organizations that provide a range of housing and economic development assistance to area residents in need. NHCD contracts with numerous nonprofits to provide housing assistance from emergency home repair to new construction for rent or purchase, credit counseling, and gap financing. NHCD also supports numerous organizations that promote economic and community development in low and moderate-income neighborhoods. One of these organizations is the Austin Community Development Corporation (ACDC), a key source of alternative financing for small businesses in low-income areas. ACDC was created within NHCD in 1995 and became an independent organization in 1997.

Additionally, the Greater Austin Chamber of Commerce and the minority Chambers of Commerce serve the African-American, Hispanic and Asian communities and work with NHCD throughout the year to improve services to low and moderate income residents.

Private Sector Partners

A number of for-profit homebuilders, contractors, and developers work directly with NHCD and the Austin Housing Finance Corporation to create or retain affordable housing in Austin.

State Agencies

- **Texas Department of Housing and Community Affairs.** TDHCA administers numerous programs that support affordable housing and community development activities in the State. The State Low Income Housing Tax Credit program and bond programs have created more than 1,000 affordable rental apartments in Austin.

Public Participation and Process



The U.S. Department of Housing and Urban Development (HUD) requires that citizens have opportunities to review and comment on the local jurisdiction's plans to allocate HUD funds. The City considers it the right of all citizens to be informed about and have the opportunity to comment on the use of public funds. Austin's Citizen Participation Plan (CPP) provides information about how residents, institutions, businesses, and community organizations may participate in the development of the City's Consolidated Plan and related documents. The CPP applies to five areas of planning for the City of Austin's use of federal housing and community development monies: (1) the development of the five-year Consolidated Plan; (2) each annual Action Plan; (3) each annual performance report; (4) substantial amendments to a Consolidated Plan and/or Action Plan; and (5) amendments to the CPP, itself. Copies of Austin's Citizen Participation Plan are available from NHCD.

Consolidated Plan

The Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for community development actions. Citizen participation is a critical part, including developing and amending the plan as well as reporting on program performance. Stakeholder meetings, public hearings, citizen surveys and opportunities to provide written comment are all a part of this strategy. The City makes special efforts to solicit the views of citizens who reside in the designated CDBG-priority neighborhoods of Austin and to encourage the participation of all citizens including minorities, the non-English speaking population, and persons with disabilities.

HUD requires that the public have opportunities to participate in the development of Consolidated Plans through consultations with community institutions, two City Council public hearings, and a thirty-day written comment period. The City of Austin provides further opportunities by meeting with stakeholders, conducting citizen surveys, and holding five additional public hearings with the Community Development Commission. The public is notified of these activities through English and Spanish advertisements in local newspapers, announcements on the City's cable-access Channel 6, and flyers in neighborhood centers and at local public housing authority offices. The steps for public participation in the five-year Consolidated Plan follow:

1. **Consultations with Other Community Institutions.** In developing the Consolidated Plan, the City consulted with other public and private agencies that either provide or have direct impact on the broad range of housing, health, and social services needed by Austin residents. The purpose of these meetings is to gather information and data from established community institutions. The City sought specific input to identify the needs of homeless persons, persons with HIV/AIDS and their families, and persons with disabilities and other special needs. NHCD staff held a total of ten consultations with appropriate agencies. From December 1999 through March 2000, meetings were held to discuss lead-based paint hazards and the needs of various at-risk populations, including the homeless, people living with HIV/AIDS, the disabled, the mentally ill, and public housing residents. Staff also met with homebuilders and developers and city staff to discuss housing development. Consultations with officials

from Round Rock were held in July 2000 regarding non-housing community development issues.

2. Stakeholder meetings. Seven meetings were held in February and March 2000 with those organizations and businesses that receive HUD funding or have interest in those funds to inform City staff further on the housing, community and economic development needs of the community, specifically low and moderate-income residents. Nonprofit and private organizations that could deliver services identified in the Consolidated Plan were also invited to participate. The topics discussed were: emergency shelter/transitional housing, public and assisted housing, rental housing, first-time homebuyers, owner-occupied housing, economic development, and public services.
3. Citizen Surveys. From February 5 to March 5, 2000, citizen survey boards were placed in 18 locations throughout the City to solicit input from community residents on the needs in housing, community development and social services. NHCD received 535 surveys in response. The results are discussed in detail in Appendix A.
4. Community Development Commission Public Hearings. A total of seven public hearings at both City Council and the Community Development Commission (CDC) meetings will be held during the development of the Consolidated Plan. The CDC held four public hearings on February 8 and February 15, 2000 to gather information on community needs from citizens. Over 100 citizens attended these hearings, and 68 testified on the needs or on behalf of specific programs or providers. Notification of CDC public hearings appeared in the Austin American Statesman on January 24, 2000, El Mundo on January 27, 2000 and The Capitol Times on January 20, 2000. The CDC held its fifth and final hearing on May 9, 2000 at the Housing Authority of the City of Austin. Notification for this final hearing appeared in The Capitol Times on April 20, 2000, the Austin American Statesman on April 21, 2000 and La Prensa on April 24, 2000.
5. Written Comments. NHCD staff combined public input with quantitative analyses to prepare a draft Consolidated Plan, which also includes the proposed allocation of first-year funding. From May 5 to June 5, 2000 the draft Consolidated Plan was made available to the public for written comments. The public could review the draft plan at the main library, neighborhood centers, NHCD, local public housing authorities, and on the City's web page. Notification of availability of the draft appeared in the Austin American Statesman on April 25, 2000, La Prensa on April 24, 2000 and The Villager on April 28, 2000.
6. City Council Hearings. Texas State law requires that two public hearings be held with the City Council to receive oral public comments. These hearings were held on May 11 and May 18, 2000. Notification appeared in the Austin American Statesman on April 21, 2000, The Capitol Times on April 20, 2000 and La Prensa on April 24, 2000.
7. Final Action on the Consolidated Plan. All written or oral testimony provided was considered in preparing the final Consolidated Plan. A summary of testimony received and the City's reasons for accepting or not accepting the comments is at Appendix D. The CDC made final recommendations to the City Council on the Consolidated Plan at their July 11, 2000 meeting. All materials were provided to the City Council in advance of their meeting on

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Public Participation and Process

August 3, 2000. With Council approval, the Plan will be submitted to HUD no later than August 15, 2000.

Action Plan

Each year the City must submit an annual Action Plan to HUD, reporting on how that year's funding allocation will be used to achieve the goals outlined in the five-year Consolidated Plan. NHCD staff will gather input from citizens and stakeholders and prepare the draft Action Plan. The CDC shall hold two initial public hearings to receive citizen input on the City's performance report for the preceding year and the proposed Action Plan, including funding allocations. The hearings will provide the Commission and NHCD staff with the public's perspective on Austin's housing and community development needs. A draft Action Plan will be available for 30 days for public comment after reasonable notice to the public is given. During this comment period, the City Council shall conduct two public hearings to receive oral public comment on the draft Action Plan. The CDC shall meet again to make final recommendations to Council before final action by the City Council is taken. When approved by Council, the Action Plan will be submitted to HUD. The 2001 Action Plan was developed during the five-year consolidated plan process.

Substantial Amendments to Consolidated/Action Plan

Recognizing that changes may be necessary to the Consolidated Plan and Action Plan after approval, HUD allows for "substantial amendments" to plans. Criteria for determining what constitutes a substantial amendment are largely left to the local jurisdiction. Federal law requires only that citizen participation be incorporated and that any change from one CDBG-eligible category to another are deemed substantial. Changes in funding allocation for other HUD grant programs received by the City of Austin — HOME, ESG, and HOPWA — are not subject to public review and comment under HUD requirements. Notification of any change in funding allocations, however, must be provided to the CDC and the City Council.

The City of Austin defines a substantial amendment as:

- A proposed use of CDBG funds that does not address a need identified in the governing Consolidated or Action Plan; or
- A change in the use of CDBG funds from one eligible category to another. An eligible activity is defined as economic development, public facilities, housing or public services.
- A cumulative change in the use of CDBG funds within an eligible category that involves more than a 10 percent increase or decrease in a program's funding for any given year.

In the event that there are substantial amendments to the governing Consolidated or Action Plan, the City will draft the amendment and after reasonable notice make the draft amendment available for 30 days of written public comment. The City will publish, in English and Spanish, a brief summary of the proposed substantial amendment(s) and identify where the amendment(s) may be viewed. Copies will be made available to the public upon request. During the 30-day

comment period, the City Council shall receive oral comments in two public hearings. The CDC shall meet to make recommendations to Council prior to its final action. If adopted, the public will be notified of the final amendment(s) through an advertisement in local newspapers.

Consolidated Annual Performance and Evaluation Report (CAPER)

The City is required to submit annually by December 30 a CAPER to HUD that describes the City's progress in meeting the goals in the Consolidated Plan. NHCD staff prepares the draft CAPER. The CAPER is available for 15 days of written public comment. The City will notify the public through advertisements in at least one newspaper of general circulation as well as newspapers that target minority and special needs populations. The final CAPER and public comments will then be submitted to HUD. The CAPER and public comments will be presented at one of the initial CDC public hearings on the proposed Action Plan for the subsequent fiscal year.

Amendments to Citizen Participation Plan

In the event that changes to the Citizen Participation Plan are necessary, the NHCD staff shall draft them. After reasonable notice, these will be available to the public for 15 days of written comment. The CDC and City Council shall each hold a public hearing to receive oral public comments on the proposed change. The CDC will make recommendations to Council prior to final Council action. If Council revises the CPP, an advertisement shall be included in local newspapers notifying the public of the change.

Complaints

Written complaints may be directed to the City with regard to any HUD program or activity. Whenever possible, a timely, written, and substantive response to the complainant will be prepared within 15 working days of receipt of the complaint by the appropriate department. If a response cannot be prepared within the 15-day period, the complainant will be notified of the approximate date a response will be provided. Written complaints must clearly state the complainant's name, address, and zip code. A daytime telephone number should also be included in the event further information or clarification is needed. Complaints should be addressed as follows:

For CDBG or HOME programs, correspondence should be addressed to:

Mr. Paul Hilgers, Community Development Officer
 Neighborhood Housing and Community Development Office
 City of Austin
 505 Barton Springs Road, Suite 600
 Austin, Texas 78704

Public Participation and Process

For ESG or HOPWA programs, correspondence should be addressed to:

Mr. David Lurie, Director
Health and Human Services Department
City of Austin
2100 E. St. Elmo Street, Building 30-E
Austin, Texas 78744

With a copy sent to Mr. Paul Hilgers at the above address.

If the response is not sufficient, an appeal may be directed to the City Manager, and a written response will be provided within 30 days. An appeal should be addressed as follows:

Mr. Jesus Garza
City Manager
City of Austin
P.O. Box 1088
Austin, Texas 78767

Accomplishments for 1995-2000 Consolidated Plan

Below are the numeric goals that were set during the Consolidated Plan, 1995-2000 process and what has been achieved during the first four years of that planning cycle. Full descriptions of the accomplishments for all five program years will be included in the Consolidated Annual Performance and Evaluation Report (CAPER) to be released in December 2000.

NHCD Production Goals, 1995-2000 and Accomplishments through FY 1998/99

Goal	5 Year Goal	Year 1 (FY 1995/96) Accomplishments	Year 1 Percentage of Total	Year 2 (FY 1996/97) Accompl.	Year 2 Percentage of Total	Year 3 (FY 1997/98) Accompl.	Year 3 Percentage of Total	Year 4 (FY 1998/99) Accompl.	Year 4 Percentage of Total	Years 1-4 Total Accompl.	Years 1-4 Percent of Total
Rental Housing	1,056	169	16%	34	3%	334	32%	111	11%	648	61%
Owner Occupied Housing *	5,525	865	16%	1,256	23%	1,180	22%	1,594	29%	4,895	89%
Fair Housing Landlord/Tenant Mediations	550	102	19%	106	19%	104	19%	105	19%	417	76%
Jobs Created by Community Dev. Bank	250	35	14%	64	26%	124	50%	30	12%	253	101%
Jobs Created by NCMF	550	57	10%	41	8%	85	16%	0	0%	183	33%
Businesses Provided Technical Asst. **	300	7	2%	20	7%	215	72%	275	92%	517	172%

* Owner-occupied housing includes owner-occupied rehabilitation and first-time homebuyer assistance.

** Figures combine technical assistance provided through the Microenterprise Technical Assistance Program and the Small Minority Business Assistance Program.

Community Profile



Population Growth

The Austin metropolitan economy has become the envy of many urban areas across the country. Along with growing downtown development, a booming high tech sector and a highly educated workforce, the City continues to see remarkable population increases. The regional population increase, in part, reflects the high net migration into Texas. The state's population increased 19.4 percent between 1980 and 1990 and another 20.4 percent between 1990 and 2000, with most growth concentrated in the four major metropolitan areas, Dallas-Fort Worth, Houston, Austin and San Antonio. The three-county Austin metropolitan area accounted for 8.9 percent of the state's population growth between 1980 and 1990 and nearly 11 percent between 1990 and 2000, even though it had only 3.8 percent of the state's population in 1980. (The 1999 Austin MSA includes Bastrop and Caldwell as well as Travis, Hays and Williamson Counties).

Table 1.1

Population Increase by Location and Year, 1980-2000

Area	1980	1990	2000	Percent Change 1980-1990	Percent Change 1990-2000
Austin	345,109	465,577	642,994	34.9%	38.1%
Travis County	419,573	576,407	747,059	37.4%	29.6%
Austin MSA	536,688	781,572	1,161,796	45.6%	48.6%
Texas	14,229,191	16,986,510	20,454,074	19.4%	20.4%

Source: U.S. Bureau of Census, Population Census, Texas State Data Center, February 25, 2000

Travis County's population grew by 37.4 percent between 1980 and 1990 — sixty seven percent due to in-migration — and another 29.6 percent between 1990 and 2000. A very large proportion (76.8 percent) of the county's increase occurred within the City of Austin, contrary to the trends experienced by many other central cities around the country. Between 1990 and 2000 this trend accelerated — with portions of Travis County outside the City limits actually decreasing in population — due to the large number of apartment units built within the city of Austin and the outward migration of single family construction to Williamson and Hays Counties.

The City of Austin Planning and Environmental Conservation Services Department projects continued population and household increases in both Travis County and the City of Austin through 2010. Travis County is expected to increase by another 24 percent between 2000 and 2010, adding 348,963 persons and 146,692 households. Austin is expected to increase by another 25 percent, reaching a population of about 801,464 residents and 321,440 households by 2010. This translates into an annual increase of 6,394 households by 2010.

Table 1.2

Household Increase by Location and Year, 1990-2012

City of Austin	1990	2000	2010
Total Households	192,136	257,498	321,440
Percent Change		34.0%	24.8%
Total Population	465,577	642,994	801,464
Percent Change		38.1%	24.6%
Travis County			
Total Households	232,861	302,964	379,553
Percent Change		30.1%	25.3%
Total Population	576,407	747,059	925,370
Percent Change		29.6%	23.9%

Source: Department of Planning, City of Austin. "Population Forecast," January 2000

Texas State Data Center, Household Forecast By County, February 1998

Texas State Data Center, Population Forecast by County, February 1998

Employment and Economic Outlook

A vibrant economy has been the primary driver of Austin's remarkable growth. During the 1990s, broad-based leadership drove economic diversification. Expanding on its strong public sector and university base, the region has now become one of the country's leading technology centers, home to international vanguards in the electronics, software and hardware industries.

Table 1.3

Top 10 Employers in the Five-County Austin Region

Employer	Activity	Personnel
The University of Texas at Austin	Higher Education, Research and Public Service	20,277
Dell Computer Corporation	Computer Systems	19,500
Motorola, Inc.	Microprocessors	10,500
City of Austin	City Government	10,000
Austin Independent School District	Public Education	9,417
IBM Corporation	Electronic Circuit Cards, Hardware and Software for Personal Systems and Advanced Workstations	7,500
HEB Grocery Co.	Grocery Stores	7,500
Seton Healthcare Network	Healthcare Services	6,756
Internal Revenue Service/ Austin Center	Regional Processing of Federal Income Tax Returns	5,800
AMD	Integrated Circuits Manufacturing	4,300

Source: Greater Austin Chamber of Commerce

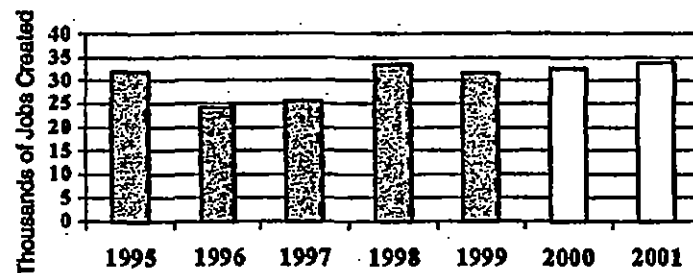
Community Profile

A thriving venture capital presence — investments of \$204 million in 1998 and \$736 million in 1999 — is spurring new startup activity. Growing wealth is boosting retail and construction activity. The above profile of Austin's top 10 employers speaks to this diversification.

Employment growth has consistently averaged over 5 percent each year since 1992. According to Angelou Economic Advisors, between 1990 and 1999 more than 240,000 new jobs were created in the region, and another 66,400 are anticipated by 2001. By January 2000 the region's unemployment rate had dropped to only 2.3 percent, less than half the unemployment rate across the state.

Chart 1.1

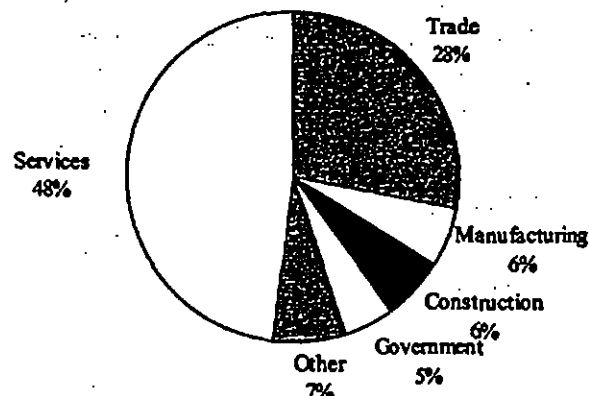
Austin MSA Job Creation & Projections



While 11 percent of all the new jobs in Texas since 1989 were created in Austin, 35 percent of all the state's new manufacturing jobs were created here. Still, nearly half of the 66,400 new jobs anticipated by 2001 are likely to be service sector jobs. Just over 37 percent of all the new jobs in the region will be related to the technology sector.

Chart 1.2

Austin MSA Forecasted New Jobs by Industry, 2000-01



Household Characteristics

The dramatic increase in the number of City households is due primarily to in-migration but also reflects a steady decline in household size - from 2.75 persons per household in 1960 to 2.33 in 1990. Other major changes in City households included a decline in the percentage of family households (related individuals living together) from 59 percent in 1980 to 55 percent in 1990. By 1990, nuclear families comprised only 41 percent of total households - three-quarters of which were married couples— while single persons living alone and individuals living in shared housing grew to more than a third of Austin households. Single persons living alone made up 34 percent of households, while those in shared housing stood at 4 percent by 1990.

Table 1.4

Household Type and Relationship, 1990

City of Austin

Household Type	1980	%	1990	%
Family	79,296	59.3%	105,416	54.9%
Non-Family	54,489	40.7%	86,720	45.1%
Total Households	133,785		192,136	
Living Alone	39,431	29.5%	65,440	34.1%
With Spouse	62,351	46.6%	78,576	40.9%
With Child	108,818	81.3%	122,068	63.5%
With Other Relative	Included above	0.0%	20,935	10.9%
With Nonrelatives	23,164	17.3%	7,648	4.0%
Persons in Group Quarters	16,991		18,042	

Source: U.S. Bureau of the Census, *Census of Population, 1990*

Age of Population

As of 1990, Austin was gradually becoming an older community. Since the 1960s, the percentage of households with children has declined while the number of adults in the City has increased. A lower birth rate and net increase in the number of persons in the work force has led to a decline in the percentage of children from 26 percent of Austin's population in 1970 to 20 percent in 1990. The nearly 200 percent increase in those aged 25 to 44 reflects, in large part, the aging of the Baby Boom generation.

The elderly population increased by 8,625 between 1980 and 1990. By 1990, 7.4 percent of Austin's population was over the age of 65. Since 1970, the number of persons over 85 years has increased by 150 percent. These growth trends are expected to accelerate dramatically as the "Baby Boom" generation ages.

Community Profile

Table 1.5

City of Austin Population by Age Group, 1960-1990

Age Group	1970	1980	1990	Change 70-90	% Change 70-90
0 - 4 Years	21,536	24,244	35,052	13,516	62.8%
5 - 14 Years	45,026	44,978	57,288	12,262	27.2%
15 - 24 Years	67,070	92,250	95,343	28,273	42.2%
25 - 44 Years	60,253	110,545	180,177	119,924	199.0%
45 - 64 Years	40,260	47,895	63,460	23,200	57.6%
65 - 74 Years	10,819	15,305	19,691	8,872	82.0%
75 - 84 Years	5,342	7,813	10,819	5,477	102.5%
95+ Years	1,502	2,513	3,747	2,245	149.5%
Total	251,808	345,544	465,577	213,769	84.9%
Median Age	24.0	26.1	28.9		

Source: U.S. Bureau of Census, Census of Population for Austin, TX

Disabled Demographic Profile

Residents With Disabilities

According to the 1990 Census, 76,184 Travis County residents or 17.3 percent of the County's population were living with a disability - slightly less than the national proportion; across the United States nearly 20 percent of the population—48.9 million people—have a disability of some kind.

In 1990 nearly half of the disabled residents of Travis County—approximately 36,686 persons or 8.3 percent of the County population—were living with a severe disability. (One is severely disabled if they are unable to perform, on their own, one or more activities of daily living, such as walking, bathing, dressing, cooking, getting in and out of bed, lifting light objects, and answering the phone, among others). As the Austin population as a whole has increased, the number of residents living with a severe disability grew significantly during the 1990s. The Texas Health and Human Services Commission estimates that 57,834 Travis County residents were living with a severe disabilities by 1999—an estimated 8.1 percent of the County population. The Commission estimates that number to be 59,060 residents in the year 2000.

Despite these Travis County estimates, no reliable current data exist on the number and location of people with disabilities in the City of Austin. The 1990 Census categorized people with a work disability and people with a mobility or self-care limitation. Each of these categories indicates whether a person has a health condition that has lasted for more than six months that has a) limited the kind or amount of work a person could do, b) limited the person's ability to

leave home alone, or c) made it difficult to take care of their own personal needs, such as *dressing or bathing*.

According to the 1990 Census, there were 23,491 people with a work disability; 9,905 people with mobility and/or self-care limitations; and 12,007 with both a work disability and a mobility or self-care limitation. This totals an unduplicated count of 45,403 people with reported disabilities in the City of Austin in 1990. Since many disabilities are hidden and not apparent to the public (e.g. mental illness, epilepsy) or, because of social stigma, are not disclosed on census data, it is generally agreed that census data underreport the number of people with disabilities.

Geographic Concentration

Based on tract-level census data, there were no concentrated areas of persons with a self-disclosed work disability and a mobility or self-care limitation in 1980 or in 1990. Exceptions include several census tracts that are home to institutional facilities for people with disabilities, such as the State Hospital (serving those with mental illness) and the Travis State School (serving those with developmental disabilities).

Age & Racial/Ethnic Distribution

Those with a disability in Travis County tended to be older than the population as whole. Over 30 percent of Travis County residents with a disability in 1999 were over age 65. Another 34 percent were between the ages of 45 and 64, and 29 percent were ages 22 to 44.

Travis County residents living with a disability represent significant racial and ethnic diversity. Just over 20 percent of Travis County residents with a disability in 1999 were Hispanic, and nearly 15 percent were African American.

Table 1.6

Estimated Travis County Population With a Severe Disability by Age & Racial/Ethnic Group, 1999

Age Group	Hispanic	Black (Non-Hispanic)	White & Other (Non-Hispanic)	Total by Age
0 - 21	1,027	617	1,895	3,539 (6.1%)
22 - 44	4,448	2,975	9,345	16,768 (29.0%)
45 - 54	2,287	1,403	5,873	9,562 (16.5%)
55 - 64	1,880	1,357	7,002	10,239 (17.7%)
65 and older	2,428	2,223	13,075	17,726 (30.6%)
Total	12,071 (20.9%)	8,574 (14.8%)	37,189 (64.3%)	57,834 (100%)

Source: Texas Health and Human Services Commission, Fiscal Policy and Research Division

Community Profile

Income Levels and Sources

Most of those living with a disability earn less than 50 percent of the area median income. Income is closely related to whether or not the disabled person is employed. Of those with disabilities who are able to work and want to work, 70 percent are unemployed. Nationally, less than one-third of the disabled aged 18 to 64 have jobs, compared with 76 percent of the population as whole. Whether or not a disabled individual is employed is generally related to the severity of the individual's disability.

Those who cannot work are likely to be living on some form of public assistance. According to the Social Security Administration, 7,676 of Travis County's disabled residents — about 13 percent of the residents with a serious disability — were on a fixed income from Supplemental Security Income (SSI) in December 1998. Many others were on fixed incomes from Social Security Disability Insurance (SSDI) or veteran's benefits.

Both of these sources of income are not only very difficult to obtain, but in the end, pay very little relative to the cost of housing in Austin. The Texas Disability Determination Services denied 70 percent of the 91,472 initial applications for SSI between October 1997 and September 1998. Those who do qualify receive an SSI payment of \$494 per individual per month (the equivalent of \$3.09 per hour). Those who qualify for SSDI receive anywhere from \$200 to \$1,000, depending on past work income. In Austin, SSI benefits are equal to only 17.4 percent of the median income.

Table 1.7

Austin MSA Population by Race & Ethnicity, 1980 - 2004

Racial/ Ethnic Group	1980		1990		1999		2004		1990- 1999 Change
Hispanic	94,367	17.6%	157,866	20.2%	295,422	26.1%	362,338	28.8%	87.1%
African American	49,523	9.2%	70,205	9.0%	104,611	9.2%	117,794	9.4%	49.0%
Asian	5903	1.1%	17,894	2.3%	32,390	2.9%	40,793	3.2%	81.0%
White/ Other	386,895	72.1%	535,607	68.5%	700,394	61.8%	737,507	58.6%	30.8%
Total	536,688	100%	781,572	100%	1,132,817	100%	1,258,432	100%	44.9%

Source: U.S Bureau of the Census, 1980-1999; 1999 & 2004 from Claritas

Race/ Ethnicity and Racial/Ethnic Concentration

The racial and ethnic diversity of the region is increasing. The Hispanic population across the metropolitan area more than tripled between 1980 and 1999, growing from 17.6 percent of the population in 1980 to 26.1 percent in 1999. The Hispanic population is expected to grow by another 66,916 persons to an estimated 28.8 percent of area residents by 2004. Note that all 2004 projections are based on estimates by Claritas, a national research and marketing firm, and should be considered only estimates until actual census data become available.

The African American population across the metropolitan area doubled between 1980 and 1999, continuing its share of the population at 9.2 percent. That proportion is expected to increase very slightly to an estimated 9.4 percent by 2004. Up from nearly 6,000 in 1980 to an estimated 32,390 in 1999, the Asian population is the second fastest growing minority group in the metropolitan area.

Table 1.8

City of Austin Population by Race & Ethnicity, 1980-1990

Racial/Ethnic Group	1980	%	1990	%	Change 80-90	% Change 80-90
Hispanic (all races)	64,227	18.6%	105,162	22.6%	56,472	24.3%
African American	42,112	12.2%	56,327	12.1%	14,215	33.8%
Asian & Pacific Island	3,641	1.1%	13,564	2.9%	9,923	272.5%
Native American	1,003	0.3%	1,305	0.3%	302	30.1%
Caucasian	231,956	67.2%	288,428	62.0%	40,935	63.7%
Other	2,170	0.6%	791	0.2%	(1,379)	(63.5%)
Total	345,109	100%	465,577	100%	120,468	34.9%

Source: U.S. Bureau of the Census, Census of Population, 1980-1990

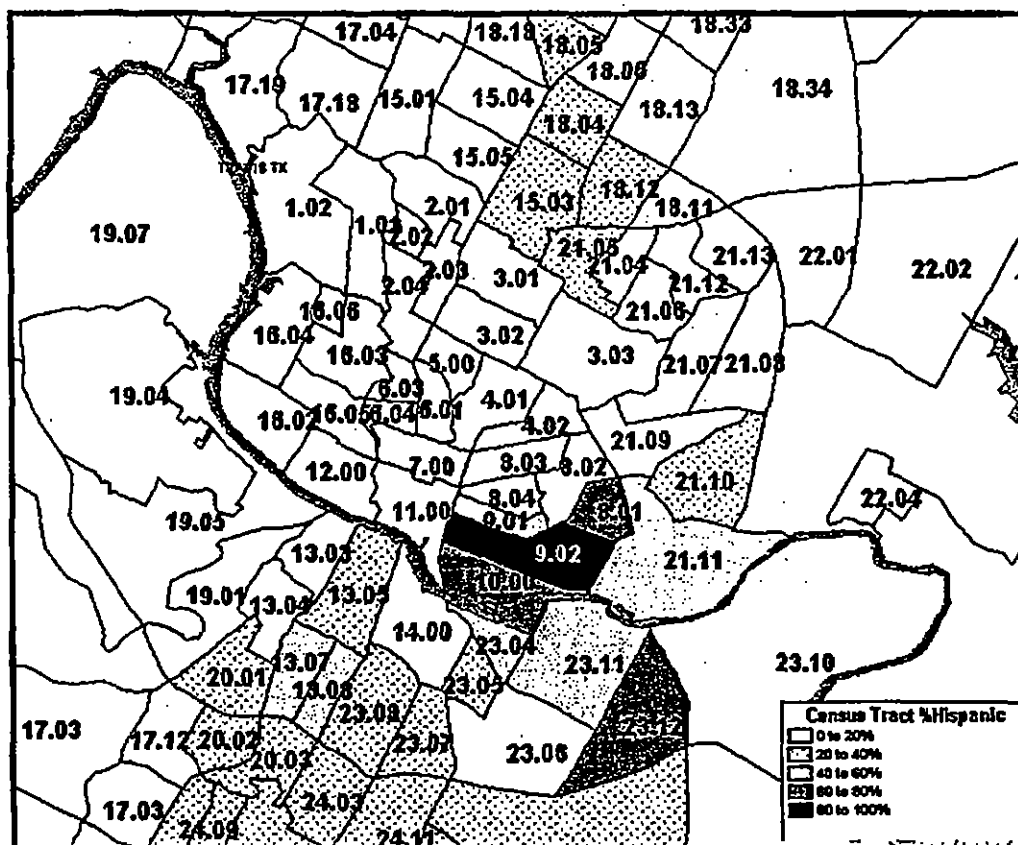
Like the MSA, the City of Austin is growing increasingly diverse. Between 1980 and 1990, the City's Caucasian population increased by about 53,000 persons but declined in predominance from 67.2 percent of the City's population in 1980 to 62 percent in 1990. By 1990, minorities comprised 38.1 percent of the City's population. Hispanics were the largest minority group at 22.6 percent of the City population, up from 18.6 percent in 1980. Second largest is the African-American population at 12.1 percent in 1990, holding steady from 12.2 percent in 1980. The Asian population was the fastest growing minority group in the City.

