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Appendix I: Housing Market Analysis, Preservation Study, Community Needs Assessment, Market Trends and Public Comments

Appendix IA: 2014 Comprehensive Market Study

2014 Comprehensive Housing Market Analysis

City of Austin

Final Report

Final Report
July 31, 2014

2014 Comprehensive Housing Market Analysis

Prepared for

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Executive Summary

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Background

In early 2014, BBC Research & Consulting (BBC) was contracted by the City of Austin's Neighborhood Housing and Community Development Department to update the comprehensive housing market study conducted in 2008. The 2014 update grew out of an interest to provide a current assessment of needs in Austin's rapidly changing housing market—as well as to examine needs at a smaller geographic level.

The 2014 Housing Market Study (HMS) and the 2008 study share many elements: an identification of the greatest housing needs in Austin now and in the future; a quantification of needs; and a review of existing and potential policies, programs and strategies. The 2014 HMS also incorporates a ZIP code level housing model that provides indicators of housing supply and affordability.

The 2014 study was informed by a significant amount of work conducted by the city's Community Development Commission (CDC) Affordable Housing Siting Policy Working Group ("Working Group"). The goal of the Working Group—comprised of representatives from neighborhood associations, community housing organizations and the CDC—was to develop recommendations to help achieve the common vision of creating and preserving affordable housing throughout Austin to meet the needs of extremely low and moderate income residents.

Many members of the Working Group recommended that in its next Comprehensive Housing Market Analysis and Analysis of Impediments to Fair Housing Choice (AI), the city establish geographic goals for affordable housing. To that end, the 2014 HMS includes development of a ZIP code level (proxy for neighborhood level) model for the needs analysis.

Relationship to *Imagine Austin*

One of the goals in *Imagine Austin* –the city's recently adopted comprehensive plan for land use and growth—is to develop and maintain household affordability throughout Austin. *Imagine Austin* includes many strategies for implementing this goal, from encouraging compact development to reducing housing barriers for people with special needs to promoting affordable housing.

The 2014 HMS can be used to inform the city's continued land development code reform efforts by providing both a quantitative estimate of housing needs, as well as resident-driven information on housing preferences and challenges. Altogether, this information should be used in future phases of code reform to promote and advance the conversation around affordability.

Methodology

The primary data and information sources used in the 2014 HMS include the following:

- Population and household levels and projections from the city demographer;

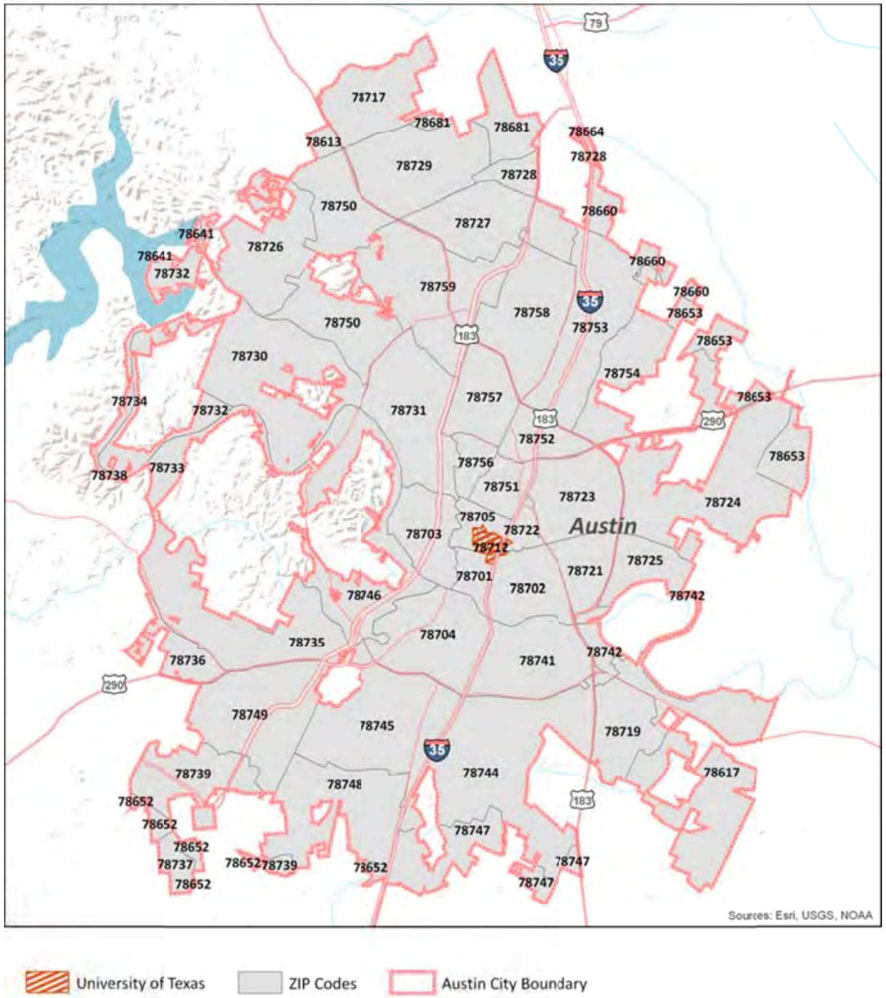
- Social and economic information from the U.S. Bureau of the Census' 2010 decennial survey and 2012 American Community Survey (ACS);
- Employment data from the Bureau of Labor Statistics and Creative Austin report;
- Rental data from Austin Investor Interests;
- Data on subsidized rental units from the City of Austin and the Housing Authority of the City of Austin (HACA);
- Data on home resales—2013 and historical listings—from the Austin Board of Realtors (ABOR); and
- A significant public input process that included a survey of more than 5,000 residents, and in-commuters; focus groups with 57 low income residents; and interviews and meetings with more than 70 stakeholders and residents.