With increasing diversity in the City as a whole has also come a measurable decrease in racial and ethnic segregation. The Dissimilarity Index or D Index is a standard tool for measuring the level of segregation across the census tracts of a community. In general, a D Index score between zero and 29 represents low segregation, between 30 and 59 is moderate, and between 60 and 100 is considered a high level of segregation.

Black and white residents across the City and Travis County became significantly more integrated between 1970 and 1990, as the D Index score for blacks in the County dropped 38 percent from a relatively high 72.0 to 44.6. While segregation for Hispanics did not drop as dramatically, the D Index for Hispanics across the County decreased between 1970 and 1990 from 42.2 to 32.6. In 1990, levels of segregation were higher in the City of Austin than in Travis County as a whole. In 1990, black-white segregation showed an Index score of 56.84, and Hispanic segregation showed a score of 41.5 — both considered moderate levels of segregation.

Community Profile

Map 1.1
Percent Concentration of Hispanic Residents by Census Tract



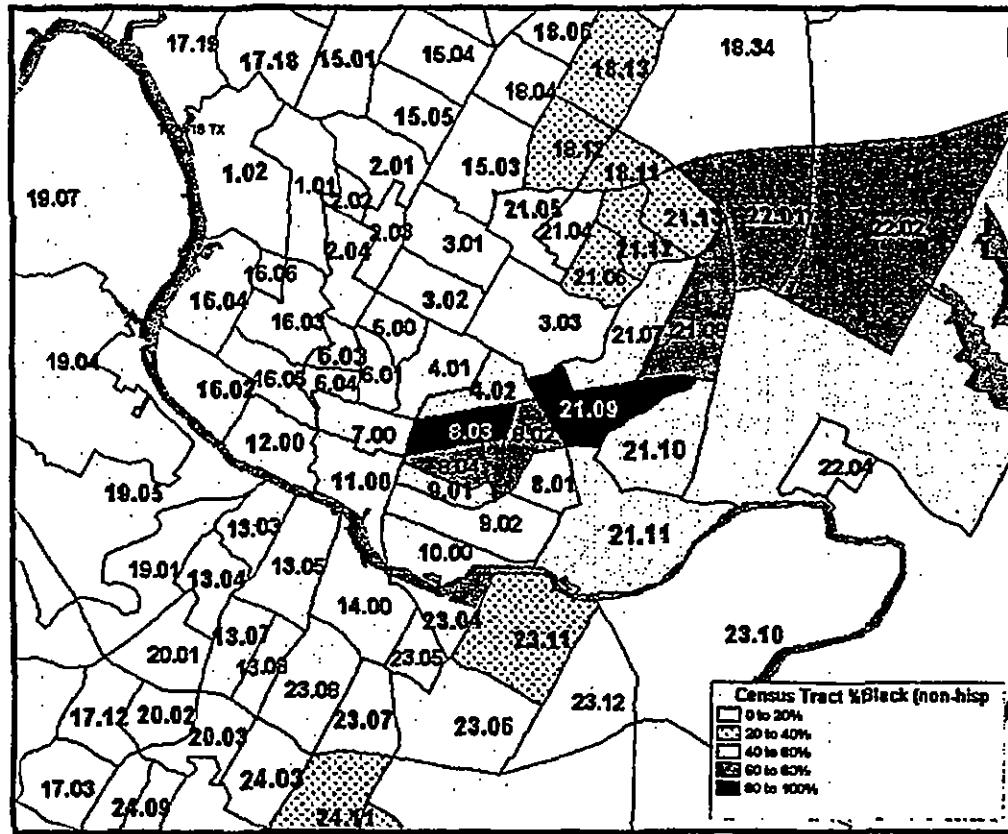
Source: 1990 U.S. Census

Increasing integration can be tied in part to job growth. Between 1980 and 1990, census tracts in which large employers are located showed an influx of both white and minority residents, creating a more diverse community. Still, patterns of segregation and concentration across Austin's neighborhoods persist much as they have since the 1930s.

While the total number of white-concentrated census tracts are expected to decrease as the City grows more diverse, Hispanic-concentrated tracts will likely increase. Diana McIver & Associates analyzed current and projected tracts of extreme white concentration (90 percent or higher), extreme black concentration (50 percent or higher), and extreme Hispanic concentration (70 percent or higher). Based on this analysis, the patterns of racial and ethnic concentration across the City are expected to remain by 2004. White-concentrated tracts are expected to continue dominating the west; black-concentrated tracts will continue to prevail in the east and northeast; and Hispanic-concentrated tracts will continue to be located largely in the east and southeast sides of the City.

Map 1.2

Percent Concentration of African American Residents by Census Tract



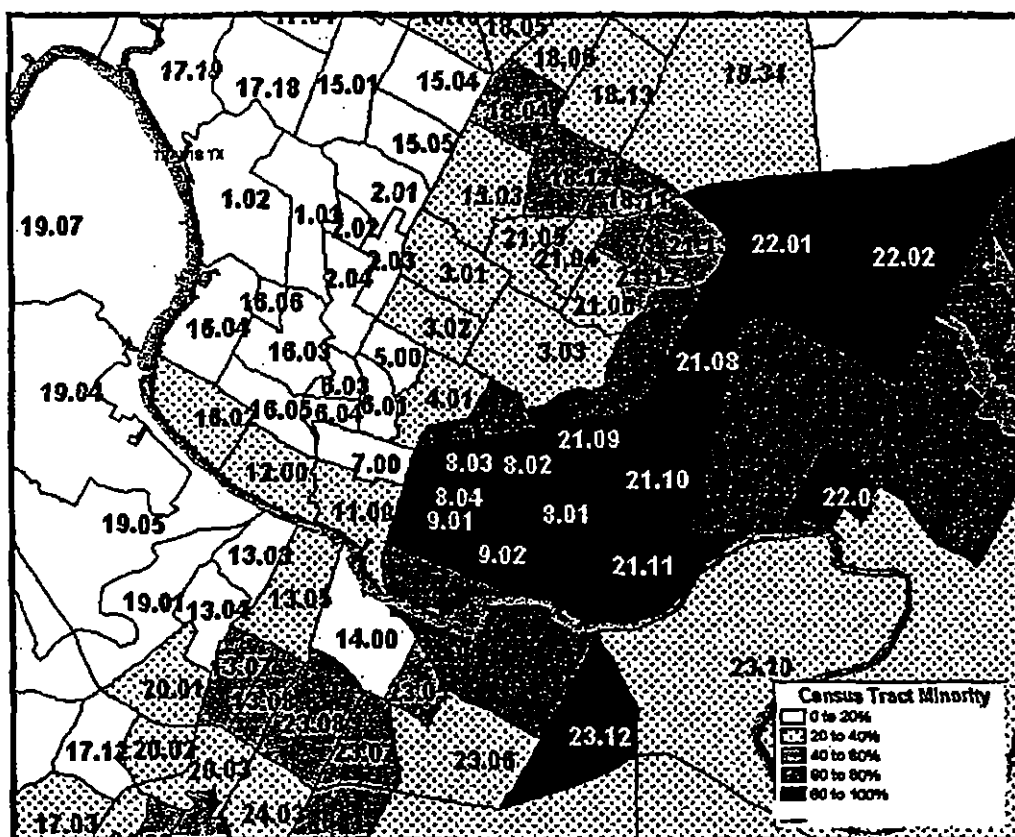
Source: 1990 U.S. Census

000803-28

Community Profile

Map 1.3

Percent Concentration of Minority Residents by Census Tract



Source: 1990 U.S. Census

Income Level & Poverty

Along with the economic and population boom has come growth in average wages and in per capita income. Between 1990 and 1995, the average wage across the metropolitan area grew by 4.2 percent annually. Wage growth accelerated between 1996 and 1998, growing 7.5 percent annually. Similarly, per capita income grew by 5.4 percent annually between 1990 and 1997. Still, neither of these measures indicate the extent to which residents at all levels of the income spectrum are sharing in the growth. Unfortunately, until 2000 U.S. Census data are available an accurate assessment of the emerging income distribution is not available.

Looking back, however, both median income and income disparity grew between 1980 and 1990. While the number of households grew by 43.6 percent, median household income rose 72.8 percent — up from \$14,699 in 1980 to \$25,405 in 1990.

Table 1.9

City of Austin Household Income by Income Range

Income Range	1980		1990		1980-90 Change	
	Households	%	Households	%	HH Change	%
Less than \$5,000	20,586	15.33%	17,171	8.94%	-3,415	-16.59%
\$5,000 to \$9,000	24,899	18.55%	18,195	9.47%	-6,704	-26.92%
\$10,000 to \$14,999	22,825	17.00%	20,298	10.56%	-2,527	-11.07%
\$15,000 to \$19,999	18,801	14.00%	20,114	10.47%	1,313	6.98%
\$20,000 to \$24,999	14,996	11.17%	18,806	9.79%	3,810	25.41%
\$25,000 to \$34,999	17,438	12.99%	30,859	16.06%	13,421	76.96%
\$35,000 to \$49,999	9,741	7.26%	29,905	15.56%	20,164	207.00%
\$50,000 +	4,968	3.70%	36,788	19.15%	31,820	640.50%
Total	134,254	100.00%	192,136	100.00%	57,882	43.11%

Source: U.S. Bureau of the Census, Census of Population 1980-1990

At the same time, the number of households earning incomes over \$50,000 grew by an overwhelming 640 percent between 1980 and 1990, while the number of low-income households — those earning 50 percent of the area's median family income — grew by an estimated 10 to 15 percent. The number of families living below the poverty line grew from 7,817 to 12,143, an increase from 9.8 percent of Austin's families in 1980 to 13 percent of Austin's families in 1990. Similarly, the number of persons living below the poverty line grew from 15 percent of Austin's population in 1980 to 17.9 percent of Austin's population in 1990.

Once again, poverty is more concentrated in the City of Austin than in portions of the MSA outside the city limits. In 1990, 13 percent of Austin's families were living below the poverty level, while only 6.4 percent of families living in portions of the MSA outside the city limits lived below the poverty line. In 1980, 90 percent of the County's low-income households lived in Austin. By 1990 the percentage remained stable at 89.9 percent.

Community Profile

Table 1.10

1980-1990 Income & Poverty Statistics

Travis County & City of Austin

	Travis County			City of Austin		
	1980	1990	80-90 % Chg	1980	1990	80-90 % Chg
Median HH Income	\$15,741	\$27,488	74.6%	\$14,699	\$25,405	72.8%
Mean HH Income	\$19,680	\$36,828	87.1%	\$18,392	\$33,944	84.5%
Median Family Income	\$20,514	\$35,931	75.2%	\$19,520	\$33,455	71.4%
Mean Family Income	\$23,973	\$45,725	90.7%	\$22,837	\$42,729	87.1%
Persons Below Poverty Line	57,504	89,090	54.9%	51,863	80,369	54.6%
Percent of Population Below Poverty Line	14.4%	16.0%	2.4%	15.0%	17.9%	2.9%

Source: US Bureau of Census, Census of Population 1980-1990

Low Income Priority Neighborhoods

In keeping with federal law, NHCD targets its federal resources to primarily benefit low and moderate-income residents. It is, therefore, important to understand where concentrations of poverty and unemployment exist within the City.

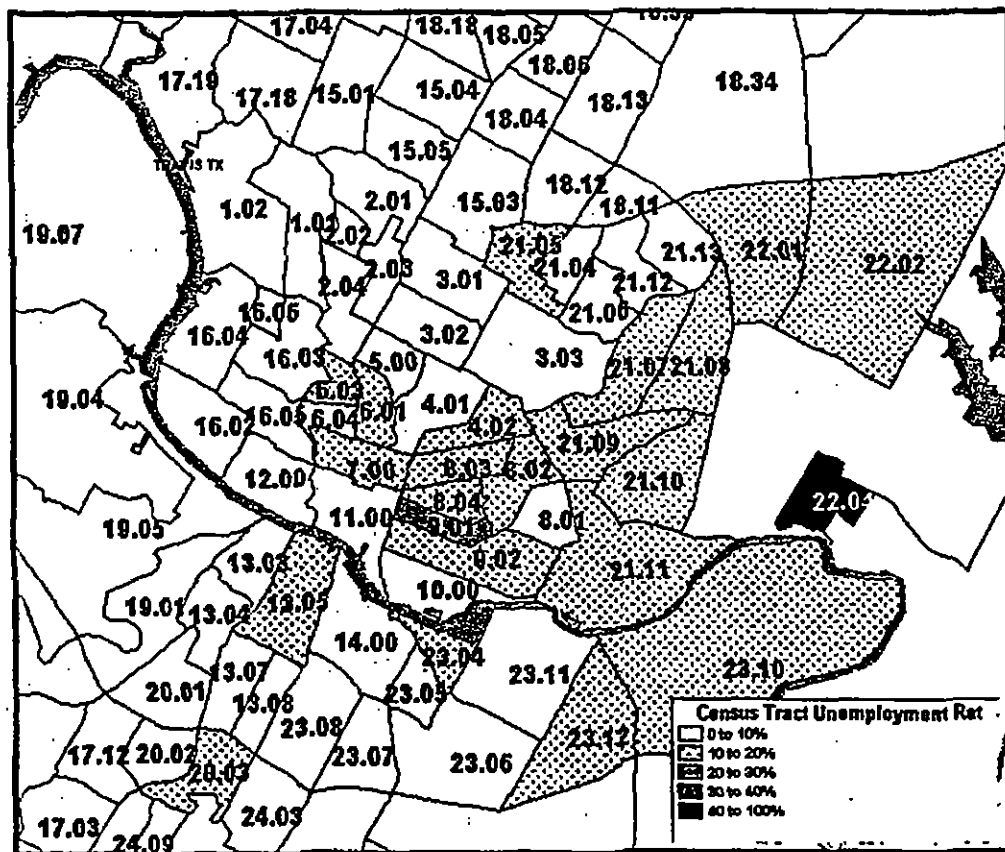
While unemployment in 1990 was a relatively low 6.4 percent, high rates of poverty and unemployment were clustered in census tracts east of Interstate-35.

In 1989, only 4.5 percent of Austin's households received public assistance, yet the concentration of these households is startling. Households receiving public assistance were heavily concentrated in the census tracts east of Interstate-35, south of the Colorado River and surrounding the University of Texas campus.

For the most part, tracts with the highest rates of poverty, unemployment and public assistance also correspond to tracts of greatest ethnic concentration. Of the seven tracts with the highest unemployment rates (greater than 15 percent), six were racially-concentrated areas. The one exception, census tract 22.04, is the site of the Travis State School for people with developmental disabilities. Accordingly, census data from this tract are likely skewed. Similarly, the six census tracts with the highest number of households receiving public assistance—more than 20 percent—are also areas of ethnic concentration.

These profiles of poverty concentration have driven the selection of neighborhoods to which federal Community Development Block Grant and HOME dollars will be targeted. Maps 1.4, 1.5, and 1.6 highlight census tracts with high unemployment, poverty, and people receiving public assistance. Map 1.7 outlines the NHCD priority neighborhoods for both programs over the next 5 years.

Map 1.4
Unemployment by Census Tract

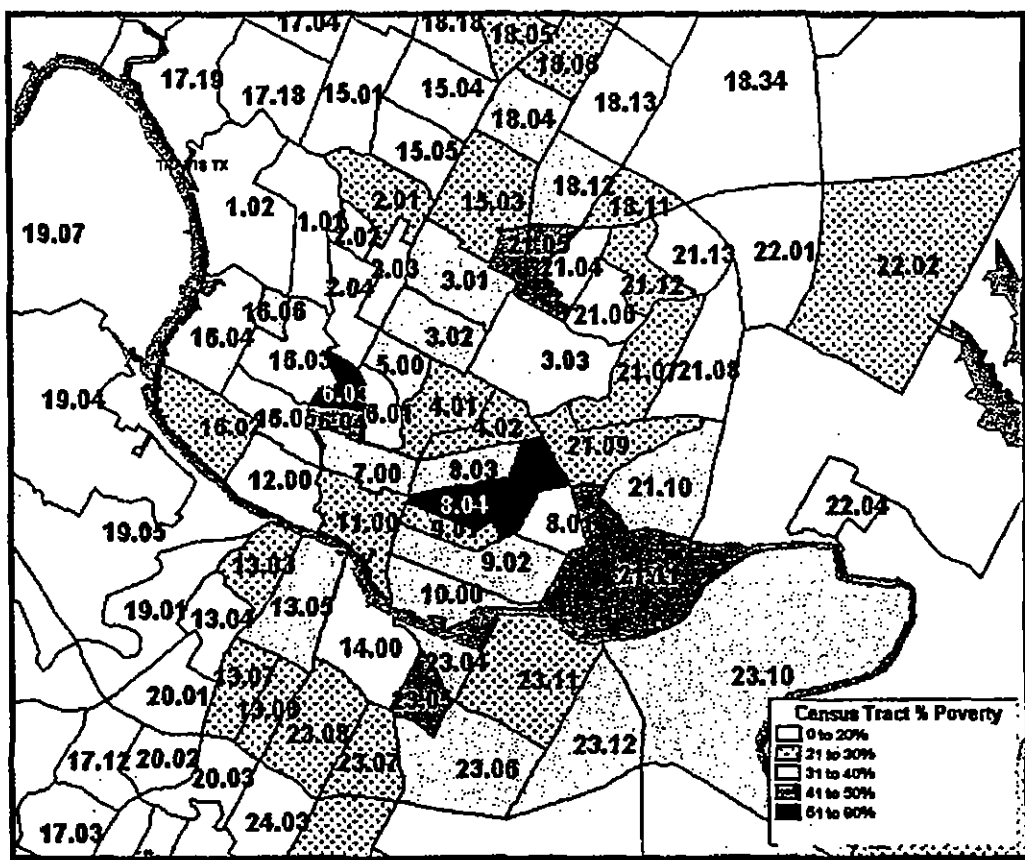


Source: 1990 U.S. Census

Community Profile

Map 1.5

Percent of Population Below Poverty Line by Census Tract



Source: 1990 U.S. Census

Map of the Fort Worth area showing COBG and HOME Target Areas. The map includes major highways (I-35, I-75, I-83, I-20, I-40), the Colorado River, and various cities and towns. Shaded regions indicate target areas, including Blackland, Anderson, Blackshear, Guadalupe, Springdale, Webberville, Mantopolis, and Dove Springs. A legend at the bottom left identifies the shaded areas as COBG and HOME Target Areas. A north arrow is located in the bottom right corner.

Section II



Housing Markets, Needs and Strategies

000803-28

2000-2005 Consolidated Plan

Overview of Austin Housing Market



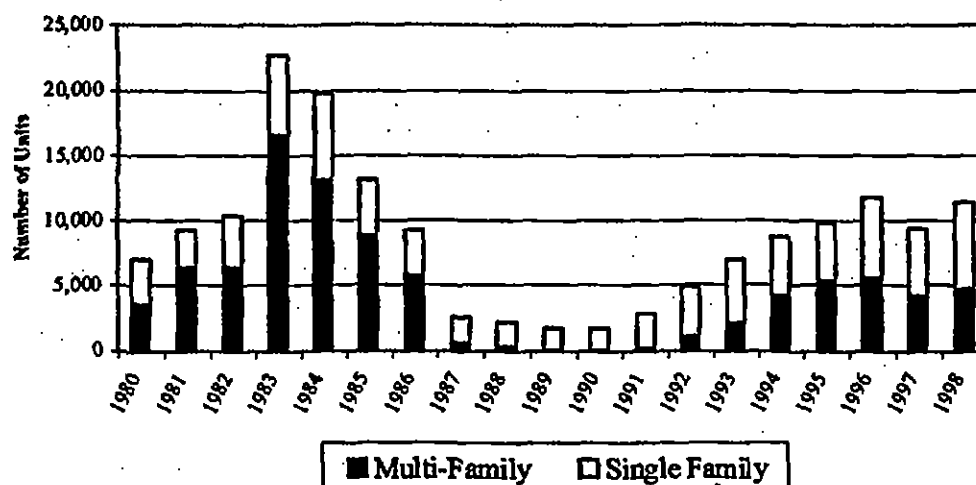
Detailed analyses of the homeownership and rental markets are provided in later sections. This overview discusses Austin's housing market generally. Note that 2000 Census data will be invaluable in updating this analysis. Until 2000 data are available, 1990 Census data are used and are supplemented generously with more recent data from other sources.

Housing Production Across the Region

Exuberant investment in new apartment construction largely generated the "building boom" in the early and mid 1980s. New units were added at an unprecedented rate, while absorption rates of new units rose and broke all previous records. Between 1986 and 1993, the market slowed, recovering from overbuilding in the early eighties and responding to a slowdown in new job formation. Beginning in 1994 and continuing through 1999, however, the robust Austin economy accelerated new housing production, peaking in 1998 at 16,423 new housing units permitted across the MSA.

Chart 2.1

MSA Housing Units Authorized by Unit Type and Year



Source: Capitol Market Research

Travis County building permits accounted for 69 percent of the regional housing production and 84 percent of the regional multifamily housing production. Still only 40 percent of the metropolitan single-family housing production in 1998 occurred in Travis County. The City of Austin Development Review and Inspection Department records indicate that 3,497 single-family permits were issued in 1998 — approximately 53 percent of the Travis County total and 32 percent of the permits issued in the metropolitan area. That is, nearly 70 percent of the metro area single-family housing production occurred outside the City of Austin in 1998.

Overview of Austin Housing Market

Table 2.1

Single Family and Multi-Family Building Permits 1980-1998

Year	Austin-San Marcos MSA		Travis County	
	Multi-Family	Single Family	Multi-Family	Single Family
1980	4,260	4,277	3,534	3,424
1981	7,050	3,464	6,373	2,917
1982	7,078	4,643	6,425	3,943
1983	18,954	7,567	16,587	6,176
1984	15,379	8,715	13,133	6,658
1985	10,499	5,496	8,874	4,237
1986	6,370	5,134	5,794	3,493
1987	1,034	2,426	633	1,941
1988	327	2,050	313	1,878
1989	22	1,910	20	1,726
1990	46	1,916	46	1,708
1991	228	2,994	224	2,570
1992	1,030	4,641	1,030	3,830
1993	2,174	6,369	2,096	4,897
1994	4,518	6,250	4,171	4,569
1995	6,330	7,435	5,378	4,400
1996	6,982	10,095	5,609	6,145
1997	5,161	8,456	4,224	5,127
1998	5,618	10,805	4,737	6,618

Source: TAMU - Real Estate Center, 1999.

Single Family vs. Multi-family Stock

Since 1960, single-family housing has steadily declined as a proportion of the city's housing stock. By 1990, single-family housing units constituted only 51.9 percent of Austin's total stock, down from 83.6 percent in 1960. Because multifamily housing has continued to dominate construction, the single-family proportion has likely declined even more in the past decade.

Table 2.2

City of Austin Housing Stock by Unit Type

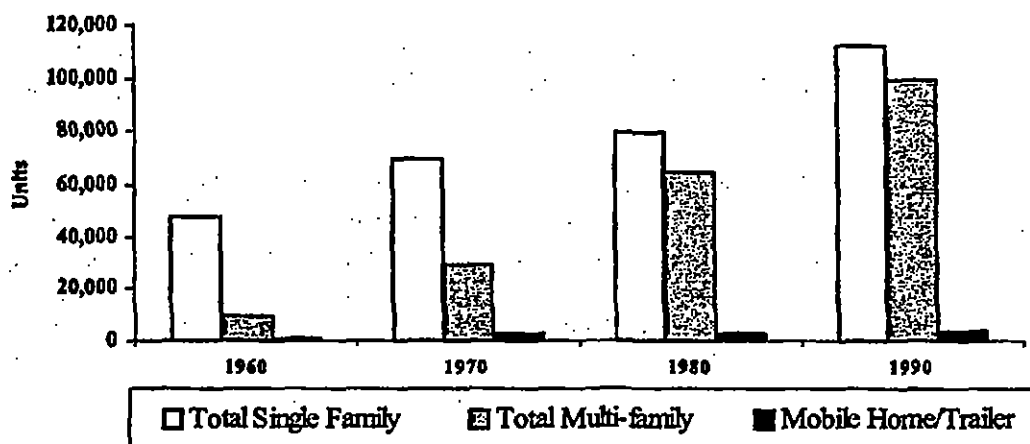
Unit Type	1960	1970	1980	1990	60-90 % Change	60-90 % Change
Total Single-Family Units	47,229	69,051	79,391	112,360	65,131	137.9%
Total Multi-family Units	8,873	29,100	64,254	99,178	90,305	1,017.8%
Mobile Home or Trailer	420	2,551	2,597	3,113	2,693	641.2%
Other	n.a.	n.a.	n.a.	2,288	n.a.	n.a.
Total	56,522	100,702	146,242	216,939	160,417	281.88%

Source: U.S. Bureau of the Census, Census of Population, 1960-1990

Similarly, the large majority of new units constructed in the coming years will continue to be multifamily units. Note that multi-family construction is not necessarily rental housing, but could be more dense homeownership options in the form of townhomes and condominiums. Still, an increasing percentage of the total units will likely be manufactured homes — an affordable option relative to increasingly expensive single-family housing.

Chart 2.2

City of Austin Housing Stock by Unit Type



Source: Capitol Market Research

Home-ownership & Rentership Rates

As of 1990, Austin's homeownership rate (41 percent) was remarkably low compared with the rest of Texas and the rest of the country, where 61 percent and 66 percent of all housing units, respectively, are owner occupied. This figure is expected to increase dramatically in Census 2000 data, but has likely continued to lag behind regional and national rates.

In 1990, renters occupied almost 60 percent of Austin's occupied housing units. While the majority of renter-occupied units were apartments, renters occupied 31 percent of all single-

Table 2.3

Tenure of Occupied Housing Units, 1990

City of Austin

Housing Type	Renter	Owner	Total	Percent
Single-Family	33,806	74,873	108,679	57%
Multi-family	80,380	3,014	83,394	43%
Total Occupied Units	114,186	77,887	192,073	100%
Percent	59%	41%	100%	

*Includes mobile homes & trailers

Overview of Austin Housing Market

family homes. Conversely, almost all owners lived in single-family homes. Only 4 percent lived in condominiums.

Contrary to the "trickle-down" theory that renters tend to live in older homes once occupied by homeowners, Austin's housing market follows a different trend. Nearly half of Austin's homeowners live in housing units built before 1970, while 68 percent of Austin's rental units were built since 1970. Remarkably, nearly 40 percent of the rental units were built in the 10-year period between 1980 and 1990, and since 1990 an additional 26,640 units have been completed.

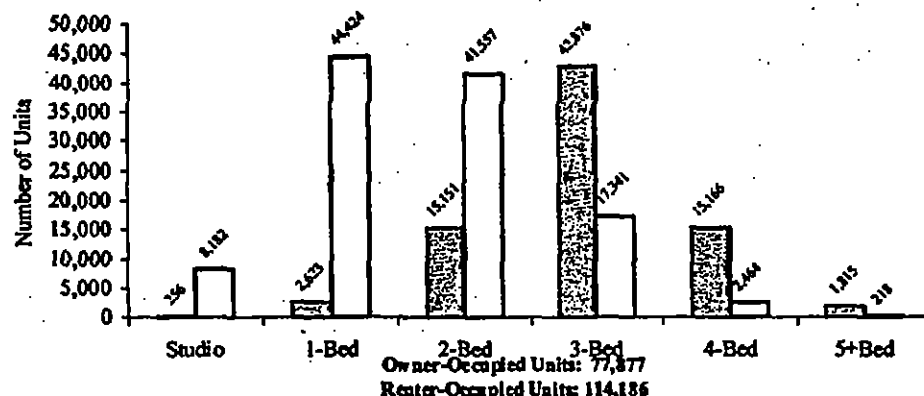
Austin homeowners have a very high "mobility rate." As of March 1990, only 58 percent had been in the same house since 1980; and almost 11 percent had only lived in their home for 15 months.

Unit Size for Owners and Renters

In 1990, the majority of Austin's homeowners lived in larger units than those occupied by renters. Only 4 percent of all homeowners lived in studio or one-bedroom units, in contrast to 46 percent of all renters. Owners living in small units were most likely to be living in condominiums. Almost all Austin homeowners lived in single-family homes that had two or more bedrooms. Seventy-five percent have two or three bedrooms relative to 36 percent of all renters and about 22 percent of homeowners have four or more bedrooms. In 1990, the majority of renters living in larger units were renting single-family homes.

Chart 2.3

Owner vs. Renter -Occupancy by Unit Size, 1990



Source: Capitol Market Research

Neighborhood Housing Conditions & Home Values

The condition of the housing stock is an important indicator of the overall health and strength of the Austin housing market. The Travis Central Appraisal District survey of property condition is conducted as a part of the annual appraisal process and includes a grading of all residential properties in the county. The scoring system uses a five point scale from E=Excellent to S=Salvage, based on the overall condition of the property.

Overall, Austin's housing stock was found to be in good condition, with only 5,956 units receiving a "Fair", "Poor" or "Salvage" rating from the appraisal district. Almost all (94.3 percent) units were rated as having no observable defects or only minor, maintenance-related defects. Overall, only one percent of the units received the poor and salvage ratings.

However, the condition of the housing stock is not uniform across the City. The data provided by the Travis Central Appraisal District were disaggregated by Multiple Listing Service (MLS) areas, allowing for more detailed analysis of housing condition. In MLS market area 5 which covers east Austin, East of Highway 183 and South of MLK, more than 37 percent of the total single-family units fall into the three sub-average categories. Table 2.4 indicates the grade for single-family dwellings by MLS area.

Table 2.4

Grade and Count for Single-Family Dwellings

City of Austin, 1999

Austin Area Only

Grade	1A	1B	1N	2	2N	3	4	5	6
Excellent	280	1,362	362	74	2	91	471	39	323
Good	1,882	3,385	343	593	96	380	952	175	765
Average	3,178	4,921	9,545	7,014	6,277	7,783	2,213	4,916	2,941
Fair	7	359	13	119	49	443	320	2,534	456
Poor		63	1	10	16	58	50	554	96
Salvage	1	8	1			1	3	7	6
Total	5,348	10,098	10,265	7,810	6,440	8,756	4,009	8,225	4,587

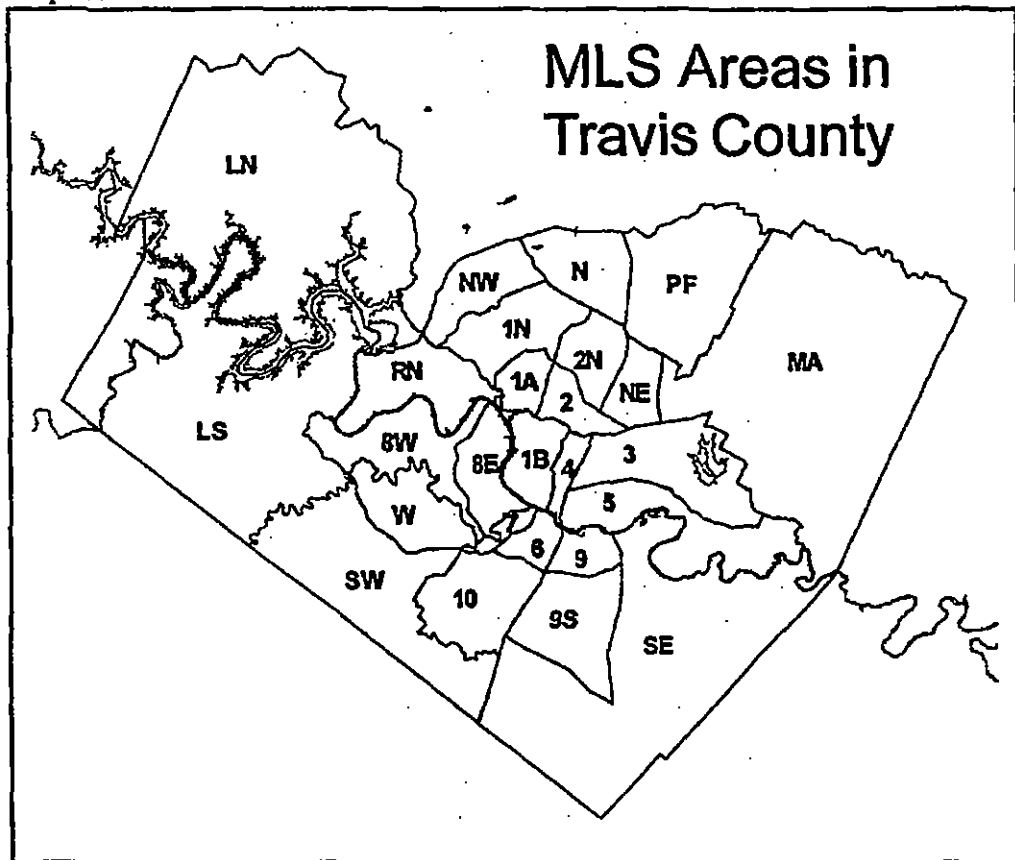
Grade	7	8E	8W	9	9S	10	NE	NW	Total
Excellent	151	224	6	25	13	35	2	131	3,591
Good	529	69	3	45	34	78	52	45	9,426
Average	1,625	1,353	226	1,732	5,116	20,451	2,838	3,230	85,359
Fair	57	3		272	47	217	18	4	4,918
Poor	5	1		87	13	48	3	2	1,007
Salvage	3				1				31
Total	2,370	1,650	235	2,161	5,224	20,829	2,913	3,412	104,332

Source: Capitol Market Research and the Travis Central Appraisal District

Overview of Austin Housing Market

For the purposes of this analysis, the Travis Central Appraisal District used the 1999 certified tax roll to compile and provide an inventory of existing housing units by home value range. Of the 102,409 single-family homes in the MLS market areas that roughly correspond to the Austin City limits, more than half (55.6 percent) were valued at \$100,000 or less. Only 9.4 percent of the housing stock was valued at \$50,000 or less — the stock most likely to be affordable to low-income households. Once again, those relatively few homes are clustered in particular areas. Four MLS market areas have a predominance of low value housing stock, but by far the largest concentration is in MLS area 5 where only 10.6 percent of the housing has a value greater than \$100,000 and 69.4 percent of the housing is valued at \$50,000 or less. Low-value housing is also concentrated in MLS areas 3, 9, 9S, 10 and NE.

Map 2.1



Source: Austin Board of Realtors

Table 2.5

Existing Homes by Market Area & Price Range

City of Austin, 1999

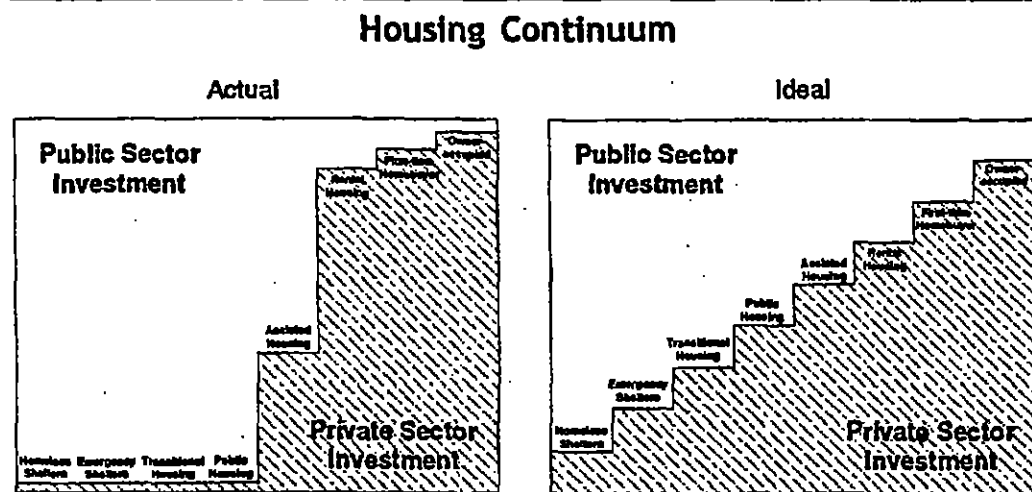
Price Range	10	1A	1B	IN	2	2N	3	4	5	6	7	8E	8W	9	9S	CL	EL	L	LS	MA	N	NE	NW	PF	R	SE	SW	W	Total
<10,000	50	2	19	26	8	23	77	24	231	20		3	76	6	6	2				1	13	4	4	2	2	32	6	4	633
10,001-20,000	14			3	8	15	91	2	712	6		2	162	17	1				8	1	1	1	2	2	13	2	2	1,046	
20,001-30,000	64		12		15	18	190	15	1,235	28	3		166	24	2				2	2	7	1	7	7	12	13	3	1,817	
30,001-40,000	123		8	4	29	57	283	28	1,674	47	3	1	270	48	4				6	3	13	4	2	4	4	37	10	2,654	
40,001-50,000	265		26	5	38	111	718	49	1,541	100	1		314	436	2					2	15	8	3	3	16	13	22	3,683	
50,001-60,000	984		48	34	117	262	1,329	104	1,033	334	4		247	1,821	1				1	25	108	12	2	2	30	21	14	6,550	
60,001-70,000	2,779	3	89	120	290	927	1,700	218	657	530	19		181	1,544					4	144	500	6	8	1	26	19	18	9,779	
70,001-80,000	4,040	2	172	287	652	1,256	1,482	253	345	503	54	1	152	571	1				4	655	750	5	4	10	51	78	11,329		
80,001-90,000	4,839	2	245	741	1,047	1,379	1,248	278	137	484	125	3	145	372	2				3	641	700	6	20	8	124	264	12,813		
90,001-100,000	2,946		355	1,201	1,182	827	766	346	91	413	171	2	132	178	1				23	312	379	10	78	2	212	358	9,986		
100,001-110,000	1,572	2	368	966	984	702	365	317	38	328	194	4	2	110	100	2			61	298	145	12	162	1	528	219	7,480		
110,001-120,000	1,132	7	438	688	796	413	193	284	21	298	176	8	1	68	57	1			90	329	115	12	99	2	651	205	6,082		
120,001-130,000	686	7	482	608	707	203	95	280	9	274	189	8	1	46	20	2			88	212	72	19	59	2	721	216	5,006		
130,001-140,000	446	31	510	612	568	125	58	242	7	214	191	27	1	20	3	2			61	156	45	32	29	1	785	181	4,347		
140,001-150,000	237	80	464	558	478	60	42	225	6	158	175	43	1	9	2	8			20	107	25	69	15	1	678	169	3,630		
150,001-200,000	528	1,726	2,167	1,895	774	66	78	591	9	424	735	524	14	11	2	78			12	569	27	1,722	3	1	1	2,159	530	14,646	
200,001-250,000	28	1,707	1,444	1,466	48	5	17	210	1	113	160	278	57	1	1	41			95	95	1,188	2	2	2	514	226	7,602		
251,000-300,000	7	859	859	813	3	2	3	98	2	32	59	164	46	1	1	12			16	16	1	266	1	11	98	16	3,370		
300,001-350,000	2	467	519	208	1	2		42		16	31	151	42						11	11	1	24	9	9	6	3	1,535		
350,001-400,000	3	197	356	37	1			25		8	6	127	25		1					6		8	8	2	2	1		803	
400,001-450,000	1	104	275	9				7	1	4	4	83	12	1	1					2		1	1	3	1			508	
450,001-500,000	2	60	162					5		1	3	46	9		1							2	2	2	2			293	
500,001-750,000	4	75	330	4				9		4	3	99	15		1							2	2	9	1	1	1	557	
750,001-1,000,000	2	9	83					1		1		27	2	1									2	2	2	3	1	129	
1,000,001 and above		1	84					1			1	52	1										2	2				149	
1,250,001-1,500,000																												0	
Total	20,754	5,341	9,515	10,285	7,746	6,438	8,735	3,654	7,770	4,340	2,307	1,650	234	2,113	5,206	152	0	0	380	3,600	2,908	3,413	498	46	157	6,644	2,541	116,427	

Continuum of Housing Services



In order to improve housing services for residents, the City of Austin uses a continuum to link housing programs through the community and to assist residents in moving into the private housing market. As illustrated below, the continuum extends across eight categories — from homeless services, emergency shelters, transitional housing, public housing and assisted housing to rental housing, first-time homebuyer housing, and owner-occupied housing. The continuum concept highlights two phenomena, in particular. First, private sector investment has typically been largely confined to rental and homeownership activities, while public funds have shouldered the vast majority of responsibility for all other forms of community housing. A limited amount of private charitable contributions assist services for lower income residents, and the Federal government subsidizes private homeownership and rental housing through the mortgage interest deduction and the low-income housing tax credit, respectively. Second, the serious and specific needs within each housing category tend to reduce communication and cooperation among service providers across the continuum.

Figure 2.1



In tandem with efforts to address the community's most pressing housing needs, NHCD will, over the long term, work to improve linkages across Austin's continuum of housing services. First, by educating community leaders on the breadth of the community's housing needs, NHCD hopes to smooth the balance of public and private investment across the continuum. Second, NHCD will build stronger linkages between service providers at consecutive stages of the continuum, measuring its success by the number of residents that transition from one progressively more independent housing stage to the next.

Both the quantitative analysis of Austin's housing needs and feedback from residents and stakeholders reinforced that the most pressing housing needs facing this community are rippling through every level of the continuum. The following discussion recounts the pressing housing market conditions, assistance needs and NHCD response strategies along the Housing Continuum, beginning with Homeownership and working toward Shelters and Services for the Homeless.

Continuum of Housing Services

• Homeownership



Home-ownership Market Conditions

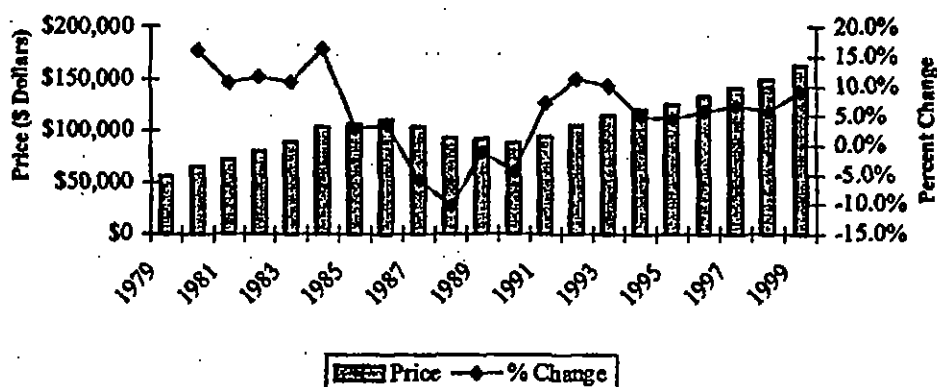
Home Purchase Affordability

Sale Prices

Rapid price increases are a predominant feature of Austin's single-family market. While the largest annual increases in home purchase prices occurred between 1979 and 1986, according to the Real Estate Center at Texas A&M University, average home prices have more than tripled between 1979 and 1999, increasing from \$56,000 in 1979 to \$163,400 in 1999. Though average prices actually declined slightly between 1987 and 1992 due to a real estate "bust," the average price has since increased by almost 57 percent.

Chart 2.4

Single Family Average Price and Percent Change by Year, 1979 to 1999



Source: Capitol Market Research

The percent distribution of MLS home sales by price range further confirms the rising home prices. Home under \$80,000 made up only 12.4 percent of home sales in 1999 as compared with 58.3 percent in 1990. Viewed from another perspective, homes over \$180,000 increased from 6.6 percent of home sales in 1990 to 26.3 percent in 1999. Clearly, the cost of housing in Austin is increasing at a rapid rate and affordable single-family housing is becoming an increasingly scarce commodity.

Note that tract level analysis will be possible when 2000 Census data become available. Until that time, MLS data provide the most geographically detailed look possible at homeownership trends across the City.

2000-2003 Consolidated Plan

Continuum of Housing Services

• Homeownership

Table 2.6

Price Distribution of MLS Homes Sold in Austin

Price Range	Percent Distribution									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
\$29,999 or less	6.8	7.0	4.6	2.2	1.4	0.9	0.7	0.8	0.5	0.3
30,000 - 39,999	7.3	7.1	4.3	2.7	2.0	1.6	1.2	1.2	1.0	0.6
40,000 - 49,999	10.8	8.8	5.7	4.1	3.7	3.1	2.0	1.6	1.3	1.2
50,000 - 59,999	10.5	9.3	8.7	6.3	5.6	5.1	3.6	3.3	2.8	2.0
60,000 - 69,999	11.0	11.0	11.1	9.7	8.5	6.9	5.6	4.8	4.5	3.4
70,000 - 79,999	11.9	10.6	11.4	12.6	11.9	10.6	8.8	7.9	6.8	4.9
80,000 - 89,999	9.1	9.6	11.1	11.1	11.7	12.4	12.6	11.9	10.2	8.3
90,000 - 99,999	6.2	6.7	7.3	8.3	8.9	9.2	9.6	9.5	9.8	10.2
100,000 - 119,999	7.1	8.3	9.9	10.8	11.7	12.1	13.6	14.2	14.7	14.8
120,000 - 139,999	5.9	7.1	7.7	8.7	8.9	9.9	11.1	10.5	11.3	12.8
140,000 - 159,999	4.1	4.2	5.5	5.9	6.2	7.0	7.7	7.5	8.1	8.6
160,000 - 179,999	2.6	2.7	3.4	4.6	4.8	5.2	5.8	6.4	6.6	6.5
180,000 - 199,999	1.7	2.0	2.2	3.1	3.7	4.1	4.2	4.4	4.5	4.8
200,000 - 249,999	1.7	1.9	2.5	3.6	4.1	5.3	6.0	6.9	7.3	8.0
250,000 - 299,999	1.6	1.8	2.4	3.5	3.5	2.8	3.3	3.5	3.8	5.1
300,000 - 399,999	0.9	1.1	1.4	1.6	2.1	2.4	2.4	3.0	3.6	4.0
400,000 - 499,999	0.4	0.4	0.5	0.7	0.7	0.9	0.9	1.2	1.4	1.9
500,000 and more	0.3	0.3	0.4	0.5	0.6	0.7	0.9	1.4	1.9	2.5

Source: Real Estate Center at Texas A&M University

Given this price escalation, purchasing a home remains difficult or impossible for families earning below 80 percent of the median household income. Growth in the median income of potential homebuyers has not kept pace with growth in the median home price. The median home price has increased from \$98,000 to \$139,000 since 1991, an increase of 42 percent over eight

Table 2.7

Housing Affordability Index

Year	Median Home Price	Housing Opportunity Index	Median Income	National Rank
1991	\$98,000	62.2	\$41,000	112
1992	\$108,000	66.9	\$44,400	129
1993	\$123,000	65.4	\$41,800	152
1994	\$122,000	47.9	\$42,200	162
1995	\$129,000	45.9	\$43,200	175
1996	\$128,000	49.6	\$44,900	165
1997	\$129,000	57.3	\$48,600	159
1998	\$136,000	57.7	\$50,800	148
1999*	\$139,000	63.3	\$55,400	139

Source: National Association of Home Builders, Housing Affordability Index, Fourth Quarter 1991-1998; *2nd Quarter 1999 data

years. During the same period the median income for a family of four increased only 35 percent, from \$41,000 to \$55,400.

Affordability by Income Level

Since 1980 homeownership has become more affordable for families earning near the area median income or more. Based on the National Association of Homebuilders Housing Affordability Index, approximately 63 percent of Austin area households can afford to purchase the median-priced home, up from 46 percent in the mid-1990s. Table 2.8 compares the annual income required to purchase a median-priced home in Austin in 1980, 1990 and 1999. In 1980, a family earning the median income was \$2,285 short of the level required to purchase the median-priced home. By 1990, the income gap had decreased and those earning the median income could afford the median priced home, due, in large measure, to the abundance of Resolution Trust Corporation properties on the market. By 1999, the combination of low interest rates and significant housing production in the mid and upper price ranges combined to make home ownership even more affordable for the median income family.

In contrast, homeownership is further out of reach for families earning lower incomes. First time homebuyers earning 80 percent of median family income or \$44,320 a year for a family of four still find it difficult to become homeowners, unless they have funds from the sale of a previous home or help from family members. Without housing subsidy programs such as down payment assistance, below-market-rate interest, or deferred loans, first-time home buyers earning 50 percent of the median income found it virtually impossible to purchase a home in 1999.

Table 2.8

Home Ownership Income Gap, 1980, 1990, and 1999

Income level	1980 Income	1980 Income Gap	1990 Income	1990 Income Gap	1999 Income	1999 Income Gap
100% of Median	\$19,520	(\$2,285)	\$33,455	\$3,905	\$55,400	\$8,788
80% of Median	\$15,616	(\$6,189)	\$26,764	(\$2,786)	\$44,320	(\$2,292)
50% of Median	\$9,760	(\$12,045)	\$16,728	(\$12,823)	\$27,700	(\$18,912)
Median Home Price	\$47,200		\$72,500		\$126,500	
Required Income	\$21,805		\$29,550		\$46,612	

Source: U.S. Bureau of the Census, 1980 & 1990; TAMU Real Estate Center, 1999; HUD

Assumptions: 8.5% interest in 1999, 10% interest in 1990, 12% in 1980, 30-year fixed rate mortgage
90% financing; Monthly payments include principal, interest, taxes & insurance.

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- Homeownership

The Single-Family Housing Supply

Existing Homes for Sale

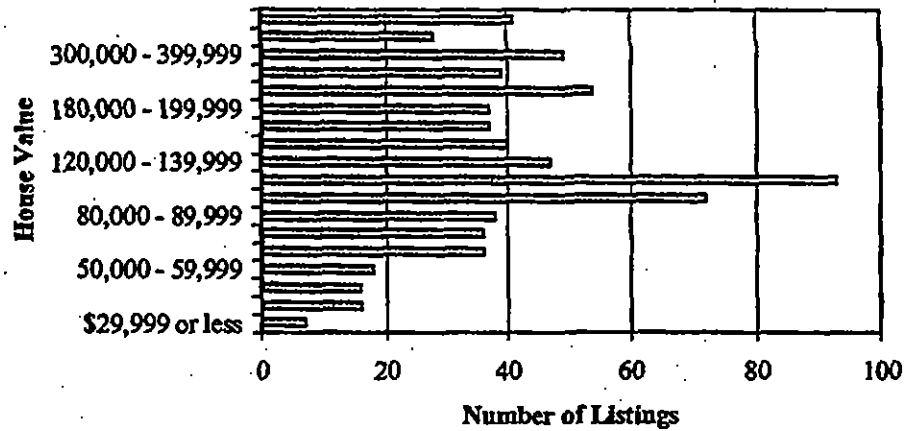
Expanding stock at the high end of the market and inadequate supply for low and moderate-income families are also primary features of the Austin homeownership market. The data below represent all single-family homes available for sale on December 15, 1999 for the 13 MLS areas that correspond to the Austin city limits. The data confirm the trends documented in the sales information and corroborate the diminished inventory of affordable housing. In December 1999 only 5.5 percent of the listings in Austin were less than \$50,000 and only 33.9 percent were priced below \$100,000. Conversely, more than 22 percent of the listings were priced at \$250,000 or higher and 5.8 percent were listed for \$500,000 or more.

Table 2.9

Austin MLS Listings by Value (Existing Homes)			
House Price	Number of Listings	Percent of Market	Cumulative %
\$29,999 or less	7	1.0%	0.5%
30,000 - 39,999	16	2.3%	3.3%
40,000 - 49,999	16	2.3%	5.5%
50,000 - 59,999	18	2.6%	8.1%
60,000 - 69,999	36	5.1%	13.2%
70,000 - 79,999	36	5.1%	18.3%
80,000 - 89,999	38	5.4%	23.7%
90,000 - 99,999	72	10.2%	33.9%
100,000 - 119,999	93	13.2%	47.2%
120,000 - 139,999	47	6.7%	53.8%
140,000 - 159,999	40	5.7%	59.5%
160,000 - 179,999	37	5.3%	64.8%
180,000 - 199,999	37	5.3%	70.0%
200,000 - 249,999	54	7.7%	77.7%
250,000 - 299,999	39	5.5%	83.2%
300,000 - 399,999	49	7.0%	90.2%
400,000 - 499,999	28	4.0%	94.2%
500,000 and more	41	5.8%	100.0%
Total	704	100.0%	

Chart 2.5

Austin Area Listings, December 1999

New Home Construction

Unfortunately, prospects for new home construction show little increase for the affordable housing market. The data for a "new home" inventory analysis were obtained from a citywide subdivision survey and analysis conducted by Update and More — the Builders Update

Table 2.10

Austin New Homes Available for Sale

House Price	Number of New Homes	Percent of Market	Cumulative %
Less than \$70,000	0	0.0%	0.0%
70,000 - 79,999	0	0.0%	0.0%
80,000 - 89,999	3	1.3%	1.3%
90,000 - 99,999	4	1.8%	3.1%
100,000 - 119,999	42	18.8%	22.0%
120,000 - 139,999	60	26.9%	48.9%
140,000 - 159,999	33	14.8%	63.7%
160,000 - 179,999	8	3.6%	67.3%
180,000 - 199,999	7	3.1%	70.4%
200,000 - 249,999	10	4.5%	74.9%
250,000 - 299,999	7	3.1%	78.0%
300,000 - 399,999	32	14.3%	92.4%
400,000 - 499,999	14	6.3%	98.7%
500,000 and more	3	1.3%	100.0%
Total	223	100.0%	

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• Homeownership

Report, December 1999. This analysis covered all Austin area subdivisions with an "active" builder program currently in operation — most of which is in Williamson County where 38 percent of all available new homes are located. The identified subdivisions account for a majority of the new homes built, and while not comprehensive, these subdivisions appear to accurately reflect the range of product available to the potential new home buyers in the Austin area. Note that this inventory may not include smaller, nonprofit builders that generate a small number of homes in lower price ranges.

The December Austin area inventory analysis showed a total of 350 new homes (12.1 percent of the regional market area total) on the market in the 13 MLS Austin market areas. These homes ranged in price from a low of \$90,000 in MLS area 5 to \$750,000 in Tarrytown, with 60 percent in the \$100,000 to \$160,000 price range. Very little of the new home product was available at the lower price ranges. In fact, there were only seven new homes priced below \$100,000, while 56 (25.1 percent) of the homes were priced above \$250,000. The table below shows the December 1999 new home availability by price category. For the purposes of this analysis, the inventory is assumed to represent the "new" home inventory currently available in the Austin market area, even though 127 of the 350 available units (36 percent) were not priced at the time of the analysis and no "For Sale By Owner" (FSBO) units were included.

Table 2.11

City of Austin Single-Family Homes Under Construction by Market Area & Price

Price Range	1A	1B	1N	2	2N	3	4	5	6	9S	NE	NW	10	TOTAL
<80,000														0
80,001-90,000								3						3
90,001-100,000								2	2					4
100,001-110,000								5	10	4	1		1	21
110,001-120,000								1	7	7	1		5	21
120,001-130,000									5	20	1		7	33
130,001-140,000			4			6				10			7	27
140,001-150,000			3			6				13	4		3	29
150,001-200,000					1	1				13	2		2	19
200,001-250,000									5			5		10
251,000-300,000									1			6		7
300,001-350,000		3	1									18		22
350,001-400,000	1		4						1			4		10
400,001-450,000			4									8		12
450,001-500,000			1									1		2
500,001-750,000	2											1		3
750,001-1,000,000														0
1,000,001-6,000,000														0
Not Given	1	0	22	1	0	0	0	8	0	2	31	3	59	127
TOTAL	4	3	39	1	1	13	0	19	7	26	98	55	84	350

New Homes by MLS Area

Not only is there virtually no new housing under \$100,000 under construction, but the table below confirms that those units are available in only two MLS areas. Area 5 (East Austin) has the highest percentage of affordable new homes priced under \$100,000 — five of its eleven new homes. The only other area with units priced less than \$100,000 is area 9S, where there are two units. The Northeast market area and MLS area 10 (South Central) have units priced in the low \$100,000s and carry the predominance of homes affordable to first-time home buyers.

The Supply – Demand Gap

Unless private builders substantially increase their planned production of affordable homes, the supply will continue to fall dramatically short of demand. In such a dynamic environment, only a reasonable estimation of demand is possible. The following table estimates the demand for owner-occupied housing over the next 10 years, based on the assumption that, in keeping with the pattern between 1980 and 1990, 29 percent of the all new households will be looking for owner-occupied housing. If that ratio between new owner and renter households continues, Austin can expect an annual demand for 1,854 new homeowner units each year.

Table 2.12

Annual Demand for Housing City of Austin						
Year	Population	Households	Household Size	New Households	Owner Demand	Renter Demand
2000	642,994	257,498	2.50	6,394	1,854	4,540
2001	658,841	263,892	2.50	6,394	1,854	4,540
2002	674,688	270,286	2.50	6,394	1,854	4,540
2003	690,535	276,681	2.50	6,394	1,854	4,540
2004	706,382	283,075	2.50	6,394	1,854	4,540
2005	722,229	289,469	2.50	6,394	1,854	4,540
2006	738,076	295,863	2.49	6,394	1,854	4,540
2007	753,923	302,257	2.49	6,394	1,854	4,540
2008	769,770	308,652	2.49	6,394	1,854	4,540
2009	785,617	315,046	2.49	6,394	1,854	4,540
2010	801,464	321,440	2.49	6,394	1,854	4,540

Source: Population and Household Forecast from the City of Austin Planning Dept. February, 2000
Owner demand of 29% based on percentage of new units added 1980-1990
Prepared by Capitol Market Research, March 2000

Breaking the forecasted households down by estimated income level, Table 2.12 projects the demand by home price level based on the expected income distribution of owner households. Price ranges are determined by using standard mortgage underwriting standards and the prevailing market interest rates (March 2000) in conjunction with a 1990 income distribution of households in Austin.

Continuum of Housing Services

• Homeownership

Table 2.13

Conversion of Income into Housing Value

Household Income Range	Number of Households	Percent	Monthly Mortgage	Maximum Home Value
\$0 - \$4,999	17,171	8.9%	\$125	\$13,012
\$5,000 - \$9,999	18,195	9.5%	\$250	\$26,025
\$10,000 - \$14,999	20,298	10.6%	\$375	\$39,040
\$15,000 - \$24,999	38,920	20.3%	\$625	\$65,067
\$25,000 - \$34,999	30,859	16.1%	\$875	\$91,095
\$35,000 - \$49,999	29,905	15.6%	\$1,250	\$130,138
\$50,000 - \$74,999	22,322	11.6%	\$1,875	\$203,348
\$75,000 - \$99,999	7,713	4.0%	\$2,500	\$271,130
\$100,000 +	6,753	3.5%	\$25,000	\$2,710,000
Total	192,136	100.0%		

Source: Capitol Market Research, March 2000

Note: The number of households by income group and the income ranges are from the 1990 Census. Mortgage Interest rate=8.5% fixed for 30 years, 5% downpayment, property tax rate at \$2.51 per \$100

Comparing new housing supply with demand reveals a stark disparity across income groups. The table below compares the available inventory of new single-family homes with the annualized demand for housing by income group. In 1999, Builders Update provided a complete listing of new homes available for sale by MLS market area, reflected under "Available Inventory"

Table 2.14

Balance of Housing Demand and Supply, 2000

Minimum Home Value	Maximum Home Value	Percent Market Share	Computed Demand	New Home Inventory	Unmet Demand
\$0	\$12,978	1.5%	27	0	27
\$12,979	\$25,953	9.0%	167	0	167
\$25,954	\$38,931	9.6%	179	0	179
\$38,932	\$64,884	12.2%	225	0	225
\$64,885	\$90,837	19.6%	363	25	338
\$90,838	\$129,768	16.0%	296	632	(336)
\$129,769	\$202,360	14.9%	277	648	(372)
\$202,361	\$269,813	10.4%	192	141	51
\$269,814	\$1,000,000	6.9%	127	407	(280)
Total		100.0%	1,854	1,854	

Source: Capitol Market Research, October 1999

Note: The percent of households by income group calculated using inflation-adjusted income data and the distribution by income category from 1990.

below. The demand data from the table above were adjusted for inflation to more accurately project demand. The analysis shows the significant over-production of housing in the higher price categories and underproduction at the lower priced categories. There is an estimated annual demand for 961 units priced below \$91,000 — almost 52 percent of total market demand — while only 25 new units were projected to be available in this price category (1.3 percent of the supply).