Geographic Level of Analysis

This study focuses on trends and needs within the boundaries of the City of Austin. Where data were readily available, Austin's demographic and housing trends are compared with surrounding communities'.

Demographic and housing market data are presented and analyzed at several geographic levels: 1) For the city overall, 2) by ZIP code, and 3) by Census tract. The housing model developed for this HMS shows data and trends at the ZIP code level.

Figure ES-1.
City of Austin by ZIP Code



Use in Policy Making

A top level goal of the HMS was to provide a quantitatively-sound approach for setting numerical targets for the city, specific geographic areas and for targeted populations. This HMS achieves these goals through:

- An updated rental housing gaps analysis, based on current data that compares the supply and demand of rental housing and identifies the current shortage of affordable rentals. This analysis can be found in Section II, beginning on page 24.

- The ZIP code level housing supply and affordability model in Appendix A shows how well each ZIP code provides housing opportunities for low income renters, low to moderate income homeowners, workers in key professions and housing near transportation. The model uses a combination of current housing market data, surveys of residents and Census data to create a comprehensive picture of housing options by ZIP code.

  The ZIP code level model will be an important tool to inform siting policy strategies and geographic dispersion goals. Both the gaps model and ZIP code level affordability data should be used to inform and monitor affordable housing targets.

- The housing needs of targeted populations were primarily identified through a robust community survey and focus group participation process, the results of which are presented in Section III and IV.

Acknowledgements

BBC would like to thank the following generous contributors to the study, who provided data, information and time toward completion of the study:

- City of Austin Neighborhood Housing and Community Development Department;

- Austin Board of Realtors (ABOR);

- Ryan Robinson, city demographer; and

- The many participants in the focus groups and public meetings held throughout the study (names withheld for privacy) and the more than 5,000 residents who completed the survey.

Report Outline

The next section of the Executive Summary reports the primary findings from the 2014 HMS. The balance of the full report is made up of the following sections:

- **Section I. Demographic Context.** This section provides information on population growth, household characteristics, income and poverty and employment.

- **Section II. Housing Market Gaps.** This section provides an overview of how the city's housing market has changed since 2007. It includes current data on housing prices and a recalculation of the housing gap, or shortage, in affordable units.

- **Section III. Housing Choice.** This section explores the housing choices made by Austin residents and in-commuters. It is based on the results of the resident survey, public meetings and interviews.

- **Section IV. Housing Needs.** This section discusses the needs of resident groups that typically face challenges finding housing or have specific housing needs. These include low income renters and homeowners, seniors, persons with disabilities, persons experiencing homelessness and large families, as well as students.

Summary of Needs: 2014 Housing Market Study

Since 2008, when the last comprehensive housing market study was conducted, Austin has grown by 100,000 residents, experienced a housing market downturn and is in the midst of a housing market revival, particularly for rental housing.

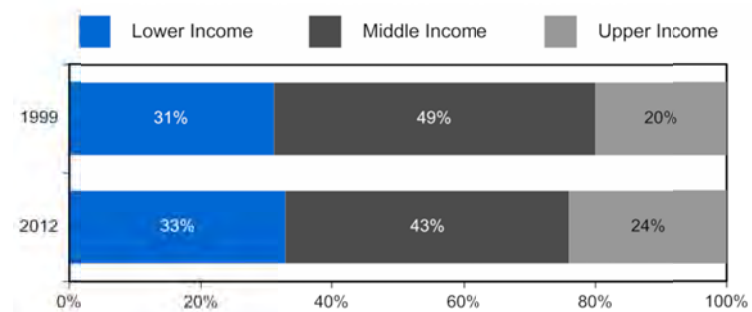
This activity has led to a changed city in many ways—and, somewhat surprisingly, an unchanged city in others.

City residents are older overall, due to the shifting of the Baby Boomers into older age cohorts and growth in Baby Boomers and seniors. There are proportionately fewer married couples with children in the city. And, although Austin became a "majority minority" city due to the growth of Hispanic residents, it experienced a numerical loss of its African American residents.

The most prominent shifts in Austin the past decade have been income-based. The city gained both upper income households and persons living in poverty. Poverty rose overall and for all age groups except for seniors. Child poverty increased substantially, from 17 percent in 2000 to 30 percent in 2012.

As shown in Figure ES-2, the proportion of middle income households declines between 1999 and 2012 by 6 percentage points.

Figure ES-2.
Proportion of Households Lower, Middle and Upper Income, City of Austin, 1999 and 2012



Note: Lower income roughly approximates less than two-thirds of the national median income and upper income roughly approximates twice the national median income. These income thresholds are consistent with the way that Americans self-identify as members of socio-economic classes. (See Pew Research report, "The Rise of Residential Segregation by Income.")

Source: U.S. Census, 2000, 2012 ACS and BBC Research & Consulting.

The increase in poverty has been recently countered by very strong growth in high income renters earning more than $75,000 per year. Between 2007 and 2012, high income renters grew by 15,000—compared to about 1,000 low income renters, earning less than $25,000 per year. The income distribution of Austin's homeowners changed little.

The strongest employment growth during the past decade has mostly occurred in moderate to low paying jobs. Of the 100,000 new jobs in the Austin MSA, 36,000 were in the Education and Health Services industries, which pay about $44,000 per year. Another 26,000 jobs were in the low paying leisure and hospitality industries, paying less than $20,000 per year. Workers in these professions struggle to find homes to buy and rent in Austin, as discussed below.

Demographic impacts on housing demand. The demographic changes experienced since 2000 have had varied impacts on the housing market:

- Homeownership has been unchanged at around 45 percent.
- Housing types have shifted only modestly, toward multifamily/apartment developments (now 39% of all units) and away from single family attached and duplex/triplex/fourplex units (12% of all units).
- The pool of high income renters has invited the development of additional market rate, higher priced rentals.

Figure ES-3.
Type of Housing Units, City of Austin, 2000 and 2012

Source:

U.S. Census, 2000, and 2012 ACS.