Increased demand for housing will continue to increase the price of housing as long as minimal levels of new construction occur within the City of Austin. As significant numbers of families move to Austin each month, the price escalation can only increase without a strategy to create reasonably-priced housing across the City wherever there is opportunity.

Home-ownership Assistance Needs

Beyond the quantitative analysis, the citizen survey and meetings with stakeholders in the housing community provided further insight into Austin's housing needs and asserted a set of priorities for homeownership assistance.

Preserve Existing Housing Stock: Owner-Occupied Rehabilitation

With such a severe shortage of suitable, affordable housing, stakeholders asserted that expanding rehabilitation programs is essential to stemming the loss of affordable units and better preserving the existing stock. They suggested that NHCD:

- Increase the eligible grant amount of rehabilitation programs to allow for the repair of more long-term repair problems such as foundations;
- Expand ways to make it more affordable for low-income families to repair and maintain, and therefore remain in their homes;
- Work to establish separate rehabilitation and new construction standards within the local building code to encourage rehabilitation of owner-occupied structures.

Increase the Single-Family Supply: Through Acquisition/Rehabilitation & New Construction

Citizen surveys consistently ranked increasing the supply of affordable single-family homes among the three most pressing community needs. Stakeholders, including nonprofit and for-profit builders, recommended specific actions that would aid them in increasing supply. Note that all four of the following are also keys to spurring more rental development as well:

- Work to establish separate rehabilitation and new construction standards within the local building code, to encourage rehabilitation of abandoned structures.
- Work to clear title on dilapidated, abandoned properties. Clouded title because of tax liens is a serious impediment to acquisition and rehabilitation for affordable housing.

Continuum of Housing Services

• Homeownership

- Increase the supply of affordable buildable lots. Rapidly rising land costs are making affordable development more and more difficult.
- Expedite the development review and permitting processes. Developers must work with several City departments to gain final project approvals, and often report an inability to obtain timely responses to applications and comprehensive review of development plans. Consequent delays force developers to hold land or to redraw plans, while bearing increased project carrying costs (e.g. acquisition and construction interest, taxes, insurance, utilities). According to a recent informal survey of practitioners conducted by the Texas Capital Area Builders Association, processing plans for a 50-lot project in Austin takes a minimum of one and one-half years, compared with six months in Round Rock, eight months in Cedar Park and one year in Pflugerville. Informal numbers from the City of Austin's Development Review and Inspection Department put the site plan approval process over the past two years at an average of 335 days for single-family developments between 50 and 100 units.

Expand Assistance for First-Time Homebuyers

In addition to ramping up rehabilitation and new construction programs to increase the housing supply, stakeholders who work with first-time homebuyers suggested that NHCD expand resources for downpayment assistance.

Increase the Supply of Accessible Housing: Many of those with disabilities face the additional challenge of finding accessible housing. Though there has been no recent comprehensive study on the number of people with disabilities who lack accessible housing in the City of Austin, the United Cerebral Palsy Association of the Capitol Area (UCP) operates an architectural barrier removal program funded by the City of Austin. In operation for more than 15 years, the program consistently maintains a waiting list of several hundred people. The current wait for home modification is more than one year. This measure provides a general indication of the need for accessible housing in the City of Austin. ADAPT estimates that 20,816 people in the City of Austin require accessibility modifications to their homes.

In response, focus group participants advocated the expansion of the Architectural Barrier Removal Program in order to reduce time on the waiting list. They indicated that emergency funds are needed for those who cannot wait a year for modifications. They suggested that the City's building and permitting process address accessibility in housing as it does in public accommodations, and that permits not be issued unless the housing is accessible. Participants also advised the Housing Authority of the City of Austin to be more responsive in making accessibility modifications, noting a fear of retaliation on the part of disabled public housing residents.

Homeownership Assistance Programs

ACTIVE FEDERAL PROGRAMS

The vast majority of federally-administered housing programs are designed to create affordable rental and public housing, in large part leaving single-family homeownership development to the private market and to state and locally-administered CDBG and HOME funds. While there

are federally-administered housing programs that encourage single-family development in rural areas, those programs are not active in Austin. Certainly tax deductions for mortgage interest and property taxes are the primary federal mechanism for encouraging homeownership.

ACTIVE STATE PROGRAMS

HOME. Austin sees some single-family development and homeownership assistance through the HOME funds that are awarded to the State and administered by the Texas Department for Housing and Community Affairs (TDHCA). All the units created under the program serve families earning 80 percent of the median income or below, and most serve families earning 60 percent or below. According to TDHCA, HOME awards made in 1999 rehabilitated 302 owner-occupied units in the five-county metro area; but did not create new homeownership units in the area. In addition, State HOME funds provided homebuyer assistance to 834 families in 1999 in the five-county metro area.

Texas Housing Trust Fund. The Housing Trust Fund is a statewide program that provides funds for acquisition, rehabilitation and new construction of both affordable homeownership and rental housing. Awards go to local governments, public housing authorities, nonprofit and for-profit developers, community development organizations, and income-eligible individuals and families. State HTF awards made in 1999 created 15 single-family units in Bastrop — the only HTF homeownership units assisted in the five-county area in 1999.

Texas Single-Family Bond Program. The TDHCA Single-Family Bond program provides below market interest rate funds to facilitate homeownership for those earning 60-115 percent of the area's median family income. The First-Time Homebuyer component channels low interest rate mortgage revenue bond funds through participating Texas lenders to eligible first-time homebuyers. On an annual basis, the Department may issue only a limited amount of tax-exempt single-family Mortgage Revenue Bonds (MRB) due to Internal Revenue Code imposed maximums and a further allocation limitation by the Texas Bond Review Board. Annually, the maximum single-family allocated authority approximates \$89 million. The Department also has the ability, under certain circumstances, to restructure existing bond issues and create additional funds for new single-family mortgage loans. From 1995 through 1999, the program assisted 1,380 households in Austin metropolitan area.

The Down Payment Assistance Program (DPAP). The state's Down Payment Assistance Program assists families earning less than 80 percent of the median income in purchasing a home by providing an interest free loan for down payment and allowable closing costs. Those at the lowest incomes can combine state and city down payment assistance.

REDESIGNED NHCD HOMEOWNERSHIP ASSISTANCE PROGRAMS

To supply more targeted assistance than state and federally-administered programs can provide, NHCD continues to explore ways to maximize the impact of federal grants and expand the pool of resources brought to bear on these housing challenges. NHCD is redesigning its

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• Homeownership

programs in response to the housing needs assessment and the citizen and stakeholder feedback. Below are general descriptions of the NHCD homeownership programs for FY2000/01. When a new program is taking the place of an existing program, reference to the previous program name is noted.

Preserving Stock & Addressing Housing Conditions: Rehabilitation Programs

Rehabilitation programs help both to stem the affordable housing shortage by preserving existing housing stock and assisting eligible residents in improving both their home and their neighborhood.

- **Emergency Home Repair Program (EHR).** The existing Emergency Home Repair program will continue. In FY1998/99 the EHR program repaired life-threatening living conditions, health and safety hazards and major mechanical systems for nearly 700 low- and moderate-income homeowners. A program administrator works with homeowners to develop a mutually agreeable scope of work and then manages the contracting and inspection. Last fiscal year, each client received a maximum grant of \$6,000 in labor and materials. Ninety-four percent of the clients earned incomes below 50 percent of the median income, and the vast majority of these (72 percent of all clients) earned incomes below 30 percent of the median income. This program was previously part of the Home Maintenance Program.
- **Architectural Barrier Removal (ABR).** Proposed to continue in FY00/01, the ABR program modified or retrofitted the living quarters of nearly 450 low-income elderly and mobility-impaired homeowners and renters to make their housing more accessible in FY1998/99. Clients are aided by a program administrator who develops a scope of work approved by the property owner and manages the contracting and inspection of all work. Last fiscal year, each client could receive a maximum grant of \$3,200 in labor and materials. Nearly all clients (99 percent) earned below 50 percent of the median income, and the vast majority of these (84 percent of all clients) earned below 30 percent of the median. This program was previously part of the Home Maintenance Program.
- **Homeowner Moderate Rehabilitation Program.** The moderate rehabilitation program is being added to assist low and moderate-income homeowners with more substantial repairs, such as foundation repair or replacement. The Austin Housing Finance Corporation will provide loans to needy families who are unable to obtain private rehabilitation financing. Funds would be used for up to \$25,000 in repairs per home. This program expands on and takes the place of the Single-Family Loan Program.
- **Homeowner Rehabilitation Loan Guarantee Program.** To preserve Austin's affordable housing stock and help existing homeowners to fix and remain in their homes, the Austin Housing Finance Corporation (AHFC) will work with lenders to establish a pilot loan guarantee program that increases the amount of capital available for home improvement. Banks would provide new below-market, non-conventional rehabilitation loans to low and moderate-income homeowners. The City of Austin would guarantee the loans, agreeing to purchase loans that reach a specified period of delinquency with funds from an AHFC loan loss reserve — a reserve that would be created for this program. The guarantee would remain in effect for the

first five years of each loan. All homes would be rehabbed to City of Austin Rehabilitation Building Code. The program would generate substantial investment in preserving the housing stock, with very little outlay of federal resources.

- **Rate Buy-Down Program.** This new program in FY2000/01 would work in conjunction with a Homeowner Rehab Loan Guarantee Program to further write-down the interest rates borrowers obtain on rehabilitation loans from participating lenders.

Increase the Housing Supply: Acquisition/Rehabilitation & New Construction

In keeping with stakeholder recommendations, the programs and initiatives below are an effort to stimulate greater production of affordable housing and, through the same program structure, will increase both the number of homeowner and rental units.

- **The SMART Housing Initiative.** The SMART Housing Initiative for which NHCD is the single point of contact, was adopted by the City Council on April 20, 2000. The SMART (Safe, Mixed-Income, Accessible, Reasonably-priced, Transit-Oriented) Housing Initiative is designed to stimulate both homeownership and rental production for low and moderate-income Austin residents. Housing created in conjunction with the initiative must meet specific safety, accessibility, energy-efficiency and transportation access standards before accessing program benefits. The Initiative:
 - Spurred the adoption of rehabilitation guidelines as part of the City Code. On April 6, 2000 the City Council adopted housing rehabilitation guidelines as part of the Simplified Land Development Code. The adoption provides a clear policy direction that encourages homeowners and contractors to maintain and remodel homes while meeting City standards for safety and sanitation. The rehabilitation code language will follow the "plain English" format created for the Simplified Land Development Code, making the rehabilitation construction requirements easier to understand.
 - Gives the Austin Housing Finance Corporation the right of first acceptance of any surplus City property to determine if SMART Housing is a viable option for the site. Providing surplus City lands suitable for housing at below market prices will allow AHFC to encourage construction of more reasonably priced homes.
 - Allows full or partial fee waivers for projects that make a portion of their developments reasonably priced—that is, available to families who earn no more than 80 percent of the median family income and who would spend no more than 30 percent of their family income on housing. Builders who meet the SMART Housing standards would receive full or partial fee waivers based upon the amount of affordable housing their project provides. The sliding waiver scale creates incentives for "reasonably-priced" housing while addressing neighborhood concerns that all affordable housing projects not be concentrated in a single neighborhood or part of the city.
- **Acquisition and Development.** The Austin Housing Finance Corporation (AHFC) will work with lenders to leverage City and federal funds, reducing the cost of capital for acquisition of lots and buildings and minimizing the risk of housing development. Appropriations from the AHFC Housing Assistance Fund and available federal funds will be deposited as collateral

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• Homeownership

with a lender. Under models used by various lenders, those funds are then matched by as much as four to one in below-market-rate financing for infrastructure development and acquisition. Using the financing as well as SMART Housing fee waivers and facilitation to reduce development costs, AHFC will act as joint venture partner with nonprofit and for-profit developers to convert surplus tracts of land into affordable lots for homeownership and rental development. Land planning and engineering of available tracts in specific neighborhoods will be pursued on an ongoing basis. This program replaces the acquisition component of the Home Ownership Opportunities Program (HOOP).

- Scattered Cooperative In-fill Program Phase II: Homeownership. On June 1, 2000 the City Council approved a settlement agreement between the City and Anderson Community Development Corporation (ACDC) related to the SCIP II housing project. The agreement requires ACDC to transfer all the properties (56 parcels) acquired under the contract to the City of Austin. The agreement also requires the City through the Austin Housing Finance Corporation (AHFC) to complete 74 housing units, of which 24 are rental units. The AHFC is currently preparing a development plan for constructing these units, which is scheduled to be complete by September 2000.
- Housing Trust Fund. In FY1999-2000, the City Council allocated \$1,000,000 of general revenue to establish a Housing Trust Fund dedicated to increasing the supply of affordable housing in Austin. Of that allocation, \$750,000 will be spent on rental housing for families earning under 50 percent of the median income, and \$250,000 will be used to add to the aforementioned loan loss reserve to attract leverage for ongoing housing rehabilitation. An additional \$1 million has been requested in FY 2000/01 budget to continue the Trust Fund activities.

Address Affordability for First-Time Homebuyers

- Down Payment Assistance (DPA). The DPA program provides deferred or below-market-rate loans to low and moderate-income first-time homebuyers to assist them with the down payment and closing costs of their home purchase. During FY98/99 the program assisted 366 households. Loans are based on need and typically average \$3,000 per household. Loans are secured by a subordinate lien on the property that is non-assumable. Continuing from previous years, this program was formerly funded as a component of the Home Ownership Opportunities Program (HOOP).
- Bond Programs. The following two bond programs do not use HUD funds. Instead they work in partnership with other NHCD programs to increase affordability.
 - Taxable Single-Family Bond Financing. To promote homeownership for low and middle-income buyers, the AHFC proposes to issue Taxable Mortgage Revenue Premium Bonds. Bond proceeds will be used to purchase mortgages that automatically provide up to 5 percent of the down payment and closing costs for families earning up to 140 percent of the median family income. The program will be available to mortgage lenders and developers, enabling their clients to access the assistance. The AHFC hopes to assist 300 families with this program.

-
- **Tax-Exempt Mortgage Revenue Single-Family Bond Financing (Mortgage Credit Certificates)**. The AHFC anticipates receipt of \$23 million in private activity bonding authority in January 2001. This authority can be used to provide below market interest rate financing to first-time homebuyers or monthly payment reductions through the use of Mortgage Credit Certificates (MCCs), that provide first-time homebuyers an income tax credit for 20 to 25 percent of their annual mortgage interest. AHFC may reserve access to the MCCs for homebuyers in particular SMART housing developments or other affordable housing developments. This program could assist 300 families in the next two years.

With this complement of programs, NHCD hopes to better preserve existing affordable housing stock, impact affordability for first-time homebuyers and stimulate increases in the production of affordable single-family homes by nonprofit and for-profit developers.

Continuum of Housing Services

• Private Rental Housing



Rental Market Conditions

Rent Levels and Vacancy Rates

The cost of rental housing in Austin continues to be prohibitive for low-income households. In spite of the addition of over 26,000 new multifamily units in the 1990s, absorption rates remain high and vacancy rates low. Vacancy rates dropped from 5 percent in 1995 to less than 3 percent in December 1999.

Table 2.15

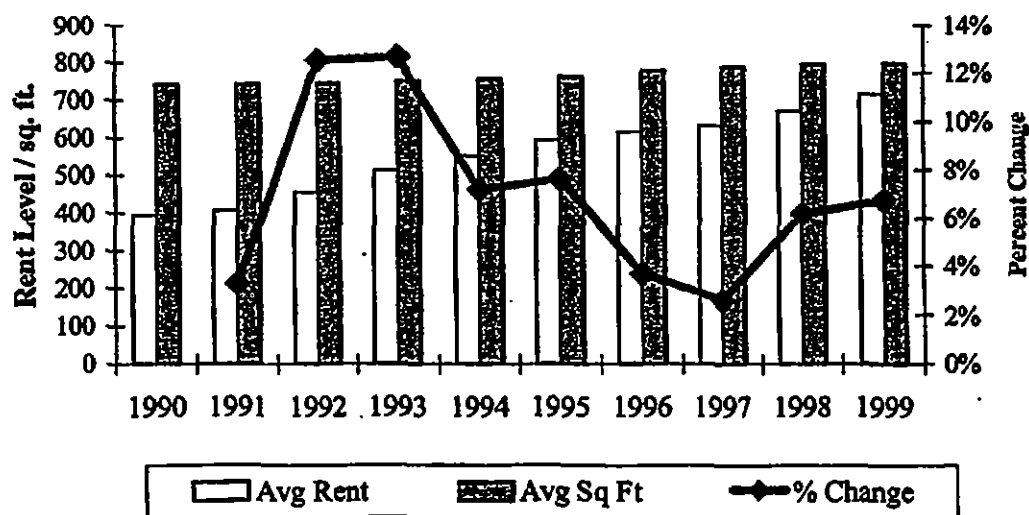
**City of Austin Average Rent and
Average Rent per Square Foot, 1990-1999**

Year	Average Rent	Annual % Increase	Rent/SF
1990	\$393	—	\$0.53
1991	\$406	3.31%	\$0.55
1992	\$457	12.56%	\$0.61
1993	\$515	12.69%	\$0.68
1994	\$552	7.18%	\$0.73
1995	\$594	7.61%	\$0.78
1996	\$616	3.70%	\$0.79
1997	\$632	2.60%	\$0.80
1998	\$671	6.17%	\$0.85
1999	\$716	6.71%	\$0.90

Source: Capitol Area Market Research

Chart 2.6

Austin Average Rent Level and Percent Change



High absorption and extremely low vacancies have combined to drive rent levels to unprecedented heights. Between 1990 and 1999, average rents increased an average of 7 percent every year with increases that exceeded 10 percent annually in 1992 and 1993 (Table 2.15). Similar increases are expected in 2000. Average rent levels in new multifamily rental units are at an all-time high. Average rents for new units range from a low of \$459 for an efficiency to over \$1,200 for a three-bedroom unit. The average rent for a two-bedroom, two-bath unit in December 1999 was \$872.

Similarly, renters appear to be getting less for their money. In the early 1990s rental rates were \$.55 to \$.65 per square foot on average. By the end of 1999, that had risen to just over \$.90 per square foot.

Rental Housing Affordability

One measure of housing affordability is the proportion of one's household income required for rent or home purchase. Federal guidelines consider the threshold for housing affordability as spending 30 percent of one's gross household income for housing costs (rent & utilities). Those spending over 50 percent of one's gross income for housing are considered severely rent burdened.

Assuming units were available, a comparison of income levels with average rent levels indicates that families at or above 60 percent of median income were generally able to afford rental housing in Austin in 1999. However, a family at 30 percent of median income (\$8.00 per hour for one full-time worker) would pay 63 percent of their monthly income for rent, based on the average rent for a two-bedroom apartment.

Affordability by Household Type

This affordability crunch is a crisis for the diverse population earning below 30 percent of the median income. Many low-wage workers, female-headed households, elderly or disabled

Table 2.16

Affordability of Rental Units by Household Income Level

Percent of Median Income	1999 Income Family of 4	Monthly Affordable Rent*	Average 1999 2 Bed / 2 Bath	Income Surplus or Gap	Housing as a Percent of Income
100%	\$55,400	\$1,385	\$872	\$513	18.9%
80%	\$44,320	\$1,108	\$872	\$236	23.6%
50%	\$27,700	\$693	\$872	(\$180)	37.8%
30%	\$16,620	\$416	\$872	(\$457)	63.0%

Source: Capitol Market Research, December 1999 Apartment Survey; HUD 1999 Median Household Income

*at 30% of monthly income

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residents living on SSI (Social Security's Supplemental Security Income), persons living on GAU (General Assistance-Unemployable) and families receiving TANF (Temporary Assistance for Needy Families) are living at or below the poverty level and cannot afford market rate rents. Average market rate rents would require families on TANF to spend from 55 percent to more than 100 percent of their income on rent, depending on family size. In 1999, families living at the poverty level needed an annual rent supplement of \$6,300 to afford the average market rent for a two-bedroom apartment (Table 2.17). Three-person households living on public assistance need an annual rent supplement of \$8,644. All of these populations earning under 30 percent of median are severely rent burdened in the Austin market unless their housing is subsidized.

Table 2.17

Affordability of Housing by Household Type

Household Type	1999 Estimated* Median Income	Monthly Afford- able Rent @ 30%	Average 1999 2 Bed / 2 Bath	Income Surplus or Gap	Housing as a Percent of Income
Married Couple w/ Child	\$64,627	\$1,616	\$872	\$744	16.2%
All Families	\$61,436	\$1,536	\$872	\$664	17.0%
All Households	\$46,652	\$1,166	\$872	\$294	22.4%
Female HH Head w/ Child	\$25,427	\$636	\$872	(\$236)	41.2%
Single Person	\$38,800	\$970	\$872	\$98	27.0%

* estimated from relationship to median in 1990

Three Person Low Income Household

Low Income (50%)	\$24,950	\$624	\$872	(\$248)	41.9%
Very Low Income (30%)	\$14,950	\$374	\$872	(\$498)	70.0%
At Poverty Level	\$13,880	\$347	\$872	(\$525)	75.4%
On Public Assistance	\$6,000	\$150	\$872	(\$722)	174.4%

Source: Capitol Market Research, December 1999 Apartment Survey;
HUD 1999 Median Household Income

Affordability by Household Size & Unit Size

The affordability crisis for families earning 50 percent and less than 30 percent of the median income is even clearer when comparing market rents for low-income households of different sizes. (Table 2.18)

Regardless of size, families earning 30 percent of the median income fall far short of affording Austin's market-rate rent for any unit, let alone a suitably-sized unit. They could not afford

Table 2.18

Affordable Rents by Household Size and Income Level, 1999

Income		Affordable Rents by Household Size			
HUD Median Income Levels	Income Level (All Households)	1-Person	2-Person	3-Person	4-Person
80% Median	\$44,320	\$775	\$886	\$998	\$1,108
50% Median	\$27,700	\$485	\$554	\$624	\$693
30% Median	\$16,620	\$291	\$333	\$374	\$415

Average Market Rents by Unit Size, 1999	Studio	1-Bdrm	2-Bdrm, 1-bath	2-Bdrm, 2-bath
	\$459	\$628	\$698	\$872

Source: HUD, Capitol Market Research Rents @ 30% of monthly income

monthly rents above \$415 sufficient for an efficiency unit but only one-third to one-quarter the cost of a large apartment with an appropriate number of bedrooms. Only a very small number of market-rate units were available in 1999 at monthly rents less than \$500. Unsubsidized units large enough to accommodate their space needs, at rent levels they could afford, were nearly impossible to find in Austin. For families living on public assistance, subsidized units through the Housing Authority of the City of Austin (HACA) are one of the few options. Yet, time on the HACA waiting list can be six months to three years.

Larger families earning 50 percent of median face similar obstacles. About 40,367 of Austin's rental units in 1999 had rents between \$300 and \$650 and were theoretically affordable to households at 50 percent of median. Yet almost all apartments at these price levels were studios and one-bedrooms, suitable for low-income elderly persons or other low-income individuals but inadequate for low-income families looking for larger units. Larger families at 50 percent of the median income could not afford the average three-bedroom apartment renting for \$1,044 or the four bedroom renting at \$1,204. Of the households earning 50 percent of the median income (adjusted for family size) only single individuals could afford the market rate rent for a suitably-sized unit—that is, if the single individual were willing to rent a studio apartment; a single person earning 50 percent of the median income could not afford the average market rent for a one-bedroom apartment.

Rental Supply

The affordability dynamics in the homeownership and rental markets are interrelated, conspiring to create a serious shortage of affordable rental housing. With the increasing costs of homeownership, many potential first time homebuyers are remaining in the rental market. Similarly, with many moderate and middle-income renters paying relatively high rents for new

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units, dedicating significant portions of their income to rent is delaying their ability to accumulate a downpayment and savings for a home purchase.

Though a family earning 50 percent of the median income could theoretically afford a unit that is below the average price and perhaps smaller than they need, finding such a unit in a market with less than a 2 percent vacancy rate is extremely difficult.

Total Rental Units by Rent Level

Most of the new construction during the 1990s occurred during the last half of the decade, though even these construction levels were significantly below those of the mid 1980s. In 1999, Austin's rental housing stock in projects with 50 or more units totaled approximately 74,000 units. The table and chart below indicate the supply by rent level. Market rate rents ranged from \$300 to over \$1,200. Almost all units available for less than \$400 were subsidized.

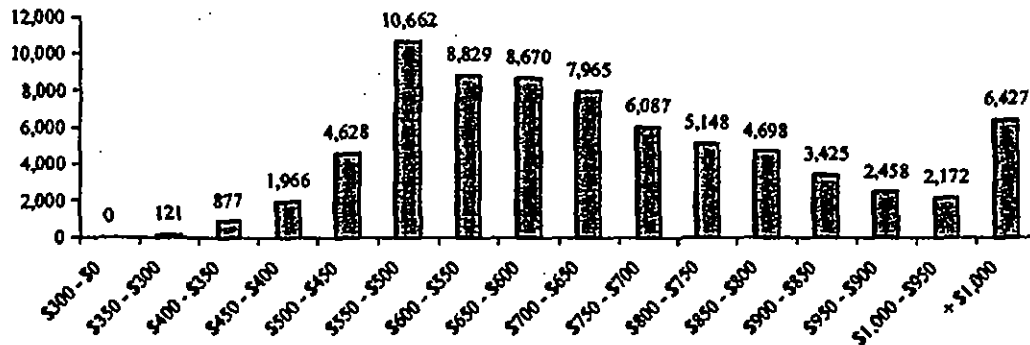
Table 2.19

Rent Range		Total Units
\$0	- \$300	0
\$300	- \$350	121
\$350	- \$400	877
\$400	- \$450	1,966
\$450	- \$500	4,628
\$500	- \$550	10,662
\$550	- \$600	8,829
\$600	- \$650	8,670
\$650	- \$700	7,965
\$700	- \$750	6,087
\$750	- \$800	5,148
\$800	- \$850	4,698
\$850	- \$900	3,425
\$900	- \$950	2,458
\$950	- \$1,000	2,172
\$1,000	+	6,427
Total		74,133

Source: Capitol Market Research,
Dec. 1999 Austin Area Apartment Study

Chart 2.7

Total Rental Units by Rent Level, 1999

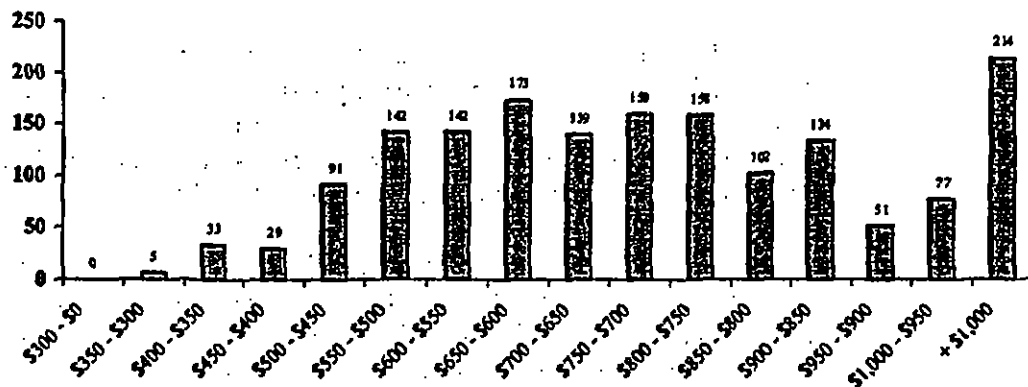


Available Units by Rent Level

In keeping with the low vacancy rate, a small fraction of these units are actually available for rent, however. Table 2.20 shows the number of rental units available within the city of Austin in December 1999. With an average occupancy rate of 97.8 percent, there were only 1,649 units available and most of these units were in the higher price ranges. In fact, there were only 158 units on the market whose rent was less than \$500 per month, and 1,071 units available whose rent was less than \$750. Clearly, there is an extreme lack of affordable units currently available for rent.

Chart 2.8

Available Rental Units by Rent Level, 1999



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Table 2.20

Available Apartments by Rental Rate
Austin Area (December 1999)

Rent Range	Total Units
\$0 - \$300	0
\$300 - \$350	5
\$350 - \$400	33
\$400 - \$450	29
\$450 - \$500	91
\$500 - \$550	142
\$550 - \$600	142
\$600 - \$650	173
\$650 - \$700	139
\$700 - \$750	159
\$750 - \$800	158
\$800 - \$850	102
\$850 - \$900	134
\$900 - \$950	51
\$950 - \$1,000	77
\$1,000+	214
Total	1,649

Source: Capitol Market Research,
Dec. 1999, Austin Area Apartment Survey

In addition to the overall lack of affordable rental units, there is also evidence of a geographic mismatch. Of the multifamily units constructed since 1996, 21 percent were developed in North Central Austin, 19 percent in NW Austin, and only 304 units were added in east & southeast Austin where minority and low-income populations remain concentrated.