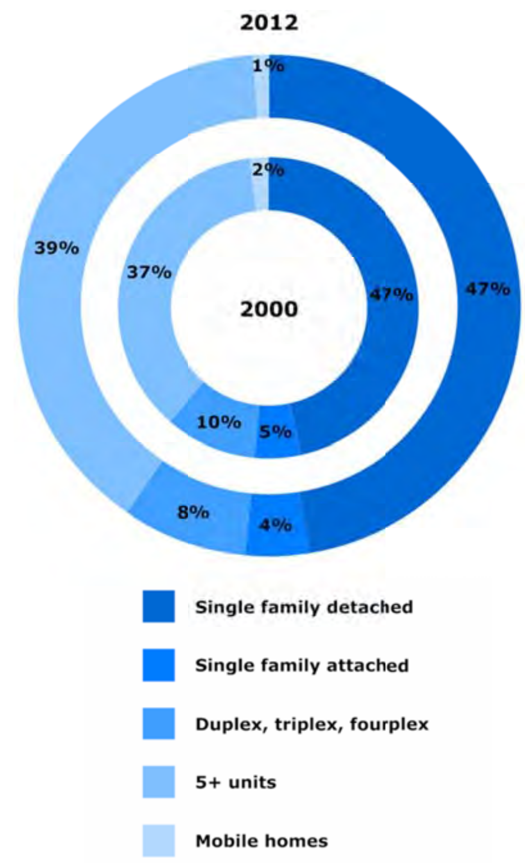
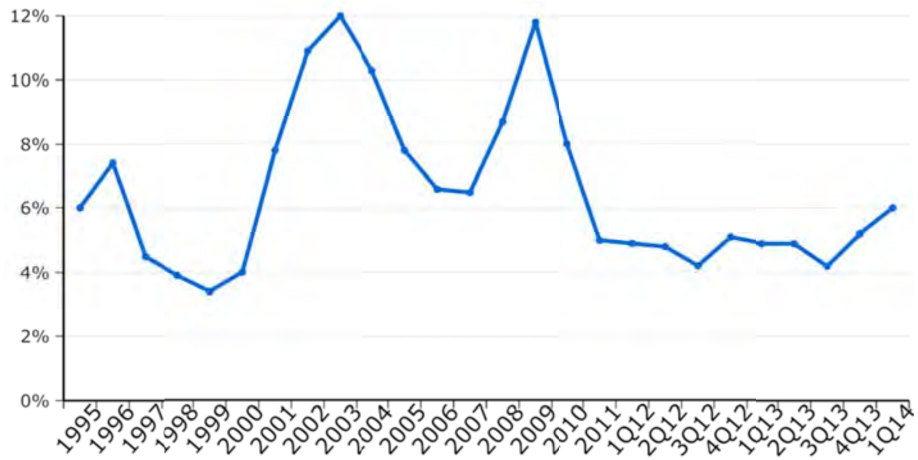
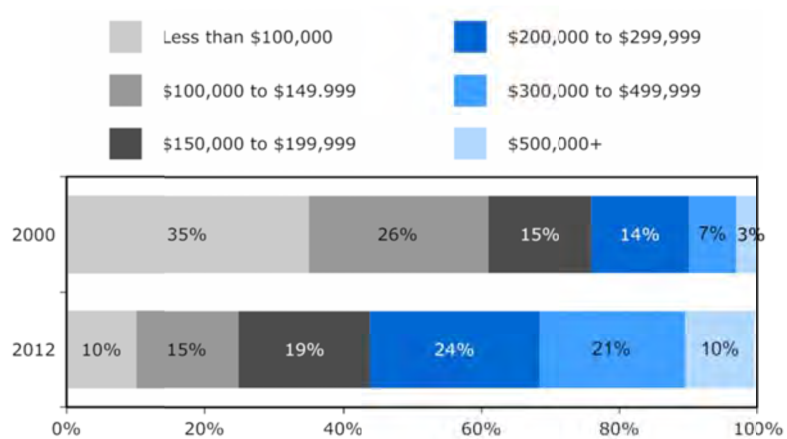


Figure ES-4.
Multifamily Vacancy Rates, Austin MSA, 1995-1Q14



Source: Austin Investor Interests.

Figure ES-5.
Shifts in Home Values, Austin, 2000 and 2012



Source: U.S. Census, 2000, and 2012 ACS.

- Competition among low and moderate income renters for non-luxury rentals has increased, pushing vacancy rates down to record low levels as shown in Figure ES-4.
- As shown in Figure ES-5, home values have shifted toward pricier homes, with 31 percent valued at more than $300,000 in 2012 versus 10 percent in 2000.
- Although counterintuitive, between 2007 and 2013 it became easier for renters to find affordable homes to buy, solely due to drops in mortgage interest rates. Yet affordable, for sale housing became more concentrated geographically. These concentrations are correlated with many of the strongest areas of residential growth, mostly located on the city periphery, away from job centers.
- Affordable housing to buy is also more likely to be in poor condition: 17 percent of homes affordable to renters earning less than $50,000 were in poor or fair condition, compared to just 9 percent of all homes on the market.

Residents' views on market changes. Changes in the housing market as told by Austin residents reveal a dynamic that can get lost in data analysis alone:

- Many Austin residents made economic trade-offs to live in the city: 69 percent of homeowners paid more for their home to live in Austin. Sixty-six percent of renters choose to rent and live in Austin rather than own outside of the city.
- Overall, half of renters and 28 percent of owners pay more than 30 percent of their gross income toward housing costs and are "cost burdened." Cost burden is much higher for low income residents, with 69 percent of renters and 53 percent of owners experiencing cost burden.
- More than one-fourth of Austin residents have sought additional employment to pay for housing costs. Thirty-one percent of renters have gone without health care to afford housing.
- Nineteen percent of low income owners think they may need to move in the next five years, mostly because of increased property taxes. Nearly 60 percent of renters plan to move, mostly to find less expensive housing.

Resulting housing gaps. A gaps analysis—a comparison between the supply of housing at various price points and what households can afford—helps define the extent of housing needs. It also provides a benchmark against which needs can be measured over time.

This "snapshot" is shown in the figure on page 9. As the figure illustrates, the gap in housing supply has widened for renters but not for owners since 2008. Specifically:

Renter gap. There are 60,000 renter households earning less than $25,000 per year—and just 19,000 affordable rental units to serve them. This leaves a shortage of 41,000. This gap is based on 2012 incomes and rental pricing.

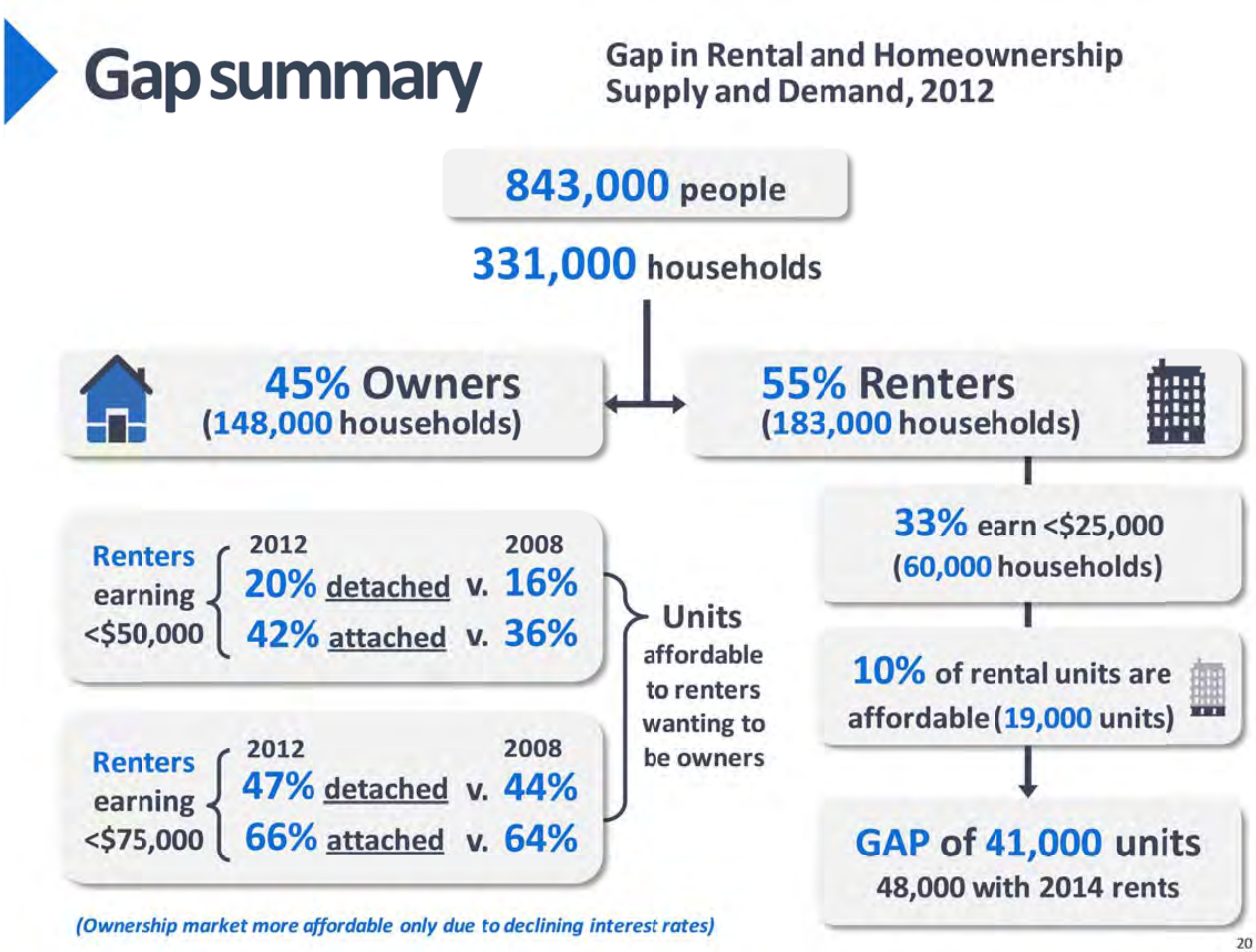
A 2014 gaps based on first quarter rental pricing estimates decreases the supply of affordable rentals by 7,000, putting the rental gaps at around 48,000.