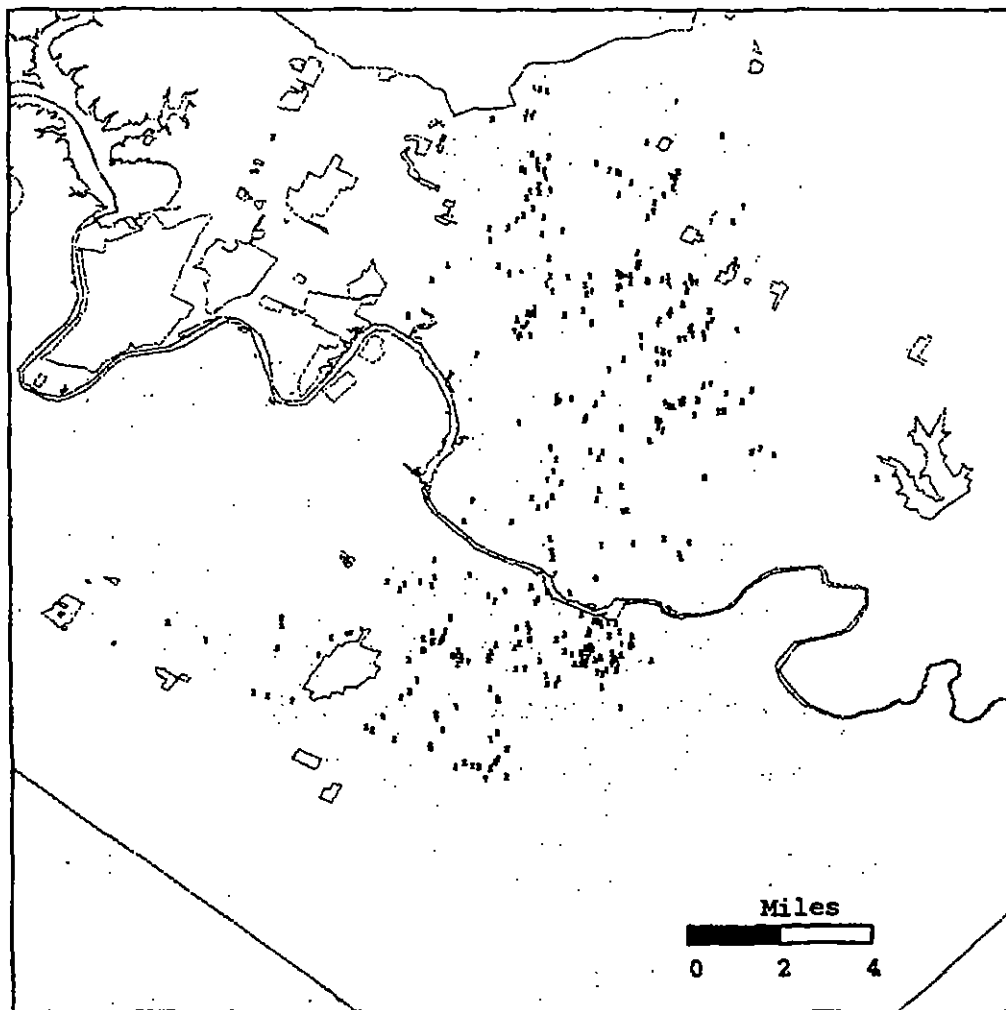
Planned Additions to Rental Supply

Capitol Market Research maintains an extensive inventory of available apartment sites and planned additions to the apartment inventory in Austin. In March 2000, a thorough analysis of this database was conducted to determine how many new units were likely to be added to the available inventory over the next five years. A good estimate can be made for 2000 and 2001. By extrapolation, an estimate was prepared for 2002-2004.

Currently, approximately 6,343 units are under construction in Austin and scheduled for completion in 2000. Another 834 units have broken ground and will be delivered in 2001. An additional 5,230 units are scheduled to break ground later this year for delivery in 2001. Taken together there should be approximately 12,407 units added to the City of Austin Apartment inventory during the next two years. Approximately 5,000 units will likely be added in 2002,

Map 2.1

Travis County Apartments in City of Austin Limits



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but after that, unit additions are expected to fall to 4,000 or less due to the lack of available apartment sites. These planned additions to the rental supply represent the current pipeline; they do not include production that would be generated if the City of Austin intervened in the apartment market by rezoning land for multi-family construction.

Most of the planned additions will be class "A" apartments that currently rent for \$1.05 per square foot (for product built in the 90s). Class "B" apartments built in the 1990s now achieve \$0.95 rents, while "affordable" properties — those with income restrictions on some or all of their units — rent on average for \$0.70 per square foot.

Planned Additions by Rental Rates

An estimate of the rental rate structure of future projects (2000 and 2001) was prepared by examining each project location and developer and ascribing a project class based on the best data currently available. Rental rates for a "typical" project in each class range were obtained by creating a profile of all 97 complexes completed in the 1990s and aggregating the data to create a composite profile for each product type. This rent profile was then used to estimate the availability of units by price range for the next five years. While the use of average "profiles" does not provide a detailed analysis of all planned projects, it clearly shows the market bias toward more expensive units. Less than 3 percent of the 25,000 units likely to be built in the next five years will rent for less than \$650 per month and 30 percent of these will be one bedroom or efficiency units.

The Supply-Demand Gap in Rental Housing

New Rental Unit Demand by Income Group

An earlier section presented the aggregate forecast for new housing, indicating a potential annual demand for new rental units of approximately 4,540 units per year. By dividing the

Table 2.21

Multifamily Planned Unit Additions City of Austin, 2000-2004

Year	Total Units	Class "A"	Class "B"	Affordable
2000	6,343	5,159	788	396
2001	6,064	5,224	840	0
2002	5,000	4,150	500	350
2003	4,000	3,320	400	280
2004	4,000	3,320	400	280
TOTAL	25,407	21,173	2,928	1,306

Source: Capitol Market Research, March 2000

Planned Unit Additions based on developer interviews & review of available sites.
City of Austin, Apartment Pipeline Report, December, 1999

Table 2.22

Planned Unit Additions by Rental Rate Range
City of Austin 2000 - 2004

Rent Range	Class "A"	Class "B"	Class "C"	Total
Less than \$300	0	0	0	0
\$300-\$349	0	0	0	0
\$350-\$399	0	0	0	0
\$400-\$449	0	0	0	0
\$450-\$499	0	13	0	13
\$500-\$549	51	0	171	221
\$550-\$599	0	0	0	0
\$600-\$649	0	0	519	519
\$650-\$699	0	1,260	0	1,260
\$700-\$749	0	220	0	220
\$750-\$799	0	0	429	429
\$800-\$849	10,741	0	0	10,741
\$850-\$899	0	1,069	188	1,257
\$900-\$949	1,086	0	0	1,086
\$950-\$999	59	0	0	59
\$1,000 +	9,236	366	0	9,601
Total	21,173	2,928	1,306	25,407

Source: Capitol Market Research estimates of unit completions by rent range, March 2000

annual demand into income groups and calculating the apartment rental rate at the upper and lower level of each income group (assuming an allowable rent payment of 30 percent of income), annual rental demand by income group can be estimated.

Table 2.24 compares that demand forecast against the projected supply for 2000-2005. As shown, there is no new rental housing anticipated in the lowest three rental categories. In the affordable rental range of \$376 to \$625 per month, there is an unmet five-year demand of almost 2,600 units. Conversely, there is a potential oversupply of units ranging from \$626 to \$875, unless the future supply of "A" product has a more diverse mix of unit rental rates than is assumed for the typical 90's product. The forecast methodology Capitol Market Research used places a proportionate share of units in higher rental rate categories based on the anticipated high quality of the planned inventory. Very few affordable rental units are expected to be produced by the conventional housing market; public sector intervention with private sector support is critical if this need is to be addressed.

Rental Housing Needs

Once again, the citizen survey and stakeholder discussion corroborated the quantitative analysis, echoed many of the themes from the homeownership discussion and asserted a similar set of priorities for rental assistance.

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Table 2.23

Conversion of Income into Rent Rates

Household Income Range	Percent	Maximum Rental Rate	Annual Rent Payment	Annual Demand
\$0 - \$4,999	1.47%	\$125	\$1,500	67
\$5,000 - \$9,999	9.02%	\$250	\$3,000	410
\$10,000 - \$14,999	9.65%	\$375	\$4,500	438
\$15,000 - \$24,999	12.16%	\$625	\$7,500	552
\$25,000 - \$34,999	19.57%	\$875	\$10,500	888
\$35,000 - \$49,999	15.98%	\$1,250	\$15,000	725
\$50,000 - \$74,999	14.92%	\$1,875	\$22,500	677
\$75,000 - \$99,999	10.37%	\$2,500	\$30,000	471
\$100,000 +	6.87%	\$10,000	\$120,000	312
Total	100.0%			4,540

Source: Capitol Market Research, March 2000

Note: Number of households by income group & income ranges are from the 1990 Census.

Increase the Supply of New Affordable Rental Units

Citizen surveys consistently ranked increasing the supply of affordable rental units as their top priority. Nonprofit and for-profit developers recommended specific actions to aid them in increasing affordable production:

- Increase the supply of buildable land, in part by clearing the titles of City-seized delinquent properties. Developers cited the lack of affordable, appropriately zoned land as the primary obstacles to affordable rental development.

Table 2.24

Balance of Rental Unit Demand and Supply, 2000-2005

Minimum Rental Rate	Maximum Rental Rate	Percent Market Share	Computed Demand	Available Inventory	Unmet Demand
\$0	\$125	1.5%	373	0	373
\$126	\$250	9.0%	2,293	0	2,293
\$251	\$375	9.6%	2,452	0	2,452
\$376	\$625	12.2%	3,089	494	2,595
\$626	\$875	19.6%	4,971	14,167	(9,195)
\$876	\$1,250	16.0%	4,060	3,065	995
\$1,251	\$10,000	32.2%	8,181	7,681	500
Total		100.0%	25,407	25,407	

Source: Capitol Market Research, March 2000

Note: The percent of households by income group calculated using inflation-adjusted income data and the distribution by income category from 1990.

- Address current zoning processes that discourage multi-family zoning and hinder affordable rental development.
- Simplify permitting, review and inspection processes that can add significantly to the cost of rental development.

Increase the Supply of Affordable, Integrated Rental Housing

"Priced Out in 1998" — a 1999 study published by the Technical Assistance Collaborative and the Housing Task Force of the Consortium for Citizens with Disabilities — found that there is not a single housing market in the United States in which a person with a disability receiving SSI benefits can afford to rent a modest apartment. The study found that across the country an individual must use nearly 88 percent of his or her SSI benefits to afford a modest efficiency apartment, or 106 percent to afford a one-bedroom apartment. In the particularly harsh Austin rental market, a single disabled individual had to pay 93 percent of his or her SSI payment toward rent for the average-priced efficiency in 1999. The average one-bedroom apartment in Austin had a rent that was 1.8 times the amount of an individual's monthly SSI payment.

Disabled residents who work and have higher incomes are facing affordability challenges in the homeownership market that are similar to residents without disabilities. These middle-income residents have difficulty find affordable, available properties and find their incomes are too high to receive downpayment assistance under current programs.

With such severe affordability challenges and the low rental vacancy rate, focus group participants confirmed that Austin's housing crisis is significantly impacting those with disabilities and there are insufficient units that are affordable to families and individuals earning below 50 percent of the median income. They urged NHCD to emphasize multifamily housing — targeted to residents earning less than 30 percent of the median income — its City's housing programs rather than single-family construction. Additionally, as NHCD develops multi-family housing, participants encouraged development of integrated housing for the disabled. They referenced models that set aside in every rental development a certain portion of accessible and adaptable units for those with disabilities, rather than developing complexes dedicated to the disabled or even to a particular type of disability.

Reduce Obstacles to Rental Rehabilitation

Developers noted the scarcity of rehabilitation opportunities and their reluctance to take on most rehabilitation projects. In addition to streamlining City services noted above, they suggested two actions to reduce the financial impediments to rental rehabilitation:

- Establish separate rehabilitation and new construction standards within the local building code, to encourage rehabilitation of properties for rental.
- Provide greater gap financing both for rental rehabilitation and new construction projects, to make possible projects that would otherwise go unbuilt.

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Rental Housing Assistance Programs

ACTIVE FEDERAL RENTAL DEVELOPMENT PROGRAMS

Section 202. HUD's Section 202 program creates affordable rental units and provides supportive services for the low-income elderly. With more than 6,000 elderly Austin residents living below the poverty line in 1990, providing subsidized rental housing for this vulnerable population is critical. Yet, competition for Section 202 awards is fierce and no significant expansion of the program is expected. Austin has only three of these projects. According to the Texas Low Income Housing Information Service, 98 percent of the 203 units built under Section 202 are occupied, and eligible elderly residents face a 65-month wait to access one of these units.

Section 811. HUD's Section 811 program creates rental housing for low-income disabled residents — another group of residents who often earn less than 30 percent of the median income and face severe affordability problems in the Austin market. There are six Section 811 projects in Austin that provide a total of 75 units. Once again, the supply provided under this program is insufficient to meet demand in Austin.

ACTIVE STATE RENTAL DEVELOPMENT PROGRAMS

Low Income Housing Tax Credit Program. Since the late 1980s, the Low Income Housing Tax Credit Program (LIHTC) has been the primary engine for affordable rental development across the country. Administered in Texas by the Texas Department of Housing and Community Affairs (TDHCA), the highly-competitive program awards 10 years of tax credits to developers who set aside a minimum of either 20 percent of their units for families earning 50 percent of the median income or 40 percent of their units for families earning 60 percent of the median income. The amount of credit is based on the affordability set-asides within the project. Unfortunately, Austin developers have had uneven success in obtaining tax credit awards. In 1999, no LIHTC credits were awarded in the City of Austin. According to the Texas Low Income Housing Information Service, the 48 tax credit projects previously awarded within the City provide 2,819 rental units, 17 percent of which rent to very low-income residents (under 30 percent of the median) and 19 percent rent to families earning between 31 and 50 percent of median. Greater production under this program is paramount to being able to close the gap between the supply and the demand for affordable housing in Austin. According to the Texas Department of Housing and County Affairs, the LIHTC produced 4,298 rental units within the five-county metro-area between 1996 and 1999.

HOME. HOME funds are awarded both to the State of Texas and cities like Austin that are metropolitan areas which qualify as participating jurisdictions. Austin does see some rental development through the State's HOME funds. For example, LIHTC funds are typically combined with both State HOME and State Housing Trust Fund monies when projects are developed in Austin. All units created under the HOME program must serve families earning 80 percent of the median income or below, and most serve families earning 60 percent or below. According to the TDHCA, HOME funds awarded in 1999 will create 474 rental units in the five-county metro area.

Texas Housing Trust Fund. The statewide Housing Trust Fund provides funds for acquisition, rehabilitation and new construction of both affordable homeownership and rental housing. Awards go to local governments, public housing authorities, nonprofit and for-profit developers, community development organizations, and income-eligible individuals and families. State HTF awards made in 1999 created 200 multi-family units in Travis County — the only HTF multi-family project awarded in the five-county metro area.

Texas Multi-Family Bond Program. TDHCA issues tax-exempt and taxable multifamily Mortgage Revenue Bonds to fund loans to for-profit and qualifying nonprofit 501(c)(3) organizations for the acquisition or development of affordable rental units. Properties financed through the programs are subject to unit set aside restrictions for lower income tenants and persons with special needs. The Department's capacity to issue MRBs for multifamily projects is subject to the Bond Review Board's lottery for private activity volume cap. However, the Department may issue tax-exempt multifamily MRBs, which are not subject to Internal Revenue Code imposed maximums, if the ownership entity is a 501(c)(3) nonprofit corporation. Multifamily bond volume varies based on applications received by the Department. No units have been produced in the City of Austin under this program since 1995; the program created 232 rental units in Round Rock and 208 units in Cedar Park since 1997.

REDESIGNED NHCD RENTAL DEVELOPMENT PROGRAMS

NHCD programs work in combination with state and federally-administered programs, but offer greater opportunity for targeting resources within Austin. NHCD is trying to better leverage CDBG and HOME resources to increase the affordable rental stock, redesigning its programs in response to the housing needs assessment and the citizen and stakeholder feedback. Below are general descriptions of the NHCD rental assistance programs for FY2000/01. When a new program is taking the place of an existing program, reference to the previous program name is noted.

Increase the Supply of New Affordable Rental Units

Both the Acquisition & Development and the Lot Foreclosure Programs will work to increase the supply of buildable lots for both single-family and multi-family housing. For this reason, both programs are cross-listed both as homeownership programs and as rental assistance programs.

- **Acquisition and Development.** The Austin Housing Finance Corporation (AHFC) will work with lenders to leverage City and federal funds, reducing the cost of capital for acquisition of lots and minimizing the risk of housing development. Appropriations from the AHFC Housing Assistance Fund and available federal funds will be deposited as collateral with a lender. Under models used by various lenders, those funds are then matched by as much as four to one in below-market-rate financing for infrastructure development and acquisition. Using the financing as well as SMART Housing facilitation and fee waivers to reduce development costs, AHFC will act as joint venture partner with nonprofit and for-profit developers to

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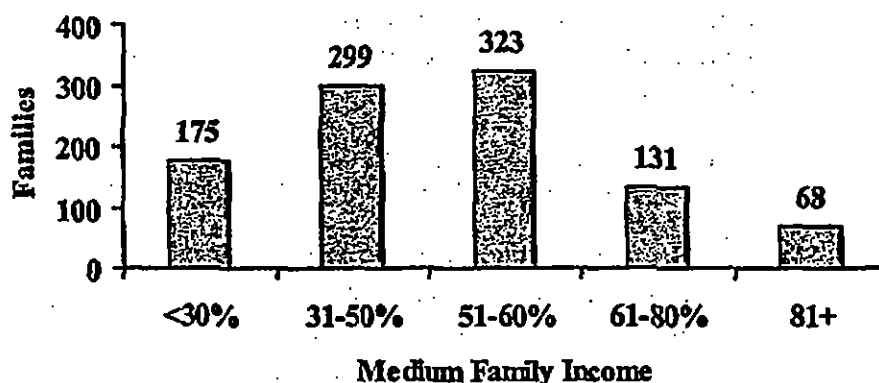
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convert surplus tracts of land into affordable lots for homeownership and rental development. Land planning and engineering of available tracts in specific neighborhoods will be pursued on an ongoing basis. This program replaces the land acquisition component of the Home Ownership Opportunities Program (HOOP).

- **Community Housing Development Organizations (CHDOs).** A 15 percent set aside of HOME funds is used to fund CHDOs that are certified by the City. Funds are used for acquisition, rehabilitation or new construction of single-family homes or rental housing available to low and moderate-income buyers and renters. In response to current housing needs, the program focuses heavily on generating rental housing. In the coming year the process of awarding CHDO funds will be redesigned around an outcome-based approach in an effort to enhance the impact of these funds.
- **Tax-Exempt Multifamily Bond Financing.** The Austin Housing Finance Corporation (AHFC) will continue to work with nonprofit and for-profit developers on the issuance of Tax Exempt Multifamily Bonds to assist in the acquisition and rehabilitation or the construction of affordable multifamily projects. During FY1999/00, 996 units will have been assisted through this program, for a total of \$33.6 million in bond financing. Those units will benefit families at the estimated income levels in Chart 2.9.
- **The SMART Housing Initiative.** Described in more detail under Homeownership Assistance Programs, the SMART Housing Initiative has and will continue to help address the regulatory concerns expressed by nonprofit and for-profit rental developers. As indicated previously, the City Council recently adopted dedicated rehabilitation guidelines as part the Simplified Land Development Code. Additionally, for projects meeting the specific safety, accessibility, affordability and transportation access standards of the Initiative, NHCD will work with the

Chart 2.9

1999-00 AHFC Bond Investment Benefit



developer to facilitate the development review, inspection and permitting processes.

Reduce Obstacles to Rental Rehabilitation

Since the program provides rehabilitation assistance for both renters and homeowners, the Architectural Barrier Removal Program is cross-listed as both a Homeownership and a Rental Assistance Program.

- **Architectural Barrier Removal (ABR).** Continuing in FY00/01, in FY1998/99 the ABR program modified or retrofitted the living quarters of nearly 450 low-income elderly and mobility-impaired homeowners and renters to make their housing more accessible. Once again, clients were aided by a program administrator who develops a scope of work approved by the property owner and manages the contracting and inspection of all work. Last fiscal year, each client could receive a maximum grant of \$3,200 in labor and materials. Nearly all clients earned less than 50 percent of the median income, and vast majority of these (84 percent of all clients) earned below 30 percent of the median income. This program was previously part of the Home Maintenance Program.
- **Rental Housing Development Assistance.** Designed to create and retain more affordable rental units, the program will provide gap financing to developers and investors for the development or rehabilitation of affordable rental projects that would otherwise be economically infeasible. Projects must create units affordable to low and moderate-income residents or meet the needs of special populations. The program will provide deferred payment loans and/or below-market interest rate loans for acquisition, rehabilitation or new construction. This program replaces the Housing Implementation Program.
- **Rental Rehabilitation Loan Guarantee.** Using the same model as the Homeowner Loan Guarantee Program, AHFC will work with lenders to establish a pilot loan guarantee program for the rehabilitation of rental properties with fewer than ten units. Participating lenders would provide below-market-rate loans for the repair and rehabilitation of rental housing that serves low and moderate-income residents. The City of Austin would guarantee the loan, purchasing them after a specified period of delinquency with funds from an AHFC loan loss reserve. The guarantee would remain in place for the first five years of each loan. Properties would be rehabbed to City of Austin Rehabilitation Building Code. The program would result in lower interest for borrowers, while spurring additional investment from lenders.
- **Housing Trust Fund.** In FY1999-2000, the City Council allocated \$1,000,000 of general revenue to establish a Housing Trust Fund dedicated to increasing the supply of affordable housing in Austin. Of that allocation, \$750,000 will be spent on rental housing for families earning under 50 percent of the median income, and \$250,000 will be used to add to the aforementioned loan loss reserve to attract leverage for ongoing housing rehabilitation. An additional \$1 million has been requested in FY 2000/01 budget to continue the Trust Fund activities.

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- Scattered Cooperative In-fill Program Phase II: Rental (SCIP II). On June 1, 2000 the City Council approved a settlement agreement between the City and Anderson Community Development Corporation (ACDC) related to the SCIP II housing project. The agreement requires ACDC to transfer all the properties (56 parcels) acquired under the contract to the City of Austin. The agreement also requires the City through the Austin Housing Finance Corporation (AHFC) to complete 74 housing units, of which 24 are rental units. The AHFC is currently preparing a development plan for constructing these units, which is scheduled to be complete by September 2000.

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• Public and Assisted Housing



The federal government created public housing in 1937 to improve housing conditions for the poorest Americans. Multi-family dwellings were built throughout the country to provide temporary homes for low-income families. Publicly funded agencies — called public housing authorities (PHAs) — were created to manage these properties. Today's PHAs manage not only their own properties — referred to as “public housing” — but also programs that provide rental assistance to low- and very-low income residents of privately-owned apartments — referred to as “assisted housing.” Funding for operating, capital, and rental assistance is provided by the U.S. Department of Housing and Urban Development (HUD) based on the number of residents served. Additional funds for education, job training, and crime prevention programs and additional rental assistance are awarded competitively.

Public & Assisted Housing Market Conditions

The Supply of Public Housing

Austin is served by two PHAs — the Housing Authority of the City of Austin (HACA) and the Housing Authority of Travis County (HATC), respectively. Both are high-performing authorities. HACA received a perfect score from HUD in 1999 — a marked increase from 1997 when HUD was threatening to take over HACA due to poor performance. HATC scored 91.3 out of 100 — a HUD-designated high-performer.

With an annual budget of \$26.6 million, HACA was serving 1,927 families in its public housing units by March 2000. The sixth largest PHA in Texas, HACA manages 1,906 units in 20 apartment complexes and 22 units at other scattered sites. With it \$3.5 million in resources, HATC was providing housing for 101 families at three sites by the end of 1999; all three facilities are in neighborhoods that have been annexed by the City of Austin. More than 482 public housing units become available annually, primarily due to increases in recipient's income.

Table 2.25

Public Housing Profile: Austin & Travis County, February 2000

	Housing Authority of the City of Austin	Travis County Housing Authority
Total Units	1928	105
Sites	20 complexes & various scattered units	3
Average Occupancy Rate	97%	98%
Average Rent	\$137	\$215
Average Income	\$6558	\$10,367

Source: www.hacanet.org; Texas Low Income Housing Information Service; Travis County Housing Authority

Continuum of Housing Services

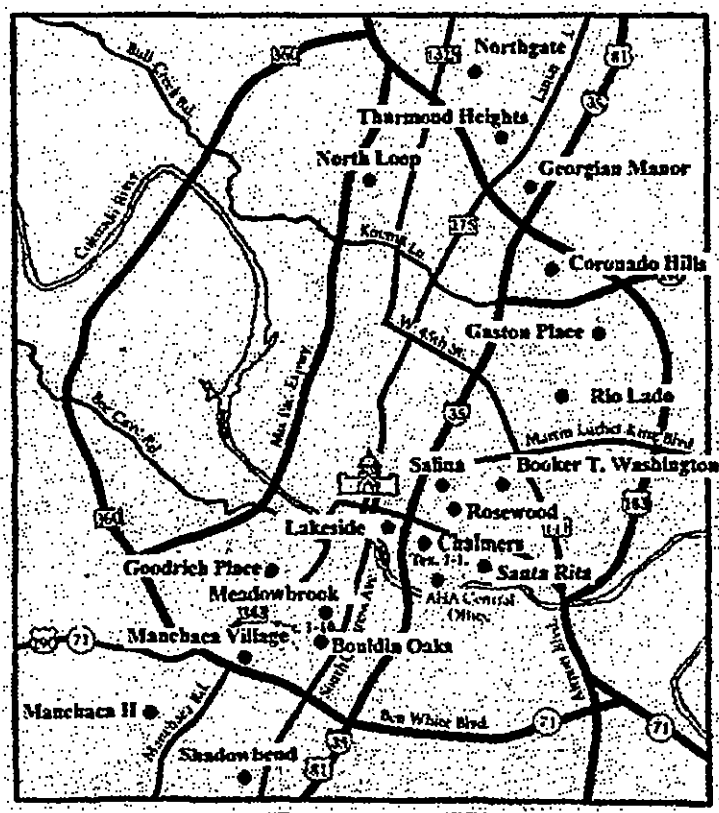
• Public and Assisted Housing

Congress amended the law in 1996 to allow individual housing authorities to set admission preferences locally. Travis County gives preference to eligible residents who have been involuntary displaced, are living in substandard housing or are homeless, and those paying more than 50 percent of their income for housing. HACA places a priority on the involuntarily displaced, the elderly and disabled. Both PHAs screen candidates for prior criminal and drug-related activity.

The map of HACA developments reflects the concentration of public housing on the South and East sides of the City. Two obstacles have limited additional construction of housing units by both PHAs in other areas of the City. First, new construction of public housing largely depends on receiving New Construction Funds from HUD. Consistent with HUD budget reductions over the past decade, HACA last received HUD funds for new construction in the early 1980s when the Rio Lado and Coronado Hills Apartments were developed. Without these funds, creation of new facilities is unlikely. Second, neighborhood opposition to the development of mixed income developments can be a factor, as evidenced by HATC's attempts at new construction over the past several years.

Map 2.3

HACA Apartment Complexes



The Demand for Public Housing

As the discussion of rental housing dynamics illustrated, Austin's poorest residents now have few affordable options in the private market; the average household income of public housing residents is \$6,800 — less than 13 percent of the current median income for a family of four. Public housing is essential for these families because rent payments in public housing are capped at the higher of 30 percent of adjusted monthly income, 10 percent of unadjusted month income, the welfare rent, or the PHA-established minimum.

Unfortunately, the current supply of public housing cannot meet growing demand. HACA processed more than 3,700 applications for public housing applications in FY98/99. While they offered units to 617 families and 396 families actually moved in, the waiting list stood at 2,112 families by February 2000. HATC has a waiting list of 184 families and an expected annual turnover of only 35 families. Vacancy rates at both PHAs average less than 3 percent.

Not surprising in light of the private rental analysis, families on the PHA waiting lists are predominantly Austin's lowest income residents. Across both lists, over 93 percent earn less than 30 percent of the median family income (MFI). Nearly 86 percent are minorities. Nearly 72 percent are families with children, and nearly 70 percent require units that have 2 or more bedrooms.

Table 2.26

Waiting List for Public Housing Units, February 2000

	Housing Authority of the City of Austin	Travis County Housing Authority
Total Families on Waiting List	2112	184
Families Earning Less than 30% MFI	95.4%	76.1%
Families Earning 31- 50% MFI	4.3%	18.5%
Families with Children	70.7%	76.6%
Elderly Families	2.3%	4.9%
Families with Disabilities	4.2%	13.0%
Families With Racial/Ethnic Minority	86.3%	79.9%
Needing 2 Bedroom Unit or Larger	69%	79.3%

Source: HACA Draft PHA Plan, 2000-2004; TCHA Draft PHA Plan, 2000-2004

Assisted Housing

For very low-income families who cannot access public housing, the HUD-funded Section 8 project-based and tenant-based rental assistance programs are essential. Under the tenant-based assistance program the PHA issues a rental voucher to a family earning 50 percent of the median income or less. The family must then find an apartment that both meets the PHA's health

Continuum of Housing Services

• Public and Assisted Housing

and safety standards and is managed by a landlord willing to take a Section 8 voucher. The voucher pays to the landlord the difference between 30 percent of the family's income (the affordability standard) and the HUD-established fair market rent (FMR). Under the tenant-based system the family can continue to use the voucher when they move, as long as their new landlord agrees to take the Section 8 payment and the unit meets the PHA's health and safety standards.

Under the project-based system, the rental subsidy is tied to a particular housing unit rather than to a family. HUD contracts directly with the landlord for anywhere between 20 and 30 years and agrees to pay the difference between the 30 percent of the tenant's income and the rent level agreed to in the contract. Rent levels generally approximate the FMR, though there are exceptions. Currently the FMR is set at the 40th percentile of area rent levels — that is, 60 percent of area apartments rent for more and 40 percent for less. Austin's 2000 FMR is \$700 for a two-bedroom apartment and \$972 for a three-bedroom.