Increase in Rental Gaps based on 2014 Rental Prices

	2012 Gap	2014 Gap	⬆
Renters earning $0-$25,000	40,924	47,698	6,774

Source: BBC Research & Consulting housing gaps modeling.

It is important to note that without the city's investment in creating and preserving affordable rental properties, the rental gap would be larger by as many as 1,000 units.



Source: BBC Research & Consulting housing gaps modeling.

Homeownership gap. The gap in homeownership is measured by comparing the proportion of renters at various income levels with the proportion of affordable units for sale. As shown in the gaps figure on page 9, the proportions of affordable homes have increased for both renter income categories and for both detached and attached housing.

Falling interest rates were the primary reason why ownership opportunities were preserved for renters looking to buy. In 2008, a household earning $50,000 could afford a home priced at $160,000 (with a 5% downpayment and an interest rate of 6.5%). In 2014, the same household, earning $50,000, could afford a home priced at $183,000 (with the same 5% downpayment) because interest rates dropped two percentage points, to 4.5 percent.

What if interest rates hadn't changed? Homeownership opportunities would have declined from 2008 to 16% of units for renters at < $50,000 (v. 21% in 2008) and 43% of for renters at < $75,000 (v. 49% in 2008).

Despite this relative increase in homeownership affordability, renters earning less than $50,000 per year have very limited for-sale options. Among the homes they can afford, more than one-quarter are attached properties (condos, townhomes, etc).

The market is particularly tight for renters earning less than $35,000 per year: 46 percent of all renters in Austin earn less than $35,000 per year but only 9 percent of homes on the market are affordable to them.

As was the case in 2008, renters earning $75,000 are relatively well served by the for-sale market.

Top housing needs. The top housing needs in Austin, identified through the quantitative and qualitative analysis conducted for the 2014 HMS, include:

- A shortage of deeply affordable rental units (primarily those renting for less than $500/month) for renters earning less than $25,000 per year.
- Geographically limited housing opportunities: 1) Affordable rentals are scarce west of I-35, and 2) Homes to buy for $250,000 and less are increasingly concentrated in northeast, far south and southeast Austin.
- Rising housing costs in a handful of neighborhoods that are redeveloping, which could cause long-time residents to seek more affordable housing elsewhere.
- A growing need for affordable housing near transit and services—to enable seniors to age in place, to provide a wider array of housing choices for persons with disabilities and to mitigate the financial impact of rising transportation costs.

Recommendations

Since the 2008 HMS, Austin has worked hard to secure additional funding for affordable housing in the form of a General Obligation (GO) bond to support affordable housing projects. Past funding from a similar GO bond was used to construct new and preserve housing for the city's most vulnerable residents—many with very low incomes, some who were formerly homeless and some with special housing needs. This type of flexible funding, which can be deployed quickly and addresses many of the greatest needs in the city, is an irreplaceable tool in a fast-moving housing market where federal support is diminishing.