The Supply of Assisted Housing

HACA currently serves about 2,267 families through its Section 8 tenant-based assistance allocation and special grants. HATC serves another 472 families. In addition, there are 3048 privately managed Section 8 units in the City of Austin. More than 600 Section 8 vouchers become available annually, primarily due to increases in the recipient's household income. In 1999, state HOME funds provided tenant-based rental assistance for an additional 348 families.

The average annual income of families receiving Section 8 rental assistance is \$10,900 or just under 20 percent of the area median income.

The Demand for Assisted Housing

Demand continues to outstrip supply for Section 8 programs. During their 1998/99 fiscal year, HACA processed 626 Section 8 applications, moving 396 families into Section 8 housing. After completely clearing their waiting list during the fiscal year, HACA began taking new applications. Nearly 2,000 applications were expected, and as of February 2000 the waiting list stood at 1,918. It had dropped to 1,887 by the end of April 2000. HATC maintains a Section 8 waiting list of 252 families.

While those on Section 8 waiting lists earn somewhat higher incomes than families on public housing lists, nearly 72 percent still earn less than 30 percent of median. Across both waiting lists, 80 percent are low-income families with children — higher than the proportion waiting for public housing units. Just over 14 percent are families with elderly members — also a higher proportion than those waiting for public housing. About 3 percent have members with a disability, and nearly 89 percent are minority families.

In order to meet the great demand for affordable housing in Austin, HACA pursued additional Section 8 funds from HUD and was awarded \$1,203,000 in late November of 1998. These

Table 2.27

Waiting List for Section 8 Tenant-Based Assistance, February 2000

	Housing Authority of the City of Austin	Travis County Housing Authority
Total Families on Waiting List	1918	252
Families Earning Less than 30% MFI	71.7%	72.6%
Families Earning 31- 50% MFI	23.7%	27.4%
Families with Children	81.7%	69.4%
Elderly Families	15.4%	5.5%
Families with Disabilities	2.8%	7.9%
Families With Racial/Ethnic Minority	88.9%	85.7%

Source: HACA Draft PHA Plan, 2000-2004; TCHA Draft PHA Plan, 2000-2004

funds enabled the program to issue certificates to approximately 200 families before the Christmas holiday. In October 1999 HUD awarded HACA another \$3,593,260 that will fund an additional 700 vouchers through the Section 8 Welfare to Work grant.

Public & Assisted Housing Assistance Needs

Consultations with the PHAs and the meeting with stakeholders in the public and assisted housing community highlighted the most pressing assistance issues.

Increase the Supply of Affordable Rental Units

- **Long Public Housing Waiting Lists.** To express their priorities for NHCD funding, stakeholders allocated an imaginary \$100 among a list of public & assisted housing needs they had generated. Their highest priority for NHCD — assigned an average 69 percent of funding — was to expand the affordable private rental housing stock as the long-term solution for easing public & assisted housing demand.
- **Increased Pressure on Tenant-Based Recipients.** Recipients of tenant-based assistance have an increasingly difficult time finding apartments at rents near the HUD Fair Market Rent. New HUD regulations require that recipients pay no more than 40 percent of their adjusted monthly income on housing. Consequently, if a family has a voucher, finds an available apartment that would require more than that limit, and is willing to contribute the additional income in order to end their housing search, they cannot use the voucher. To date, only 2 percent of Section 8 certificates are turned back due to inability to find a unit, but tenant-based assistance will lose its value if the supply of affordable rental apartments diminishes further.
- **Increased Discrimination in the Tight Market.** Stakeholders argued that the tight rental market has increased discrimination against those with tenant-based certificates. The Austin Tenants' Council (ATC) is reporting increased complaints as discrimination against families with children, non-English speakers, the disabled, the mentally ill and those with a criminal history grows.

Continuum of Housing Services

• Public and Assisted Housing

The ATC noted that complaints regarding disabilities had risen to 48 percent of complaints in 1999.

Maintain Existing Inventory of Public Housing & Project-Based Section 8 Properties, and Number of Families Served by Tenant-Based Section 8

- **Expiring Section 8 Contracts.** In Austin, an estimated 1,814 units are under contracts that expire in 2000, and another 678 units are under contracts that expire by 2003. Given the escalating rental market, stakeholders are concerned that landlords will choose not to renew their contracts, instead allowing rents to rise to market and potentially displacing current tenants. Non-renewal would also shrink the available pool of affordable rental housing. NHCD administers two Section 8 substantial rehab certificates that will expire in 2002. These are in the process of transferring to HACA.
- **Fewer Families Served By Rental Assistance.** Because rents are rising steadily, PHAs cannot serve as many families through rental assistance with same amount of funding.
- **Expand Rental Assistance Programs.** Given the Section 8 waiting lists previously cited, focus groups participants urged the expansion of rental subsidy programs by redirecting or seeking new funding sources such as HOME or Section 811 awards. Additionally, they suggested that NHCD do what it can to expand the availability of rental units managed by landlords who accept vouchers and certificates. Participants recommended that landlords receive training in the Section 8 program and its administrative requirements, as well as sensitivity training in the acute housing needs of those with disabilities. Toward this end, they suggested the amendment of the City's Fair Housing Ordinance to make housing discrimination based on income level and source of income illegal. Others pressed for expansion in homeownership subsidies as well.
- **Fair Market Rents Not Keeping Up.** Putting additional pressure on families served by tenant-based assistance, Fair Market Rents have not kept pace with Austin's rapidly rising rents. HACA is urging HUD to allow higher payments for such markets.

Expand Support Services to Facilitate Movement to Next Stages of Continuum

- **Improve Education & Job Training.** Stakeholders suggested that tenant services to improve education, job training and credit counseling are especially necessary to ensure those who can achieve private housing have the opportunity. They emphasized the importance of connecting tenants to jobs and services through better coordination.

Public & Assisted Housing Strategies

Increase the Supply of Affordable Rental Units

- NHCD's strategies to increase the affordable rental stock — listed in Sections II.B.2.c. and II. E. — will support the additional strategies of PHAs.
- Among its strategic goals, HACA intends to increase the number of new or rehabilitated affordable housing units (public and private) by 200 units before 2002. HACA leadership intends to compete for mixed-finance developments, such as tax credits or bond-financed

projects, that would allow HACA to serve both higher income residents and more lower-income residents.

Maintain Existing Inventory of Public Housing & Project-Based Section 8 Properties, as well as Families Served by Tenant-Based Section 8

- Both PHAs plan to apply for additional rental assistance certificates and seek special purpose vouchers to assist the elderly and disabled.
- Neither housing authority expects to build new public housing units between 2000 to 2005, and neither has facilities that are in such disrepair that demolition would be appropriate. HACA officials do not rule out disposition of any facility if it is in the business interest of the housing authority; neither, however, has plans to do so.
- In addition to providing voucher mobility counseling, HACA plans to implement a voucher homeownership program during 2000/01 to increase the assisted housing options.
- NHCD administers two Section 8 substantial rehab certificates that will expire in 2002. These certificates provide rental subsidies to four Austin families. Given no new Section 8 certificates are being sought, this program is in the process of being transferred to HACA.

Expand Support Services to Facilitate Movement to Next Stages of Housing Continuum

One of the tenets of HACA's mission is to "break the poverty cycle by serving as a catalyst for our residents to become economically self-sufficient." Toward that end, HACA is strengthening the following programs, among others:

- Referral Services. HACA assists residents by hosting on-site employment recruiting sessions, distributing information regarding job openings, and notifying residents about job training opportunities. All of these activities were strengthened starting in FY 98/99 when HACA's Community Development staff provided an average of 260 direct services and referrals per month. An average of 500 residents per month benefited from group services, including adult education classes, parenting classes, and job retention workshops.
- Voluntary Self-Sufficiency Program. Over the past year HACA expanded its Family Self-Sufficiency (FSS) program for Section 8 residents, introducing the program to Conventional Public Housing residents. The FSS program coordinates resources for residents who are committed to becoming independent of public assistance. To date, 49 public housing families and 54 Section 8 families have enrolled in the program. HACA provides participants with a Family Self-Sufficiency Escrow Account as an incentive to participation. In turn, participants agree to become free of public assistance within 3-5 years.
- Workforce Van Project. HACA, the Capital Area Workforce Development Board and the Capital Metro Transportation Authority have formed a partnership to provide free door-to-door transportation for residents who attend programs at the Capital of Texas Workforce

Continuum of Housing Services

• Public and Assisted Housing

Centers. The service even allows residents to drop children at day care along the way. The program assists about 40 residents per month who receive case management, job training and job placement services at the Workforce Centers.

- **Adult Education.** HACA is successfully making adult education more accessible and convenient to residents. Adult Basic Education (GED) classes are now provided on-site at the Thurmond Heights, Chalmers Courts, and Bouldin Oaks facilities. HACA offers scholarships to pay for the cost of enrolled residents' GED testing. Currently more than 40 residents are working to obtain their GEDs.
- **Welfare to Work Efforts.** Last fiscal year HACA brought together over 100 organizations and agencies to form the Austin/Travis County Welfare-to-Work Coalition. The Coalition has grown and will become increasingly important in building partnerships that assist public housing residents in becoming independent of public assistance. Currently, 112 resident families are being served by a Welfare-to-Work program.

2000-2005 Consolidated Plan

Continuum of Housing Services

- Homeless, Emergency Shelter and Transitional Housing



For the purposes of this Plan, homelessness is defined as:

- Persons who do not have a fixed residence
- Persons who are sleeping in places not meant for human habitation such as cars, parks, sidewalks, and abandoned building
- Persons sleeping in emergency shelters, transitional housing, or other facilities for homeless persons.

Homelessness /Emergency Shelter Market Conditions

Austin's Homeless Population

An estimated 3,625 homeless adults, youth, and families with children live in Austin/Travis County on any given day. Over the course of a year, the number of homeless persons living in the community rises to 6,000. Various factors, including the reluctance of individuals to be identified as homeless, limitations in data sharing between service providers due to confidentiality requirements, and the mobility and diversity of homeless persons make precise estimates of the homeless population difficult. The best estimates available, as cited above, are from the 1999 Homeless Services Survey conducted by the 1999 HUD SuperNOFA Planning Committee. Twenty-six area agencies serving the homeless provided information on available housing and services and the average number of persons they serve on any given day as well as information on the characteristics and needs of homeless persons. Survey data was supplemented with information on homeless persons who are not currently receiving services from agencies that

Table 2.28

Characteristics of Homeless Persons in Austin/Travis County On Any Given Day (1999)

	# of Homeless Served	# of Homeless Not Served	Total # of Homeless
Individuals			
• Single Men	611	533	1,144
• Single Women	220	225	445
• Youth*	104	144	248
Total, Individuals	935	902	1,837
Families with Children			
• Adults in Families	503	178	681
• Children in Families	823	284	1,107
Total, Persons in Families	1,326	462	1,788
Total, Homeless On Given Day	2,261	1,364	3,625

* Includes homeless youth, generally aged 13-23, who are not accompanied by a parent or guardian and do not have dependent children or a spouse.

Continuum of Housing Services

• Homeless, Emergency Shelter and Transitional Housing

conduct outreach to "street homeless" and by shelter providers. Given the nature of homelessness, these estimates are conservative.

Adults and Families. Half of Austin's homeless are adults who are not part of a family or couple. While the majority of homeless single adults are men (62 percent), there are more than 400 single homeless women estimated to be living in Austin at any given time. Families constitute the other half of Austin's homeless population. Almost 1,800 persons in families are homeless on any given day, and almost two-thirds of which — more than 1,100 persons — are dependent children.

An increasing number of families experience recurring homelessness. Because of the lack of affordable housing, homeless families have difficulty making the transition from shelter to more permanent housing. Low paying jobs and lack of sufficient community-based support services, particularly affordable child care, make it difficult for families to make the transition successfully.

Some of these are persons whose resources and support networks are so fragile that they fall in and out of homelessness throughout the year. Others may be passing through the City, on their way to another destination. For some people, homelessness is a short-term crisis. For others, it becomes a persistent condition.

Youth. Approximately 250 youth living without any parent or guardian are estimated to be homeless in Austin on any given day. While some are as young as 13 years old, most are 18-23 years old. There are slightly more boys (60 percent) than girls. Many homeless youth have fled physical and/or sexual abuse. Local data indicate that approximately 50 percent of Austin's homeless youth were abused, abandoned, neglected or pushed out of their homes before their 17th birthday. Many youth experience emotional trauma linked with circumstances that cause them to leave their family or foster care. Homeless youth may become involved in prostitution, other criminal activity and/or substance abuse that make placement in permanent housing difficult. Specialized support services are necessary for homeless youth to find and maintain stable housing.

Primary Factors Contributing to Home- lessness

Homelessness is a complex issue. There are many reasons a person becomes homeless — sudden loss of employment, separation from the military, divorce, major illness, insufficient income, untreated substance abuse or mental illness or family violence. In general, these issues fall into two categories: (1) lack of income and (2) health problems/personal traumas.

Lack of Income

A recent HUD study of homelessness found that homeless persons are among the poorest in the nation. Overall, the incomes of homeless people average half the federal poverty level, largely because the primary source of income for persons who are homeless is public assistance — Supplemental Security Income (SSI) for single adults and TANF for families with children.

The primary barriers to better paying jobs for most homeless persons are low educational

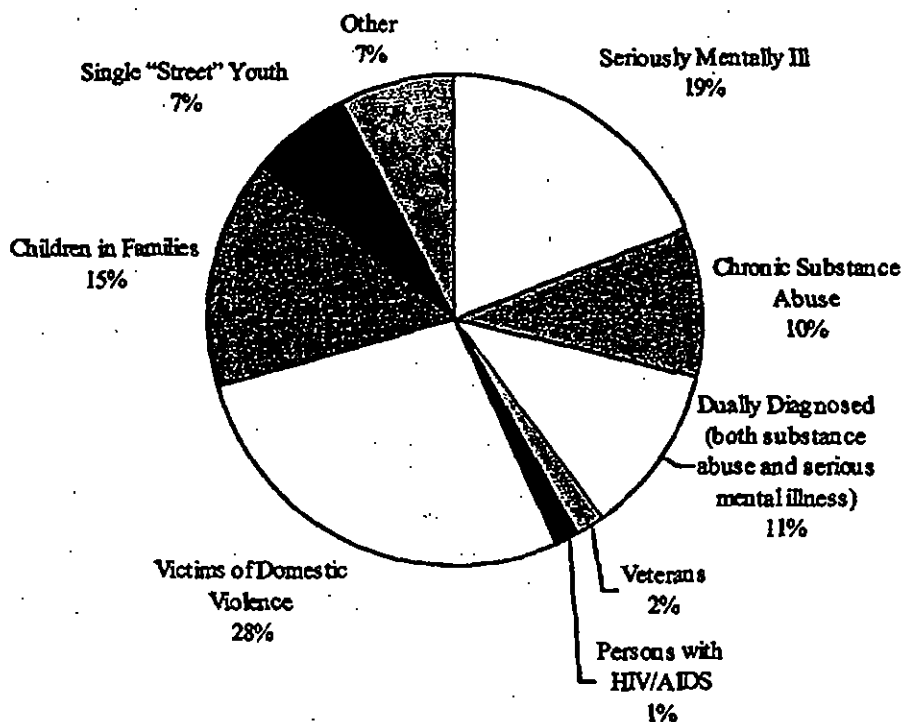
levels and limited job skills. HUD found that 38 percent of homeless persons have less than a high school diploma as compared to 18 percent of the overall population. The average Temporary Assistance for Needy Families (TANF) recipient in Travis County is estimated to function at a fifth grade level in reading and math. Homeless persons who do find employment typically work in low paying retail or service sectors, or through area "day labor" programs. In addition to limited educational and job skills, homeless women with children face an additional challenge of finding and maintaining affordable childcare.

Behavioral Issues

Substance abuse and mental illness are primary contributors to homelessness. Over half (61 percent) of the homeless population is estimated to suffer from alcohol or substance abuse. Rates are higher among single adults and among those who live on the streets. Austin's homeless youth report that 42 percent use drugs on a daily basis.

Local and national data suggest that as many as one-third of the homeless have a severe and persistent mental illness. National data from the U.S. Department of Veterans Affairs indicate

Chart 2.9



00003-28

Continuum of Housing Services

• Homeless, Emergency Shelter and Transitional Housing

that 30-40 percent of homeless single men are veterans, many of whom suffer from post traumatic stress syndrome. Approximately 50 percent of persons with severe mental illness also experience substance abuse problems — so called “dual diagnosis.” These individuals have extensive need for multiple social services but difficulty in accessing them due to mental disabilities and mistrust of the system.

Domestic violence is a common cause of homelessness for women. Local providers estimate that 30-50 percent of homeless women are victims of domestic violence. Personal and financial crises, such a loss of a job, unexpected major illness, divorce or eviction, can also precipitate homelessness from those who are living on the edge of poverty.

Although several factors typically drive someone into homelessness, only the primary factor contributing to a person’s homelessness in Austin are reflected below.

Housing Assistance for the Homeless: The Continuum of Care Model

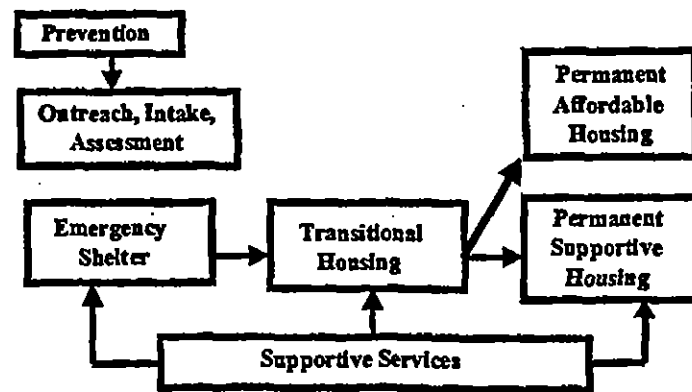
HUD recommends that communities develop a flexible continuum of care that combines an array of housing and supportive services for homeless and formerly homeless residents. Austin/Travis County’s continuum of care includes all of the components recommended by HUD, although some areas are stronger than others. The diagram below shows the relationship between these components and how homeless persons can move from one component to another. A brief description of the individual components follows.

Prevention: Prevention services include onetime crisis intervention services to people in immediate risk of losing their housing, as longer term assistance to help people develop the skills and resources they need to avoid homelessness.

Outreach, Intake & Assessment: Austin/Travis County has multiple intake and outreach efforts designed to identify and assist homeless persons. These programs target the “hidden

Figure 2.2

Austin/Travis County Continuum of Care Model



homeless” and “hard to serve” with the goal of engaging them in the services they need to get off the streets. Current intake and assessment efforts include developing centralized intake and data collection systems to improve the movement of homeless persons throughout the continuum.

Emergency Shelter: Emergency shelter is short term shelter provided primarily as an alternative to the streets. Austin/Travis County has several emergency shelters, most targeted to specific subpopulations including single adults, families with children, victims of domestic violence, youth and pregnant and parenting teens.

Transitional Housing: Transitional housing is longer term housing than shelter, but generally limited to 6-24 months stays. The purpose of transitional housing is to help homeless persons make the transition from shelter to permanent housing. Transitional housing programs provide case management and services to support homeless persons and families during this transition.

Supportive Housing: Supportive housing is permanent housing for persons with disabilities. The housing is provided in association with supportive services that enable persons with disabilities to live as independently as possible in the community.

Permanent Affordable Housing: Permanent housing is the ultimate goal of the continuum of care for homeless persons. This housing may be provided through the private market, or through public sources.

Supportive Services: The purpose of supportive services is to provide homeless persons with the skills and assistance they need to transition out of homelessness. Supportive services should be available to homeless persons at all points in the continuum of care — from the point of intake, to shelter, to transitional housing and, if necessary, even in permanent housing. The primary areas of supportive services available in the Austin/Travis County continuum of care include:

- **Education.** To provide individuals with the skills they need to secure employment and to live independently in the community.
- **Job Training and Placement.** To help people secure employment that pay a living wage.
- **Case Management.** To help people assess needs, develop goals, identify resources, and navigate throughout the system of services available in the community.
- **Child Care.** To allow people to secure and maintain employment.
- **Child and Youth Programs.** To break the cycle of homelessness by helping the children of homeless families and homeless young adult achieve their full capacity.

Substance Abuse, Mental Health and Health Care Services: To help people get to a level where they can work toward self sufficiency.

Continuum of Housing Services

• Homeless, Emergency Shelter and Transitional Housing

Table 2.29

Housing Needed by Homeless Persons vs. Existing Supply (1999)

	Emergency Shelter			Transitional Housing			Supportive Housing		
	Need	Supply	Gap	Need	Supply	Gap	Need	Supply	Gap
Adults	583	246	337	588	154	434	263	102	161
Youth	144	10	134	53	2	51	20	0	20
Persons in Families	571	179	392	697	534	163	170	27	143
TOTAL	1,298	435	863	1,338	690	648	453	129	324

Supply and Demand of Housing for the Homeless

The 1999 Survey of Austin Homeless Providers collected information on the type of housing (emergency shelter, transitional housing, or permanent supportive housing) homeless persons need, and the availability of such housing in the community. The estimated need for housing below reflects the number of individuals; the housing inventory reflects the number of beds currently available and under development.

Emergency Shelter

Definition. Overnight housing provided for homeless individuals and families is emergency shelter.

Inadequate Supply. There is a critical lack of shelter space to serve homeless youth and families. Emergency shelter providers report more people being turned away. In 1998, the two primary providers of shelter for families turned away over 3,000 women and children due to lack of space. Youth face extremely limited options for safe, secure shelter. Family shelters may be reluctant to serve teens due to liability issues and lack of appropriate support services. As a result, there are only a limited number of shelters available to teens in the area. Pregnant and parenting teens face additional barriers to securing emergency shelter and support services.

Area Providers. The Austin Resource Center for the Homeless provides motel vouchers for eight families and four adults experiencing medical emergencies each month. Casa Marianella (serving immigrants and Spanish-speaking homeless) and Foundation for the Homeless (serving families) have 30 beds each. Austin/Travis County Mental Health and Mental Retardation Center, Safe Haven provides 16 beds for chronically mentally ill. Community Advocates for Teens and Parents provides 17 beds for pregnant teenagers or teen parents. LifeWorks provides 16 beds for youth, including 4 family beds. SafePlace provides 90 beds for victims of domestic violence. The Salvation Army operates the largest facility (224 beds) for any homeless. Another homeless shelter is under construction that will serve an additional 100 men each night. Numerous local churches also open their doors to the neediest residents during extreme weather conditions, and Salvation Army also expands its capacity during these periods.

Table 2.30

Gap Analysis: Homeless Needs Vs. Existing Supply (1999)

		Estimated Need	Current Inventory	Unmet Need/ Gap	Relative Priority
INDIVIDUALS					
Beds/Units	Emergency Shelter	(727) 734	256	(471) 478	High
	Transitional Housing	(641) 646	156	(485) 490	High
	Permanent Supportive Housing	(283) 290	102	(181) 188	High
	Total	(1651) 1670	514	(1137) 1156	-
Supportive Services Slots	Job Training	865	100	765	Medium
	Case Management	1764	650	1114	High
	Substance Abuse Treatment	1159	14	1145	High
	Mental Health Care	1217	344	873	High
	Housing Placement	1706	84	1622	Low
	Life Skills Training	1395	161	1234	Medium
	Child Care	-	-	-	-
	Health Care	1509	43	1466	Medium
	Chronic Substance Abusers	243	205	38	High
	Seriously Mentally Ill	615	180	435	High
Sub- Populations	Dually Diagnosed	364	298	66	High
	Veterans	70	62	8	Medium
	Persons with HIV/AIDS	45	35	10	Medium
	Victims of Domestic Violence	104	71	33	High
	Youth	248	104	144	High
	Other	148	79	69	Low
	<i>*Includes homeless street youth</i>				
PERSONS WITH FAMILIES					
Beds/Units	Emergency Shelter	(576) 569	179	(397) 390	Low
	Transitional Housing	(697) 672	534	(163) 138	High
	Permanent Supportive Housing	(170) 158	27	(143) 131	Medium
	Total	(1443) 1399	740	(703) 659	-
Supportive Services Slots	Job Training	481	23	458	Low
	Case Management	532	429	103	High
	Substance Abuse Treatment	218	1	217	High
	Mental Health Care	285	117	402	Medium
	Housing Placement	537	24	513	Low
	Life Skills Training	499	220	279	High
	Child Care	(834) 837	288	(546) 549	High
	Health Care	(1470) 1400	25	(1445) 1375	Medium
	Chronic Substance Abusers	105	85	20	High
	Seriously Mentally Ill	77	42	35	Medium
Sub- Populations	Dually Diagnosed	46	30	16	Medium
	Veterans	3	3	0	Low
	Persons with HIV/AIDS	6	2	4	Low
	Victims of Domestic Violence	(879) 829	606	(273) 223	High
	Youth	552	397	155	High
	Other	121	112	9	Low

Continuum of Housing Services

• Homeless, Emergency Shelter and Transitional Housing

Transitional Housing

Definition. Transitional housing programs provide short-term housing with supportive services, usually from six to twenty-four months, to help homeless individuals and families make the transition from homelessness to self-sufficiency. It is a critical resource in part because it provides the recently homeless an affordable place to live, but more so because it provides the longer-term support they need to break the cycle of homelessness. It provides intensive case management and referral to other services tailored to the individual's needs.

Inadequate Supply. Given the very low incomes of participants — many are victims of domestic violence, unemployed, and recently homeless — governmental support of such programs is essential. The supply in Austin is inadequate to meet demand. Waiting lists for transitional housing programs are growing. Space for families and youth are at a special premium. Families on the waiting list for SafePlace can wait up to a year for assistance. Overall, SafePlace serves one out of four applicants for housing assistance. Housing needs of homeless youth and those in foster care who are turning 18 are not adequately addressed. Finding housing for pregnant teens under age 18 is especially difficult. The demand for transitional housing may further increase as more youth age out of foster care, and the impact of welfare reform places more families at risk of homelessness.

Several actions have reduced the amount of available transitional housing in Austin. In 1997, the City transferred ownership of seven units of transitional housing in St. John's neighborhood to a nonprofit organization. Although these properties continue as affordable housing for low-income persons, they are no longer available as transitional housing. The City of Austin also closed the area's largest transitional housing complex, Monarch Apartments (36 units), in 1998 for badly needed renovations. Due to excessive costs, however, this property is currently slated for sale. Additional transitional units are a priority of the City, but the closures of these facilities further reduced a limited supply of housing for transitional programs.

The lack of transitional housing was identified as an important community need by both residents and stakeholders in the assessment of community needs. Though survey respondents overwhelming chose more affordable apartments and homes as the critical priority, additional emergency shelter and temporary housing ranked in the top half of community needs. Stakeholders from emergency/homeless service providers and testimony at public hearings encouraged the Community Development Commission and the City to increase funds to serve more eligible residents.

Area Providers

Several Austin organizations operate successful transitional programs. The City of Austin supports a number of them, including:

- *Youth Works (formerly American Institute for Learning, a program that provides counseling, educational and employment assistance to youth and adults lacking basic skills.*

ALL provides comprehensive case management, and supportive to homeless families living in their 16 units of transitional housing.

- *Austin/Travis County Mental Health and Mental Retardation Center* operates several facilities serving residents with chronic mental illness and mentally retarded persons.
- *Blackland Community Development Corporation*, a small, community based organization formed to revitalize a low-income neighborhood through the development of affordable housing. The BCDC owns and operates 14 units of transitional housing for homeless families.
- *Caritas of Austin*, a nonprofit organizations providing direct assistance and homeless prevention services to low income residents. Through their comprehensive case management program for single adults and families, Caritas leases 15 units in the private market for use as transitional housing.
- *Community Partnership for the Homeless*, a program that owns and operates seven units of transitional housing for single adult, homeless veterans.
- *LifeWorks*, an organization formed through the merger of four agencies providing youth and family services. LifeWorks provides 19 units of transitional housing with supportive services to homeless youth and young adults.
- *Push Up Foundation*, an organization providing culturally sensitive prevention, intervention, treatment and housing services for homeless women and children with addictions. Push Up Foundations operates a 31-unit transitional housing complex for these individuals.
- *SafePlace*, a program serving women and children who are victims of domestic violence. SafePlace is unique in that it provides up to 36 months of assistance with intensive counseling and assistance for clients. SafePlace currently operates a 29-unit transitional housing complex, and recently received HUD funding to expand this housing.
- *Salvation Army—Passages Program*, a collaboration of six local homeless service agencies providing comprehensive case management and assistance to homeless adults, youth and families. Through an agreement with the Housing Authority of the City of Austin, the Passages Program accesses approximately 60 units of subsidized rental housing per year for program participants. These units are provided through the City's HOME-funded Tenant Based Rental Assistance Program.

Permanent Supportive Housing and Supportive Services

Definition. As discussed in the overview of the regional housing market, Austin is facing a severe shortage of housing for very low-income residents. While the area's strong economy has increased levels of housing production for moderate and high-income families, little of the new housing will address the needs of low-income persons. The lack of supply impacts the entire housing continuum. Without new affordable homes and apartments, the flow of homeless persons through services — from shelter to transitional housing — is slowed. Clients who cannot find permanent affordable housing remain in transitional housing and services as they search. This prevents persons from moving out of shelters to transitional housing. Likewise,

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• Homeless, Emergency Shelter and Transitional Housing

those living on the streets cannot get into a shelter because of the backlog. While the lack of affordable housing has not yet stopped the flow of homeless persons through the system, it has certainly presented challenges in helping homeless persons transition to self-sufficiency.

Inadequate Supply. Homeless shelters and transitional housing providers report increasing difficulty in finding affordable permanent housing for their clients. At the same time, the number of homeless families with children is growing. The lack of low-cost or subsidized housing in the community, especially for persons with special needs, is a critical factor. Competition for the limited number of subsidized housing units available is stiff. Waiting lists for public housing and Section 8 rental assistance administered by the two local public housing authorities currently number more than 2,000. Homeless persons face additional barriers in accessing affordable housing because of the fact that they have been homeless. Many do not have any recent rental history that they can provide as a reference. Those that do usually do not have clean histories. Others may have criminal convictions or poor credit that disqualifies them for certain housing. Finally, many do not have the up-front funds required to cover the first and last month's rent and a security deposit.

Changes in admission preferences by the Housing Authority of City of Austin (HACA) also reduced opportunities for permanent housing for transitional housing graduates. Congress eliminated national priority categories for public housing residents and allowed housing authorities to set local preferences for accepting residents. HACA no longer includes homeless individuals or families as a preference; the elderly, disabled and those displaced by natural disaster are considered priority placements. The Travis County Housing Authority still includes homeless persons as a preference, but has fewer housing units and vouchers available.

Table 2.31

	Single Individuals (including Youth)				Persons in Families			
	Need	Supply	Gap	% Need Unmet	Need	Supply	Gap	% Need Unmet
Health Care	1,509	43	1,466	97 %	*1,470	25	1,445	98 %
Substance Abuse	1,159	14	1,145	99 %	218	1	217	100 %
Job Training	865	100	765	88 %	481	23	458	95 %
Case Management	1,764	650	1,114	63 %	532	429	103	19 %
Child Care	-	-	-	-	*834	288	546	65%
Mental Health	1,217	344	873	72 %	285	117	168	59 %
Housing Placement	1,706	84	1,622	95 %	537	24	513	96 %
Life Skills Training	1,395	161	1,234	88 %	499	220	279	56 %

"Persons in Families" includes adult heads of household, except on those categories denoted with an ***.

Table 2.31 shows data from the 1999 homeless survey on the type of services needed by homeless persons on any given day. Data listed under the category of "Need" reflect the total number of "slots" or visits required to meet the need on any given day. The number listed under the category "Supply" indicates the existing capacity of available services per day. Please note that the number of available supportive service slots represent only those specifically designated for homeless individuals.

As indicated, the largest gaps in services for homeless persons are in substance abuse treatment, health care, job training and housing.

Emergency Shelter, Transitional & Permanent Supportive Housing Strategies

Background. The basis of Austin's five-year strategy for addressing homelessness is a comprehensive planning effort led by the Community Action Network (CAN) Homeless Task Force. Established by the Austin City Council in January 1996, the Homeless Task Force was charged to develop a comprehensive plan for addressing homelessness in Austin/Travis County and serves as the official planning body on homelessness for CAN.

The Task Force's 1996 Comprehensive Plan for Addressing Homelessness in Austin/Travis County, a long-range strategic plan for preventing and reducing homelessness, identifies long and short-term goals for filling gaps in area homeless services. The plan serves as the foundation for strategic planning on homeless issues in Austin/Travis County. A second report published in 1997 prioritizes services recommended in the Comprehensive Plan and recommends implementation options for each subpopulation of homeless persons in Austin/Travis County.

These reports spurred Council to adopt the Homeless Self Sufficiency and Responsibility Initiative in April 1998, with the goal of helping homeless persons achieve self sufficiency while also improving the quality of life in Austin/Travis County. It differs from the plans, however, in that it is more specific in recommending locations, providers, and funding for each of the recommendations. In addition, the Initiative includes strategies that require responsibility on the part of individuals who choose not to take advantage of services, but repeatedly engage in criminal behavior.

The self sufficiency component of the Initiative is an effort to provide the critical services homeless persons need to make the transition from the streets to financial independence. In the second year of implementation, many of the recommended services are already underway. These include the expansion of substance abuse treatment for homeless adults and the construction of a new emergency shelters for homeless adults and families. Self Sufficiency Initiatives that have yet to be fully implemented include the development of more transitional housing for homeless families and Single Room Occupancy housing for homeless adults.

The plan also emphasizes personal responsibility. A recent study of public order crimes in Austin found that one-quarter of public nuisance offenses are committed by homeless persons. Among those who were repeat offenders, two-thirds were homeless. Under the Homeless Self Sufficiency and Responsibility Initiative, homeless individuals who do not take advantage of existing programs, and repeatedly commit public nuisance and criminal offenses, will be held

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accountable. To achieve this, the City is developing more effective approaches to deterring criminal activity. These approaches include establishing a Community Court that can refer repeat misdemeanor offenders to necessary social services. Last year, the City received the legislative approval required to implement the Community Court, which became operational in October 1999. Another City initiative, giving judges the authority to hold upgrade repeat Class C misdemeanor offenders to a higher status, was also approved by the State legislature. The City is now considering recommendations to change its zoning downtown in order to ensure compatibility between services for the homeless and local business.

The Homeless Self Sufficiency and Responsibility Initiative represents a substantial financial investment on the part of the City and County to expand services that homeless people need to become self sufficient. Perhaps more important, the Initiative has helped unify many diverse constituents on the issue of homelessness. Through careful planning and negotiation, and extensive discussion and public hearings on the proposal, the local government has helped build a shared commitment to the goals of the Initiative among all sectors of the community. These goals are reflected in the five year strategies outlined below:

Prevention

The goals of the Comprehensive Plan for this component of the Continuum are:

- Maintain and expand current prevention programs.
- Increase the effectiveness of current prevention efforts through improved collaboration and cooperation among service providers and the addition of services such as case management.

Outreach/Intake & Assessment

The goals of the Comprehensive Plan for this component of the Continuum are:

- Improve planning and access to services by providing centralized information and referral, and developing a centralized intake and data collection system.
- Bring services to the client, through an enhanced mobile outreach effort.

Emergency Shelter

The goal of the Comprehensive Plan for this component of the Continuum is:

- Develop additional emergency shelter to address unmet needs: low-demand shelter for single adults, shelter for families with children, and shelter for youth.
- The Homeless Self Sufficiency and Responsibility Initiative recommends addressing this goal by developing a new shelter for "hard to serve" homeless men, co-located with a day resource center and health clinic. The Initiative also recommends expanding shelter for families by building a new shelter for homeless families and expanding existing family shelters.

Transitional Housing

The goal of the Comprehensive Plan for this component of the Continuum is:

- Expand the availability of transitional housing with case management to help homeless single adults, families, unaccompanied youth, and persons with special needs make the transition to permanent housing.
- The Homeless Self Sufficiency and Responsibility Initiative recommends addressing this goal by developing 68 new units of transitional housing for homeless families.

Interim Rental Assistance

Along with programs to spur private investment and increase housing production, continuing to provide rental assistance to very-low income individuals continues to be an important use of federal grant funds.

- Tenant Based Rental Assistance. TBRA provides rental housing subsidies and security deposits to eligible, very low-income homeless families. Eligible families are working toward self-sufficiency with the aid of a case manager. Monthly assistance averages about \$600 per family, but does not exceed the difference between 30 percent of the family's monthly gross income and the City of Austin rent standard for that unit size. In fiscal year FY00/01, nearly 80 percent of the assistance went to families earning 30 percent or less of the median income. The remaining 20 percent went to families earning between 31 and 50 percent of the median income.
- Section 8. NHCD administers two Section 8 substantial rehab certificates that will expire in 2002. These certificates provide rental subsidies to four Austin families. Given no new Section 8 certificates are being sought, this program is in the process of being transferred to HACA.

Permanent Supportive Housing

The goal of the Comprehensive Plan for this component of the Continuum is:

- Provide additional housing with case management and supportive services to help homeless persons with special needs live as productively and independently as possible in the community.

Permanent Affordable Housing

The goal of the Comprehensive Plan for this component of the Continuum is:

- Fully utilize existing resources and develop new approaches to provide adequate affordable housing for persons who are at risk of homelessness and formerly homeless persons who are ready to live in permanent housing.

Continuum of Housing Services

• Homeless, Emergency Shelter and Transitional Housing

- The Homeless Self Sufficiency and Responsibility Initiative recommends addressing this goal by developing at least 20 units of Single Room Occupancy Housing in the area.

Supportive Services

The goal of the Comprehensive Plan for this component of the Continuum is:

- Develop an accessible continuum of services that provides homeless persons with the comprehensive skills, assistance and support they need to transition out of homelessness.
- The Homeless Self Sufficiency and Responsibility Initiative recommends addressing this goal by increasing funding to address the most critical gap in services: substance abuse treatment for homeless men.

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Housing Issues Facing Particular Populations

• People Living with HIV/AIDS



Demographic Profile

In 1999 there were an estimated 1,302 people living with AIDS in Austin Eligible Metropolitan Area (EMA), approximately 5,000 persons who were HIV positive and another 44,000 individuals at high risk for HIV infection. Based on a recent needs assessment the number of persons living with AIDS in the Austin area is expected to be over 1,400 by 2002.

HIV/AIDS grants and City/County general funds provided 20 different kinds of HIV-related services to 2,354 unduplicated clients through several agencies during 1999. Eighty (80) percent of those served were male, nearly half were white, 73 percent were between ages 30 and 50, 72 percent were single individuals, and 74 percent earned incomes below \$10,000 annually.

Critical Housing Needs

The population boom and consequent inflation in housing costs has directly impacted those living with HIV/AIDS. Over 17 percent of all persons living with HIV or AIDS (PLWH/As) in a 1999 Needs Assessment survey indicated they had been homeless within the past two years. They have several pressing housing needs:

- More affordable rental apartments. In many ways, PLWH/As have needs for rental assistance and affordable rental units similar to other very low-income Austin residents. In particular, PLWH/As who children have a difficult time finding suitable housing.
- Short-term rent, mortgage, and utility payments. In addition to having very little financial cushion, PLWH/As who seek services tend to have unpredictable medical coverage and unpredictable health circumstances that create needs for short-term housing assistance.
- Housing with supportive services. As indicated, those who seek services tend to be single with few family supports. Instead, housing arrangements must provide that support. In particular, housing for persons dually-diagnosed with HIV/AIDS and substance abuse issues is extremely difficult to find. Nearly 50 percent of injecting drug users living with HIV/AIDS said they have been homeless within the past two years.

Persons living with HIV and AIDS are living longer with the aid of improved medications and medical care. This good news in combination with increasingly successful outreach programs around housing assistance has put an increasing strain on limited assistance resources.

Table 2.32

Demographic Profile of City/County Residents Served by HIV/AIDS Related Programs, 1999

Gender		Ethnicity		Age		Family Size		Income	
Male	80%	White	48%	0-29 years	17%	One	72%	\$0 - \$9,999	74%
Female	20%	Black	29%	30-50 years	73%	Two	14%	\$10,000-\$20,000	16%
		Hispanic	20%	51 years+	10%	Three	7%	>\$20,000	10%
		Other	3%			Four +	7%		
Total	100%		100%		100%		100%		100%

Source: Texas Health and Human Services Commission, Fiscal Policy and Research Division

Housing Issues Facing Particular Populations

• People Living with HIV/AIDS

Housing Assistance Programs for PLWH/As

Funding priorities for addressing these and other needs of the HIV/AIDS community are set by the Austin Area Comprehensive HIV Planning Council. The Planning Council's 32 members—including PLWH/A clients, HIV service providers, public health officials, community planners, and housing professionals—together formulate and execute the EMA's response to the HIV/AIDS challenge. The Austin/Travis County Health and Human Services (HHS) Department procures and administers grant funds on behalf of the Planning Council.

Under the direction of the Planning Council and HHS, Austin Area HIV/AIDS organizations provided total of \$9.2 million in HIV/AIDS primary medical care, related health and support services, housing, and secondary education. City/County general funds and Ryan White and HOPWA (Housing Opportunities for Persons With AIDS) grants accounted for \$6.4 million and community HIV/AIDS service organizations contributed the remaining \$2.8 million through their own fundraising. Nearly nine percent or \$828,000 went to provide direct housing and emergency assistance, while approximately \$368,000 (four percent) was used to provide residential supportive services.

The primary program serving the housing needs of the HIV/AIDS community is Housing Opportunities for People With AIDS (HOPWA). The Austin EMA HOPWA Program has three components:

- **Emergency Assistance Program:** providing short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling.
- **Rental Assistance Program:** providing tenant-based rental assistance, including assistance for shared housing arrangements.
- **Tenant-Based Housing with Supportive Services:** providing apartment-style housing and an array of supportive services including meals, nutritional services, counseling, adult day care, personal assistance, client advocacy, and transportation to/from medical or other social services appointments.

Housing Issues Facing Particular Populations

• The Elderly



Demographic Population Profile

Austin is gradually becoming an older community, both through the aging of existing residents and in-migration of older residents from across the States. The elderly population increased by 8,625 between 1980 and 1990. By 1990, 7.4 percent of Austin's population was over the age of 65. Austin's growing popularity as a retirement destination for out-of-state residents has made men and women over 75 years old the fastest growing subgroup of the sixty-plus (60+) generation in Austin. With the aging of the "Baby Boom" generation and continued in-migration of retirees, almost one in four Texans will be sixty (60) years old or older by the year 2026.

Income & Poverty Rates

The income distribution of elderly Austinites showed a larger gap between high and low-income residents than is seen across the country. About 57 percent of the area's residents 65 and older lived on incomes below \$15,000 in 1990, relative to 48 percent of U.S. residents of the same age. Yet, 17 percent of the area's elderly earned incomes of over \$50,000 annually, relative to only 8 percent across the nation. Census data for the year 2000 will be important in assessing whether those patterns have changed over the past decade.

Elderly women tend to live longer than elderly males and face lower standards of living as they age. Just under nine percent of elderly males in the area live on incomes below the poverty line, while nearly twice the rate of elderly females (16 percent) live below the poverty line. In total, 13 percent of area residents over age 65 live on income below the poverty line. These rates are nearly identical to patterns across the nation.

Table 2.33

Income of Residents Age 65 and Older Austin MSA Compared with United States, 1990

	Austin MSA	US
Less than \$5,000	9.1%	6.7%
\$5,000 to \$9,999	16.6%	15.2%
\$10,000 to \$14,999	12.5%	11.1%
\$15,000 to \$24,999	18.5%	15.6%
\$25,000 to \$34,999	13.4%	36.3%
\$35,000 to \$49,999	12.6%	7.2%
\$50,000 to \$74,999	9.9%	4.7%
\$75,000 to \$99,999	3.8%	1.6%
\$100,000 or more	3.6%	1.6%
	100.0%	100.0%

Source: U.S. Bureau of the Census, 1990

Housing Issues Facing Particular Populations

• The Elderly

Critical Housing Needs

A secure retirement depends on decent, affordable housing, adequate income and quality healthcare. Generally, Americans approaching retirement age are the best housed citizens in the nation; three out of four own their own homes, and their affordability problems, though significant, are less frequent than among younger households. For seniors, however, reduced income and increasing frailty can place at risk years of financial, physical, and emotional investment in home and neighborhood.

This assessment of elderly housing needs in Austin is limited by the lack of specialized local data. To the extent that Austin's older residents reflect patterns among the nation's elderly, four dimensions are key to providing suitable housing for older residents:

- **Affordability.** More than 7.4 million elderly households—30 percent of all elderly households—pay more than 30 percent of their income on housing. Over 1 million elders with low incomes or 7 percent of U.S. seniors are in urgent need of affordable housing, as they spend more than half their income on shelter. Roughly half of these are homeowners. Severely cost-burdened elderly homeowners include those who are paying off a mortgage and those who own their homes free and clear but report problems meeting the other homeownership costs. More than half of those in the latter situation have incomes of less than \$10,000 a year.
- **Austin's lower-income elderly**—most of whom are on fixed incomes—face many of the same serious affordability and supply obstacles as other low-income populations previously discussed.
- **Accessibility.** Across the nation nearly 1.1 million elderly households report unmet needs for home modifications. The incidence of physical limitations and the need for modifications to address them increases sharply with age. One in eight households headed by a person age 85 or older needs functional modifications to their home.
- **Safety and Soundness.** According to the Texas Department of Human Services, six percent of Texas seniors lived in housing that needed repair and/or rehabilitation in 1999. One-third of those lived in severely substandard dwellings that pose a threat to their safety and welfare.

Table 2.34

Poverty Rate of Those Age 65 and Older Austin MSA Compared with United States, 1990

	MSA	US
Males Living Below Poverty Line	8.7%	8.4%
Females Living Below Poverty Line	16.0%	15.8%
Total Age 65+ Living Below Poverty Line	13.0%	12.8%

Source: U.S. Bureau of the Census, 1990.

The worst housing conditions affect homeowners and renters alike. However, older homeowners are much more likely to have the financial resources to address their repair/rehabilitation needs. More than three-fourths of the severely inadequate units occupied by the elderly are owner-occupied, but 40 percent of these homeowners have annual incomes or financial assets in excess of \$25,000. On the other hand, 55 percent of severely affected renters have annual incomes of less than \$10,000, no significant assets and little capacity to find better housing at market rents. Fortunately, most of the HUD-assisted housing for the elderly in the Austin area is in very good condition.

- *Appropriateness.* The concept of appropriateness recognizes the diversity of seniors' housing and assistance needs. Individuals must be able to age in a setting that provides maximum independence and dignity, while safeguarding one's safety and welfare. Accordingly, elderly households must have access to flexible packages of housing and supportive services that are integrated and delivered in ways that have the greatest potential to allow residents to age in place. Assisted living residences fill the service gap between living at home and living in institutionalized care. These properties offer the independence of apartment-style living with the security of on-site health care and other support services.

Emphasizing community care alternatives and allowing residents to stay in their homes as long as possible is the most cost-effective option. The Department of Human Services reports that in their fiscal year ending February 1997, Medicaid assisted 64,030 nursing facility clients at an average monthly cost of \$1,711 per client, while Community Care services assisted 95,924 clients at an average monthly cost of \$489 per client. The emotional benefit of allowing continued independence is equally significant. A 1992 survey conducted by the American Association of Retired Persons found that 85 percent of elderly persons wanted to live in their own home as long as possible, after which they preferred living in an environment that retains, as much as possible, the qualities of their own home.

Consequently, builders do well to produce homes that can grow with their owner's aging needs. Not only does a builder create a more commercially attractive product but the elderly consumer saves money during a time when his or her financial life tends to become less secure.

Housing Assistance for the Elderly

- *Affordability.* Several of the housing programs listed in Section II. B. 2 and II. B. 3 represent efforts to increase the supply of affordable rental housing for those earning below 50 percent of the median income. While not targeted directly to elderly residents, the programs will benefit older Austinites who face serious housing affordability challenges.
- *Accessibility.* Older residents who face accessibility obstacles similar to those of the disabled directly benefit from the Housing programs listed in Section II. C. 1. In Austin, the Architectural Barrier Removal program assists the elderly and disabled with these kinds of modifications. Unfortunately, the current waiting list means a delay of roughly one year. As the Austin population ages, the demand for such programs is expected to increase.
- *Safety and Soundness.* NHCD funds an Emergency Home Repair program largely serving residents with incomes below 50 percent of the median income. The program provides

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Housing Issues Facing Particular Populations

• The Elderly

emergency repairs to assist the area's elderly with rehabilitation needs that represent an acute crisis or represent a health and safety hazard. For more on the program, see Section II. B. 1.

- *Appropriateness.* In recent years, both the private and public sectors have begun to respond to the need for alternatives between no assistance and nursing home care. In both 1997 and 1998, Texas led all states both in the number of elderly housing properties and total unit capacity being built—60 projects and 5,879 units in 1998. Of these, 76 percent of the 1998 developments were assisted living facilities.

2000-2005 Consolidated Plan

Barriers to Safe, Affordable, Accessible Housing



Previous sections described the inadequate supply of affordable homeownership and rental housing. While the inadequate supply is a barrier in itself, this discussion focuses on several barriers to increasing the supply, as well as the affordability barrier created both by inadequate supply and poor credit.

Austin is facing serious affordability challenges because supply has not met demand. Additionally, several barriers to expanding that supply are quickening the pace of price escalation.

Availability of Affordable, Buildable Land

Lack of Affordable Land with Utility Services

Land within the city limits is at a premium. Stakeholders noted in meetings conducted in February and March 2000 that the lack of land appropriate for residential development was a critical obstacle to affordable housing development — particularly for new multi-family rental development. Finding land with utility access has become increasingly problematic for developers, pushing up the cost of land in Austin and consequently pushing development out to surrounding areas.

Rising land prices make in-fill developments cost prohibitive unless developers can build projects with more than one unit per site. A May 1999 study conducted by students at the University of Texas School of Architecture found that land costs for residential lots in Austin varied significantly — from \$1.10 and \$3.10 per square foot. Only higher density development can absorb the impact of such cost differentials and remain affordable.

Environmental Factors

Austin's natural environment also drives up the cost of housing; the clay soils found primarily east of MoPac-Loop 1, for instance, require more foundation work to stabilize movement over time, adding to the cost of construction. The hills to the west have a strong rock floor but overlay the aquifer. Land costs, private land use restrictions and City policies to protect Austin's water source have restricted the ability of homebuilders to create more dense, and thus, less expensive, housing in that area.

These natural factors and protective policies consequently increase the development costs in sensitive areas due to lower allowable densities, larger lot sizes, and the construction of water quality and detention ponds, while the accommodations for building on clay soils increase development costs elsewhere.

Regulatory Impediments

A common theme in the public's input for this Consolidated Plan — from citizen surveys to testimony at public hearings to stakeholders — was the need for additional affordable apartments and homes. Yet, nonprofit and for-profit developers of both single and multi-family housing face several regulatory obstacles to producing affordable apartments and homes in Austin. Consultations with developers and builders corroborated recent reports by the Real Estate Council of Austin and the Texas Capital Area Builders Association that highlight the difficulties

Barriers to Safe, Affordable, Accessible Housing

of developing real estate in the City. Delays in approvals, higher fees, and zoning issues make developing complicated at market rates. For many developers/builders who provide lower cost homes, these additional costs are often prohibitive. Discussed briefly in the Homeownership and Rental Market sections, regulatory impediments to increasing the affordable housing supply are also summarized below.

Cost of Delays in Permitting Process

Developers must work with several City of Austin departments to gain final approval of their projects. Developers often report an inability to obtain both timely responses to applications and comprehensive initial review of development plans. These communication breakdowns cause significant delays that force developers to hold land or to redraw plans, while bearing the increased carrying costs of the project (e.g. acquisition and construction interest, taxes, insurance and utilities). According to a recent informal survey of practitioners conducted by the Texas Capital Area Builders Association (TxCABA), one and one-half years is the minimum amount in which all plans for a 50-lot single-family subdivision are processed in Austin. In contrast, processing times are closer to six months for similar developments in Round Rock, eight months in Cedar Park, and one year in Pflugerville. These findings are consistent with a formal survey of municipalities and developers conducted by TxCABA in 1994. Informal estimates provided by the City's Development Review and Inspection Department put the average approval time at 335 days for a single-family development with 50 to 100 lots. Their estimates for multi-family site approval put processing time at an average of 157 days.

City Fees

A December 1998 report from the Real Estate Council of Austin compared real estate development fees in Austin with several other Texas cities. Results showed that Austin had the highest development fees for both single-family and multi-family developments when compared to Dallas, Houston, San Antonio, Round Rock, and San Marcos. Austin's development fees, on average, range from 20 to 120 percent higher than those cities. Fees that appear to distinguish Austin from other cities include:

- parkland dedication fees;
- regional stormwater detention fees;
- capital recovery fees for water and wastewater;
- engineering review and inspection fees for development in an easement or right-of-way;
- fee in lieu of on-site filtration ponds within urban watersheds (does not apply to single-family construction); and
- building permit fees.

For single-family development, water and wastewater capital recovery fees as well as engineering review and inspection in particular make development in Austin more costly. When totaled, Austin's fees for single-family development exceeded the second highest city (Round Rock) by \$688 per lot. Total fees per lot in a hypothetical 150-lot project were \$4,163 in Austin.

Similarly, Austin had the most costly fees for multi-family development, largely attributable to fees in lieu of water filtration, parkland dedication fees and building permit fees. Per unit, Austin charges \$1,776 in fees for a project that in San Marcos — the city with the second highest multi-family fee levels — would cost \$701 per unit in fees.

Zoning

Homogeneous Land Use

Zoning practices that encourage homogenous use of land and uniform lot sizes make the development of affordable housing particularly difficult in Austin. For example, single-use zoning districts — originally intended to preserve public health by insuring minimum distances between incompatible uses — make it difficult to provide housing at a range of prices in the same development. Unfortunately, such zoning districts have become more and more specialized and exclusive. Prescriptive zoning categories significantly limit the diversity of housing types within a given zoning district. Such uniform patterns of housing development exclude affordable housing for many areas while concentrating it in others. Affordable projects are then frequently opposed by surrounding property owners due to the perceived impact of a high concentration of low or moderate-income residents. In addition, a developer or neighborhood may add restrictive covenants, deed restrictions or subdivision plat notes that make affordable housing impossible based on lot or building size.

The Zoning Change Process

A large percentage of affordable housing is provided through small lot residential, multi-family, or mobile home developments. In the City of Austin, each of these uses requires a specific zoning district. If the existing zoning is not appropriate for the development of a particular tract, a zoning change is required — an event that few developers consider likely given Austin's process. Zoning changes entail at least two public hearings — one by the City's Planning Commission and one by the Austin City Council. Neighborhood associations, residents and businesses located within 300 feet of the planned development requesting a zoning change receive notice of the hearings and those within 500 feet are considered an interested party. Any of these individuals can sign a neighborhood petition objecting to the zoning change. A supermajority of the Council (six of seven members) is then necessary to override a valid neighborhood petition. Often, the zoning approval process becomes highly politicized. While reasonable concerns regarding traffic, flooding, impacts on schools and the environment are paramount and must be addressed, many for-profit and nonprofit developers expressed concern that the approval process be as impartial as possible.

Multi-Family Zoning

The lack of land zoned for multi-family use was cited as a particular impediment to affordable multi-family development in Austin. When the odds of obtaining a zoning change are small and the number of available multi-family lots are few, developers increasingly choose to build multi-family development in other communities where the zoning allows for increased density of both

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homeownership and rental development. A balance between the need for rental housing and historic preferences for single-family zoning must be struck if Austin is to increase its supply of affordable rental housing and curb the rapid escalation in rental rates.

Minimum Lot Sizes

Minimum lot size requirements also work against the provision of affordable housing by increasing land costs for what is considered buildable land. Such requirements have become standardized over the years and yet are largely based on a suburban, single-family residential model. While minimum lot sizes may be appropriate in some cases, they effectively limit the diversity of housing types and, in older areas of the city, hinder redevelopment and in-fill.

Affordability The 1999 Community Action Network report, *Through the Roof: A Report on Affordable Homes in Austin*, prepared in conjunction with the City of Austin, Neighborhood Housing and Community Development Office, describes critical factors preventing many residents from finding affordable housing. This section draws largely from that report with more recent information from market analyses and public input.

Lack of Affordable, Accessible Units

Renters

The cost of rental housing continues to be a major obstacle for low-income families in Austin. Despite the addition of over 26,000 new multi-family units during the 1990s, absorption rates remain high and vacancy rates low — dropping to less than three percent in December 1999. In turn, average rents increased an average of seven percent every year between 1990 and 1999. Average rents for a new unit now range from \$459 for an efficiency to \$1,200 for a new 3-bedroom apartment. The average two-bedroom, two-bath apartment rented for \$872 in December 1999.

Families earning over 60 percent of the median income were generally able to afford rental housing in Austin in 1999 — that is, if they could find an available unit — but families of two or more who earn 50 percent of the median income could not afford the average rent for a suitably-sized apartment. Families earning 30 percent of the median income, or \$16,620 annually for a family of four, faced an even more serious affordability crisis. These families would pay 63 percent of their monthly income toward housing if they paid the average rent for a two-bedroom, two-bath apartment in Austin. In the current market, they could afford a monthly rent of \$415 — sufficient to rent the average efficiency unit but only one-third to one-quarter the rent for a larger apartment with sufficient space for a family of four.

Low-income renters typically have three options: 1) find a unit renting for a price they can afford on the open market, 2) find a unit with a subsidized rent for which they can qualify based on their income, or 3) find a voucher or other means of supplementing the amount they can afford to pay in rent. Without subsidies, new units do not provide increased housing choices for low and moderate-income renters, and yet, as the discussion of public and assisted housing

illustrated, finding units with subsidized rents is also difficult given current demand. The public housing authorities currently have combined waiting lists of over 2,000 families for public housing and over 2,000 families for Section 8 tenant-based assistance.

The elderly and the disabled face particular obstacles finding affordable, accessible units when vacancy rates are so low. Though both public housing authorities maintain occupancy preferences for the elderly and the disabled, options in the private rental market are extremely limited. HUD provides specific assistance for their housing needs through competitive national programs, but these funds are scarce. The Section 811 program that creates units for low-income elderly residents funds only 75 units locally and Section 202 — a program to provide housing for the disabled — provides only 203. The City of Austin operates a model program in barrier modification, but applicants can wait as long as a year to be served due to funding constraints.

Homeowners

Low and moderate-income homeowners face similar difficulty finding affordable homes for sale. The City of Austin no longer captures the majority of single-family new construction in the metropolitan area. Nearly 70 percent of the single-family housing production in the metropolitan area during 1998 occurred outside the City of Austin. A review of homes for sale in December 1999 showed that of the 350 homes on the market, prices ranged from \$90,000 to \$750,000, with 60 percent being offered between \$100,000 and \$160,000. Very little of the new home product is available in lower price ranges. Only seven new homes were available below \$100,000 compared to 25 percent priced above \$250,000. Over the next five years, the annual demand for units priced below \$91,000 is expected to be 961 units — almost 52 percent of the total projected market demand — while only 25 new units are projected to be available in this price category (1.3 percent of the supply).

Credit Problems

Though people earning more than 50 percent of the median family income qualify for homeownership, many obstacles stand in their way. Prospective homebuyers must first qualify for a mortgage based on their income and credit history. Many carry too much other debt to qualify. Though both the City of Austin and the State of Texas offer assistance with down payments and closing costs for low-income families, many cannot these programs because credit card debt, past bankruptcy or a history of delinquent payment prevent them from obtaining a mortgage.

Sub-Prime Lending

Unfortunately some lenders capitalize on the constraints facing low-income families by making subprime mortgages. Subprime lending programs charge higher interest rates or added points up front if an applicant has poor credit or higher risk collateral. In these programs, rates can vary by 3 percent or more between the prime borrower and the highest risk borrower. According to a recent analysis of lending information provided under the Home Mortgage Disclosure Act and a survey of area lenders, most lenders with a strong presence in low-income and minority

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census tracts in the Austin-San Marcos MSA are manufactured home lenders, subprime lenders or have programs that allow them to qualify ostensibly high risk borrowers at a higher rate. It is likely, therefore, that borrowers in low-income and minority tracts are paying more for their home mortgage loan.

Subprime lending is related to lending discrimination—a barrier documented more fully in the subsequent discussion of housing discrimination.

Lead-Based Paint Contamination

The Problem

Lead poisoning is a preventable condition, and yet is one of the most serious environmental health threats to children across the nation. Despite dramatic reductions in blood lead levels over the past 20 years, lead poisoning continues to be a significant health risk for children under the age of six whose developing nervous systems are particularly vulnerable. Many children, especially those living in older housing or who are poor, are still being harmed. The results can be irreversible if not detected early enough. At extremely high levels, lead can cause coma, convulsions, and death. At lower levels, lead can cause reductions in attention span and IQ, reading and learning disabilities, increased hyperactivity and behavioral problems. Because most children display no obvious symptoms early on, the best way to detect the condition is through a blood test.

Sources of Contamination

Lead was a major ingredient in most interior and exterior oil-based house paint before 1950 and was still used in some paints until 1978, when the residential use of lead paint was banned. Since lead has been removed from gasoline, household paint, food and drink cans and plumbing systems, the greatest danger to young children remains lead-based house paint. Lead from peeling paint often contaminates dust and soil which young children then ingest in the course of their normal play activities. Interior household dust is also contaminated by lead-based paint that is peeling, deteriorating, or disturbed during home renovation or when surfaces are prepared for repainting without proper safeguards. To a lesser degree, children are exposed to lead through the inhalation of contaminated household dust.

Other less common lead sources in a child's environment include lead-contaminated drinking water, if lead solder and/or lead piping were used in the water systems of the child's home. Lead can also be present in the glazes of imported ceramic tableware, in old and imported toys or furniture painted with lead-based paint, in the clothing of parents whose work or hobby involves high lead levels, and even home remedies used by some ethnic groups.

National and Local Contamination Levels

Between 1991 and 1994, the U. S. Department of Health and Human Services (HHS) administered lead-screening tests to a representative sample of children ages one to five as part of a nationwide health survey. HHS estimated that in 1997 about 4.4 percent of children

in that age group had harmful levels of lead in their blood. In 1996, the Austin/Travis County Health and Human Services office reported that 4.9 percent of area children ages one to five had harmful levels of lead in their blood.

Children in low-income families who live in older housing with deteriorating lead-based paint are at highest risk for lead poisoning, and those without proper nutrition are especially susceptible. Nationally, almost 12 percent of children ages one to five who are receiving Women, Infants and Children (WIC) benefits, and more than 8 percent of Medicaid-enrolled children between one and five, have harmful lead levels.

In the Austin/Travis County area, only 5.7 percent of children are being screened for lead poisoning. As a preventative measure, parents with small children must be encouraged to have their child(ren) tested. The Austin/Travis County Health and Human Services Department along with the Texas Department of Health plan to make a series of public service announcements to encourage that this testing be done for all children under six.

For further information regarding lead poisoning in children and preventable measures to take, please contact Dr. Otuka or Steve Harris, Planning Epidemiology Area, Texas Department of Health (512-707-3233 or 800-588-1248) or Virginia Everett, Austin/Travis County Health and Human Services Department (512-469-3269).

New HUD Lead-Based Paint Requirements for Federally- funded Housing Programs

In the past, any applicants for rehabilitation assistance through the City's housing programs, prospective purchasers of federally assisted properties, and public housing tenants have been provided with information regarding the hazards of lead-based paint. In addition, any properties scheduled for rehabilitation through any of the City's housing programs have been examined for cracking, scaling, peeling, chipping or loose paint.

HUD has recently issued new requirements that will dramatically change how lead-testing, abatement and notification proceeds for many projects funded under the Community Development Block Grant (CDBG), the HOME Investment Partnership program, Housing Opportunities for Persons with AIDS (HOPWA), the Supportive Housing Program, Section 8 Project-Based and Tenant-Based Assistance, and the Shelter Plus Care Program, among others. The new regulations also impact lead-paint testing, abatement and notification in public housing. Prohibitions against dangerous methods of removing paint in these properties already took effect on November 15, 1999, but the rest of the regulatory provisions take effect on September 15, 2000. A copy of the new regulation is available on the Internet at www.hud.gov/lea, or by mail from the National Lead Information Center at 1-800-424-LEAD.

HUD estimates that compliance with the regulations will increase rehabilitation costs by an average cost of \$200 per HUD-associated unit, but for many units, compliance costs will be much higher. HUD has established a national pool of funds to subsidize the implementation of the regulations. NHCD expects to pursue a portion of these competitively-awarded funds in the next two years.

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The new Lead-Based Paint (LBP) rule will likely have a material effect on the NHCD's residential repair and rehabilitation programs. The Down Payment Assistance (DPA) Program, the Rental Housing Development Assistance (RHDA) Program, the Emergency Home Repair (EHR) program, the Architectural Barrier Removal (ABR) program, the Homeowner Moderate Rehabilitation Program (HMRP) and the Community Housing Development Organization (CHDO) program could all be affected. The rule changes will require a higher level of risk assessment, clearance and worker safety responsibilities for each housing unit assisted with federal funds.

The following factors will affect the City's ability to facilitate housing repair and rehabilitation activities under the LBP rule changes:

- New levels of state/federal mandated LBP licensing, certification, training and notification are required for construction companies and their subcontractors, construction workers and program intake and construction staff.
- Depending on the level of LBP identified in homes, preliminary estimates could increase rehabilitation costs as much as \$10,000 per unit or more in order to comply with rule changes.
- Currently, there is an extreme shortage of qualified, licensed and/or certified technicians, construction contractors and testing facilities necessary for complying with the new rule changes.
- Construction contractors may have greater difficulty obtaining liability insurance for LBP activities.
- Increased per unit costs may decrease yearly housing unit production goals.
- Based on project costs and project feasibility, federal financial assistance may not be made available for homes requiring substantial LBP abatement.

During FY 00-01, NHCD will conduct more extensive research and cost/benefit analysis on the effects of the LBP rule change on the existing housing repair and rehabilitation activities. The analysis may necessitate the implementation of significant program modifications and changes to projected unit production goals and cost estimates during the fiscal year.

HUD has established a national pool of funds to subsidize the implementation of the regulations. NHCD expects to pursue a portion of these competitively-awarded funds in the next two years. If the City is successful in obtaining an award, possible uses of the funds could include providing subsidies for required LBP training, licensing and certification for contractors and staff, developing a LBP liability insurance pool, as well as providing specific LBP subsidies for affected housing repair and rehabilitation programs.

Housing Discrimination



Since 1995, the U.S. Department of Housing and Urban Development has required governmental jurisdictions to complete an Analysis of Impediments to Fair Housing as part of the preparation of the Consolidated Plan. The analysis, prepared under contract with NHCD, examines socioeconomic and housing trends for the City of Austin, as well as public and private-sector practices that impact fair housing opportunities.

The Analysis of Impediments to Fair Housing will be published in its entirety in June 2000. The following discussion summarizes key fair housing laws and the major findings of the analysis.

Fair Housing Laws and Policies

Fair housing is based on the belief that all people — regardless of race, color, national origin, religion, familial status, disability and sex — should have the opportunity to choose where they want to live unfettered by discrimination. In order to make this goal a reality, Congress enacted fair housing legislation and the courts continue to interpret the purview of fair housing law.

Federal Fair Housing Laws

Fair housing policy is the culmination of more than a century of important public policy precedents. The following are only some of critical federal fair housing laws.

Fair Housing Act of 1968

Title VIII of the Civil Rights Act of 1968 (also referred to as the Fair Housing Act) explicitly prohibits discrimination based on race, color, religion, sex, or national origin in the sale and rental of housing units. Unlike previous fair housing policy, the legislation applied to the entire housing industry from brokers to conventional lenders to builders, with few exceptions. Specifically, the Act prohibited the following activities:

- Refusing to sell to, rent to, deal or negotiate with any person on the basis of race, color, religion or national origin
- Discriminating in the terms or conditions for buying or renting housing (e.g., security deposits, grace periods)
- Discriminating by advertising that housing is restricted to certain persons
- Misrepresenting the availability of housing for rent, sale or inspection
- “Block-busting” — scaring neighborhoods into selling or renting property by threats of being “invaded” by minority or low-income groups
- “Steering” — a common real estate practice that steers minorities toward minority-concentrated neighborhoods and whites toward non-minority neighborhoods
- Discrimination in financing — denying or creating different standards for home loans by conventional lenders or insurers
- Denying or restricting access to real estate services, such as multiple listing services

Housing Discrimination

The FHA of 1968 was a major landmark. It had limited effectiveness, however, because it gave HUD little enforcement authority, authorized suits by the Department of Justice without authorizing any criminal penalties, and left the burden of proof on the complainant.

Section 504 of the Rehabilitation Act of 1973

Intending to bring people with disabilities into the mainstream, the Rehabilitation Act of 1973 prohibits discrimination on the basis of disability in any program or activity conducted by the federal government or receiving federal financial assistance. The scope of the 1973 Act was far-reaching, but uneven implementation limited its full impact. Subsequent legislation, including the Fair Housing Amendments Act of 1988 and the Americans with Disabilities Act of 1990, refers to Section 504 for guidance on accessibility requirements. The specific requirements of Section 504 related to fair housing include:

- If a person with a disability meets the qualifications of a housing program covered by Section 504, s/he may not be denied the benefit because of her/his disability.
- Any entity receiving federal funds must make "reasonable accommodation" — including changes to policies and procedures, and structural alterations — to ensure that qualified people with disabilities are able to live in the housing.
- Entities receiving federal funds are required to operate the housing such that it is readily accessible and usable for people with disabilities.
- At least 5 percent of the dwelling units in housing covered by Section 504 must be fully accessible to people with mobility impairments.
- If structural modifications are necessary to ensure ready accessibility, the modifications must be made at the landlord's expense unless it imposes undue financial or administrative burden.
- Public housing authorities (PHAs) are required to ensure that notice of availability for Section 8 vouchers and certificates reach eligible people with disabilities.
- PHAs are also required to include a current listing of accessible units when issuing a Section 8 certificate or voucher to a family in which at least one person has a disability.

Fair Housing Amendments Act of 1988

The Fair Housing Amendments Act of 1988 (the 1988 Act) added physical and mental handicaps and familial status to the list of classes protected from discrimination, significantly bolstered HUD's enforcement power and mandated certain accessibility requirements. For example, generally all multi-family covered dwellings constructed for occupancy after March 31, 1991 must have at least one accessible building entrance; all public and common areas should be accessible; and all doors should be wide enough to accommodate wheelchairs. Light switches, electrical outlets, thermostats and other environmental controls must be in accessible locations; bathroom walls must be reinforced to allow for the future installation of grab bars; and bathrooms and kitchens must be designed to be usable to people in wheelchairs.

Under the Act administrative law judges have the ability to assess civil penalties between \$10,000 and \$50,000, significantly enhancing HUD's enforcement capability.

Americans with Disabilities Act of 1990

Signed into law in July 1990, the law provides comprehensive civil rights protection for people with disabilities in employment, public services, public accommodations, transportation and telecommunications. The Act also provides clear and enforceable standards. The relevance of the ADA to residential housing is a gray area of the law. Because the ADA covers public accommodations, common areas of residential buildings, such as rental offices or sales offices, need to meet accessibility requirements.

Local Fair Housing Ordinance

The City of Austin has a Fair Housing Ordinance in place that is substantially equivalent to the federal fair housing statutes. Administered by the City's Human Rights Commission, the ordinance generally provides the same type of protection and relief from discrimination as its federal counterpart. As with HUD, the Commission must investigate alleged discriminatory housing practices and attempt to seek expeditious conciliation. After a hearing on the fair housing complaint, the Commission determines whether discrimination has or is about to occur and refers the case to the judicial system if the violation falls under the Ordinance. Through the court system, civil penalties can range from \$10,000 to \$50,000 plus reasonable legal fees, court costs and other equitable relief.

Note that the City's Fair Housing Ordinance includes protected classes not covered by its federal counterpart. As part of the 1981 Ordinance, amended in 1994, the City extended equal housing protection to people regardless of their age, creed, status as a student, marital status or sexual orientation. Thus, a broader number of people enjoy the right of equal housing opportunity in the City of Austin than in the country at large.

The State of Fair Housing

Fair housing laws have been an effective tool to combat particularly overt housing discrimination, yet residential segregation and housing discrimination continue as evidenced by the analysis of impediments to fair housing in Austin. Several of the key findings from the analysis are discussed below.

Discrimination Based on Race or Ethnicity

Home Loans

Under the Equal Opportunity Credit Act and the Community Reinvestment Act (CRA), consumers are to have fair access to credit, including mortgages and home improvement loans. The CRA is specifically aimed at preventing 'redlining' — the practice of refusing to lend in or provide services to particular neighborhoods based on race, ethnic composition or any standard

Housing Discrimination

other than creditworthiness. The Home Mortgage Disclosure Act (HMDA) requires lenders to report demographic information on every residential loan applicant and loan. Analysis of 1998 HMDA data revealed the following patterns:

- While the overall number of original owner-occupied home purchase loans made in Austin metropolitan area increased more than 12 percent between 1996 and 1998, the number of home purchase loans made to black applicants actually declined from 1,095 in 1996 to 965 in 1998. Loan applications from black residents actually increased slightly during this period, from 2,409 in 1996 to 2,448 in 1998.
- The average size of home purchase loans increased for all racial/ethnic groups between 1996 and 1998, though the average loan size to minorities remain lower than average loans to white applicants. In 1996 loans averaged \$87,000 for black applicants, \$74,000 for Hispanic applicants and \$108,000 for white applicants. By 1998, these values had climbed to \$90,000; \$79,000 and \$112,000 respectively.
- In 1998, blacks and Hispanics were more than twice as likely to be denied a home purchase loan in the Austin-San Marcos MSA as whites. In 1998, applications from 23 percent of whites were denied, while nearly applications from nearly 48 percent of blacks and 49 percent of Hispanics were denied. As shown below, the disparity in denial patterns appears to be increasing for black applicants.
- Surprisingly, disparities in denial rates widen as income increases. Lower-income Hispanic and African American applicants are not much more likely to be denied a home purchase loan than lower-income white applicants. Yet, higher income African Americans and Hispanics were more likely than higher income whites to be declined a loan between 1996 and 1998, with the highest income black applicants (earning over \$100,000 annually) experiencing the largest disparities. African Americans earning over \$75,000 were twice as likely as whites with the same income to be denied a home purchase loan, and three times more likely than whites to be denied a mortgage refinance or home improvement loan.

Table 2.36

Mortgage Denial Rates, Austin-San Marcos MSA, 1996-1998

	1996 Denial Rates	1996 Denial Ratio	1997 Denial Rate	1997 Denial Ratio	1998 Denial Rates	1998 Denial Ratio
White	23.3%	1.00	25.2%	1.00	23.3%	1.00
Black	42.3%	1.81	46.2%	1.83	47.8%	2.05
Hispanic	48.6%	2.09	51.1%	2.03	49.1%	2.11
Asian/Pacific Islander	11.8%	0.51	13.0%	0.51	12.8%	0.55

Source: Texas Community Reinvestment Coalition, Home Mortgage Disclosure Act Data, 1996-1998

Table 2.37

Black and Hispanic Denial Ratios by Income, 1998
Austin-San Marcos MSA

Income Level	Black Home Purchase Denial Ratio	Black Refinance Denial Ratio	Black Home Improve Denial Ratio
Under \$25,000	1.18	1.62	1.33
\$25,000 - \$49,999	1.48	2.16	1.61
\$50,000 - \$74,999	1.86	2.15	2.17
\$75,000 - \$99,999	1.70	2.61	2.91
\$100,000 and above	2.08	2.91	2.70

Income Level	Hispanic Home Purchase Denial Ratio	Hispanic Refinance Denial Ratio	Hispanic Home Improve Denial Ratio
Under \$25,000	1.17	1.55	1.37
\$25,000 - \$49,999	1.59	1.97	1.53
\$50,000 - \$74,999	1.97	1.79	1.78
\$75,000 - \$99,999	2.01	1.84	1.47
\$100,000 and above	1.91	2.53	1.43

Source: Texas Community Reinvestment Coalition, Home Mortgage Disclosure Act Data, 1996-1998

- Many traditional banking institutions make a disproportionately low volume of loans in census tracts that are low-income or minority-dominated. Additionally, minorities are disproportionately denied home loans by conventional lending institutions. Instead most lenders with a strong presence in the Austin area's low-income and predominantly-minority neighborhoods are manufactured home lenders, subprime lenders or have programs that charge higher interest rates and points up front to ostensibly high risk borrowers. These programs charge interest rates up to 3 percent higher than conventional lending programs. Consequently, many low-income borrowers are forced to borrow money for home loans, home improvement loans and refinancing at much higher costs with less desirable terms, or are denied access to loans entirely.

Home Insurance

According to the Office of Public Insurance Council (OPIC), homeowner's insurance companies across Texas continue to evaluate prospective consumers by underwriting guidelines that may be unrelated to risk. OPIC found that in 1999, 53 percent of insurance companies in Texas denied applicants policies because of the age of their home, down from 75 percent in 1996. Additionally, OPIC found that 57 percent denied policies due to "lifestyle" choices (those perceived to be negative), up dramatically from 15 percent in 1996. Similarly, 62 percent denied policies because of the location of the home, unchanged from 1996.

Housing Discrimination

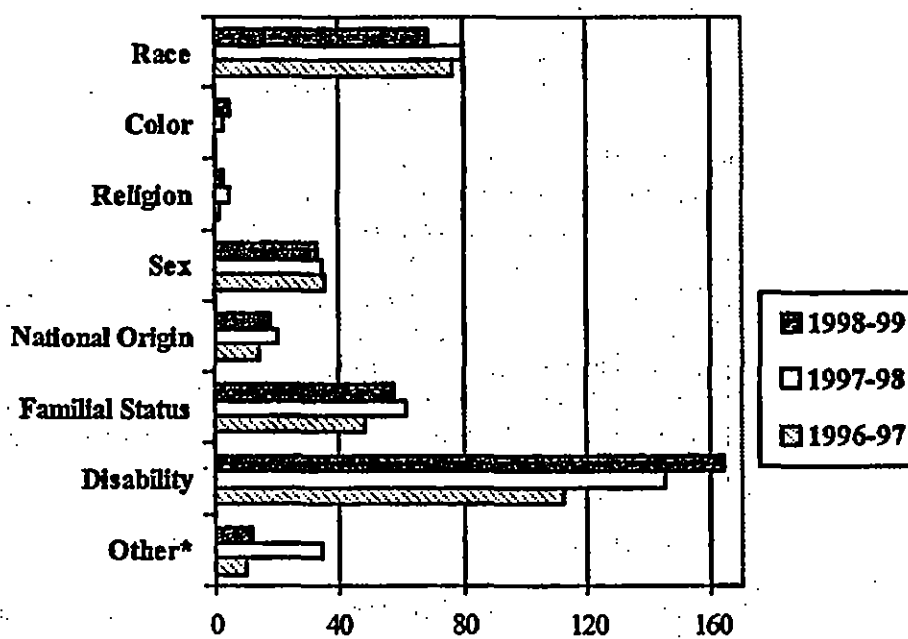
OPIC also reported a correlation across the Austin area between the racial concentration of a neighborhood and insurance availability in that neighborhood. In other words, as the minority population of a zip code increases, the likelihood of an owner-occupied home being covered by standard homeowners' insurance decreases. OPIC's study determined that there was a 45.7% correlation between race and insurance availability.

Discrimination Based on Disability

The Austin Tenants' Council (ATC) reports that allegations of housing discrimination based on a disability have shown a steady increase in the Austin metropolitan area. During the 1994/1995 contract year, ATC reported that 25.8% of its reported cases were disability-related. By December 1998 complaints based on disability had risen to 43% of the caseload, and by the end of 1999 they comprised 48% of the complaints. The following illustrates the distribution of housing discrimination allegations by protected class, as documented by the ATC FHPEI from April 1, 1996 to March 31, 2000.

Chart 2.10

Fair Housing Complaints by Protected Classes, 1996-1999



As occupancy rates rise and landlords have a larger pool of potential renters from which to choose, disabled renters face increased difficulty accessing suitable housing.

Participants in a focus group of disabled residents highlighted the need for continued fair housing enforcement, as well as the need to educate landlords about accessibility laws and other Fair Housing requirements.

Fair Housing Advocacy & Enforcement Programs

Austin Human Rights Commission

Appointed by the City Council, the Austin Human Rights Commission consists of 11 volunteer commissioners who represent the various racial and ethnic groups of Austin. The Commission is charged with investigating complaints of discrimination in both employment practices and fair housing. A HUD-certified Fair Housing Assistance Program (FHAP) agency, the Commission also acts as an advisory body on nondiscrimination policies, conducts educational programs and investigates complaints of prejudice and discrimination.

With regard to fair housing, the Commission is guided by the City's Fair Housing Ordinance. Under the FHAP program, the Human Rights Commission has recently taken over the fair housing investigation of all complaints arising within the Austin city limits—previously handled by the State Commission on Human Rights. In this process, an individual files a complaint with the Commission, a notice of that complaint is served to the alleged violator within 100 days, and the conciliation or settlement process begins. Only if an agreement is not reached does the Commission conduct a full-fledged investigation. If a finding of violation occurs after the investigation, the Commission issues a charge and a second attempt at conciliation is made. If this process is unsuccessful, the complaint is sent to the City attorney who may proceed to file a law suit.

The Commission expects to see the number of fair housing cases gradually rise. Staff members anticipate handling 35-50 cases in 2000.

Austin Tenants' Council

The Austin Tenants' Council (ATC) provides counseling, mediation, advocacy and educational services related to housing discrimination, landlord/tenant education and information, housing repair and rehabilitation and affordable housing. ATC publishes a variety of educational materials including, among others, a guide to affordable housing in the Greater Austin Area and a homebuyer's guide. They also provide an array of programs and services including a telephone counseling line to answer questions about landlord/tenant disputes, a bilingual in-housing counseling service for low-income tenants, mediation services and the fair housing program.

ATC's Fair Housing Program is a HUD-recognized Fair Housing Initiatives Program (FHIP) that helps any person in the Austin Metropolitan area who has been discriminated against in the rental, sale, financing, appraisal or insurance of housing. City of Austin funds support walk-in

Housing Discrimination

counseling and training for renters. As indicated previously, ATC's Fair Housing Program consists of The Fair Housing Education and Outreach Initiative (FHEOI) and The Fair Housing Private Enforcement Initiative (FHPEI). The FHEOI provides education and community outreach on fair housing issues as well as counseling and mediation if a fair housing violation is a result of lack of education. It also addresses the high denial rate of home mortgage loans for area minority applicants, documents the lack of accessible affordable housing for the disabled, and provides counseling and advocacy for disabled persons lacking accessible housing.

The FHPEI documents and investigates allegations of discrimination in the rental, sale, financing or appraisal of housing. Also a HUD-funded project, the FHPEI does fair housing enforcement using a testing methodology to document fair housing violations. The program provides advocacy and legal resources through the HUD Administrative Process or through litigation. HUD nominated the ATC FHPEI in 1999 for a National HUD Best Practices Award for their testing and investigation of a racial discrimination complaint in an Austin apartment complex.

Through a new HUD program, ATC hopes to increase its partnership with the Austin Human Rights Commission to promote more effective fair housing enforcement efforts.

- *The Voluntary Compliance Agreement.* In March 1995, ADAPT filed a complaint with the U.S. Department of Housing and Urban Development (HUD) alleging that the City of Austin failed to comply with the requirements of Section 504 of the Rehabilitation Act of 1973. In response, HUD issued a preliminary finding of noncompliance and developed a Voluntary Compliance Agreement (VCA) that was signed by the City of Austin, ADAPT, and HUD in October 1997. The VCA has resulted in a variety of changes, several which follow:
 - In 1997 NHCD amended the Five-Year Consolidated Plan to make providing accessible and adaptable housing through rental and homeownership programs a high priority.
 - NHCD funds are now allocated by a competitive process, which awards additional points for providing accessible housing units over and above federal regulations.
 - NHCD contracted with United Cerebral Palsy (UCP) to provide a referral service for people with disabilities to find accessible housing. Through a survey process initiated in May 1998, UCP identified accessible and/or adaptable rental housing. They update the list monthly and provides the current information to the City and 30 local disability-related organizations. Currently, UCP has approximately 200 apartment complexes in the Austin area on the accessible/adaptable list. UCP receives approximately 20 calls per month requesting information on accessible and/or adaptable housing.
 - NHCD entered into a multifaceted contract with ADAPT to provide training and education related to disability rights. Under the contract ADAPT conducts training for NHCD staff and subrecipients on Section 504, the Americans with Disabilities Act and other applicable disability law; developed educational fact sheets on disability law for NHCD to distribute; conducted a seminar on fair housing rights for people with disabilities and community-based organizations; and provides expert witness testimony when needed, among other

provisions. The focus groups conducted to inform this Consolidated Plan were also provided under the contract.

- ***The City of Austin Visitability Ordinance.*** Also as a result of the Voluntary Compliance Agreement, on November 1, 1998, the City of Austin adopted an amendment to the City code requiring barrier-free residential construction of projects in which City funds are expended. The Visitability Ordinance requires the following five design features in new single-family dwellings, duplexes, and triplexes constructed with City assistance:
 - One ramp or no-step entrance on an accessible route with an entrance door that has a minimum net clear opening of 32 inches. It can be at the front, side or back of the house.
 - First floor interior passage doors that have a minimum clear opening of at least 30 inches and lever door handle hardware.
 - At least a 36-inch wide level route through hallways and passageways throughout the first floor of the dwelling unit with ramped or beveled changes at door thresholds.
 - Reinforcement in first floor bathroom walls utilizing lateral two-inch by six-inch or larger nominal wood blocking installed flush with stud edges of walls. The centerline of the blocking must be 34 inches from and parallel to the floor.
 - First floor light switches, thermostats, and electrical panels no higher than 42 inches above the floor, receptacles at least 18 inches above the floor, and outdoor electrical panels adjacent to an accessible route with the same height requirements.

As a result of the Visitability Ordinance, the City hopes to increase the number of accessible units, as well as decrease the isolation of people with disabilities and their families

- ***Fair Housing and Tenant Counseling.*** The City of Austin also allocates a portion of its CDBG funds for fair housing and tenant counseling. With services delivered by the Austin Tenant's Council, these funds provide counseling and landlord/tenant dispute mediations to low to moderate-income clients, as well as workshops on landlord/tenant rights. The ATC Housing Program — discussed in more detail in the subsequent Housing Discrimination section — consists of The Fair Housing Education and Outreach Initiative (FHEOI) and The Fair Housing Private Enforcement Initiative (FHPEI). As part of the FHEOI, ATC documents the lack of accessible affordable housing for the disabled in Austin and provides counseling and advocacy to assist disabled persons lacking accessibility in enforcing their fair housing rights. The FHPEI documents and investigates allegations of discrimination in the rental, sale, financing or appraisal of housing.

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The Fair Housing Enforcement Division of HUD's Southwest Office of Fair Housing and Equal Opportunity investigates and enforces fair housing complaints in Louisiana, Arkansas, New Mexico, Oklahoma, and Texas. The Division also monitors the number, type and status of fair housing complaints filed with HUD or a "substantially equivalent" fair housing entity.

Housing Discrimination

Between January 1996 and January 2000, 122 fair housing complaints originating in Travis County were filed with HUD or the Texas Commission on Human Rights. Approximately 17 percent of the cases resulted in successful conciliation. Nearly 15 percent were withdrawn after a resolution. Almost one-quarter of the cases resulted in a finding of "no cause," and the remainder were dismissed for a variety of reasons.

2000-2005 Consolidated Plan

Housing Goals and Strategies



Summary of Housing Priorities	<u>Program</u>	<u>Priority</u>	<u>Goal Addressed</u>
	<u>HOUSING DEVELOPMENT</u>		
	<u>Owner-Occupied Housing</u>	High	Create/retain affordable housing
	Architectural Barrier Program		
	Emergency Repair Program		
	Homeowner Moderate Rehab Program		
	Homeowner Rate Buy-Down Program		
	<u>First-time Homebuyer</u>	High	Create/retain affordable housing
	Down Payment Assistance		
	Acquisition & Development		
	Community Hsg Dev. Organizations		
	Scattered Coop. Infill Program (SCIP II)		
	<u>Rental Housing</u>	High	Create/retain affordable housing
	Architectural Barrier Program		
	Acquisition & Development		
	Rental Hsg. Development Assistance		
	Rehabilitation Loan Guarantee Fund		
	Community Hsg Dev. Organizations		
	Scattered Coop. Infill Program (SCIP II)		
	<u>Assisted Housing</u>	Medium	Create/retain affordable housing
	Tenant-based rental assistance		
	Transitional housing		
	Housing for People with HIV/AIDS		
	<u>Homeless/Emergency Shelter</u>	Medium	Create/retain affordable housing
	Shelter Operation and Maintenance		
	Essential Services		
	Emerg. Assistance/Prevention Services		
	Transitional Housing (Homeless)		

Housing Goals and Strategies

Five-Year Reflective of those priorities, NHCD has set the following housing goal for 2000-2005.

**Housing
Goals &
Strategies**

Housing Goal

Create and/or Retain 5,000 Units of Affordable Housing Annually by 2005

That is, NHCD will work to build sufficient capacity by 2005 to create and/or retain an annual production of 5,000 units.

Housing Strategies

The following housing strategies will drive NHCD's efforts toward the housing goal:

- Link housing services through a continuum from homelessness to homeownership
- Increase the supply of affordable, visitable, adaptable and accessible units, particularly rental units
- Retain affordable housing stock through rehabilitation and construction programs
- Increase nonfederal resources in order to create and retain more affordable housing units
- Facilitate regulatory reform to reduce institutional barriers to housing development
- Expand the capacity of nonprofit housing developers