The city is also in the process of revisiting its land use regulations as part of CodeNEXT. This effort will examine potential barriers to creating a diverse set of housing opportunities for a mix of residents.

These two very important tools—flexible funding for affordable housing and reduction of regulatory barriers—put Austin far ahead of many cities nationally who are struggling to address affordability needs.

These efforts also put Austin in a unique position of being able to focus on making the best use of other resources to further address housing needs. These "untapped resources" include:

- Public private partnership opportunities, and
- Public assets, particularly land owned by the city that is currently underutilized.

The city should also move quickly to adopt the easiest regulatory fixes recommended by the diagnosis process of CodeNEXT, explore additional property tax relief options for homeowners and market attached units as an affordable housing alternative.

Finally, we recommend that the city establish a target goal for affordable housing and manage all programs and policies to that goal.

Our specific recommendations follow, beginning with the easiest fixes—modifying regulations to remove regulatory barriers.

Adopt quick fixes for regulatory barriers. *Imagine Austin* developed a list of land development code barriers to creating an affordable Austin. Many of the recommendations require substantive changes to regulations—and/or additional study of the impacts—but some could be achieved rather easily. Waiting to adopt all of the changes may mean a missed opportunity to create affordable housing.

> *Regulatory "quick fixes" should be employed now, to take advantage of opportunity to create affordable units.*

In our opinion, these "quick fixes" should include the following.

Modifications to accessory dwelling unit (ADU) regulations.

- Reduce the minimum lot size for homes with ADUs.
- Allow a wider variety of ADU types—attached to or within less than 15 feet of the primary dwelling unit.
- Allow lower parking requirements for ADUs, especially in older neighborhoods built before parking requirements were imposed. Do not impose additional parking requirements for the primary dwelling unit if they do currently exist and were not required at the time of development.
- Allow more flexibility in driveway requirements for ADUs, particularly in older areas where lots cannot accommodate the requirements.

Improvements to the development process.

- Begin the process of strengthening departmental coordination to streamline the development approval process for affordable housing.

> *One of the strongest developer incentives to build affordable housing—fast track approval—can only be effective with a streamlined development approval process.*

- Institute fast track development processes, beyond the SMART housing program, for units that contain a target proportion of affordable units (not cash-in-lieu units).
- Waive impact fees for developed affordable units, beyond SMART Housing units, up to an annual maximum subsidy.

Expand public-private partnerships. The private sector is a very important partner in affordable housing development. The city has a number of development incentives and agreements to encourage the private sector to build affordable housing—yet it could do more, by asking greater contributions from developers when they receive expanded entitlements, for example, through rezoning and density bonuses.

> *In the current environment, in which housing prices are rising and private sector developers are eager to meet growing demand, it is appropriate to ask them to be a stronger partner in affordable housing creation.*

An in-depth review of the various aspects of the development agreements and incentives offered by the city was beyond the scope of this study. Stakeholders frequently mentioned the opportunity to improve these programs to make them more transparent and achieve greater affordable housing contributions. For example, the city could:

- Make the density bonus and developer entitlement programs consistent with current needs. This could involve modifying affordability targets (lower MFI for rental units to match the needs in the gaps analysis), acceptance of Section 8 and other similar vouchers (required), cash in lieu fees (raised) and consistent onsite or offsite options. A proportion of units should also be required address the need for larger, affordable units to accommodate low income families, who have very limited options in the current rental market.

- Raise cash-in-lieu (CIL) fees. The CIL fee should be comparable to what it costs a developer to build, market and rent or sell an affordable unit.

- Include the option of redeveloping and deed restricting existing housing in more affordable and/or gentrifying areas to satisfy the developer obligation to create units or pay the CIL fee. This helps improve the condition and preserve affordability of housing stock of existing low income owners and renters.

We also recommend the city consider two additional types of public-private partnerships to help address affordable housing needs: Community Development Financial Institutions, or CDFIs, and land banking.

- **CDFI**. A CDFI is an alternative type of bank used nationwide to address lending needs that traditional banks cannot. Austin has CDFIs that serve a variety of needs, but none functions solely as a lender to private and nonprofit affordable housing developers. These institutions, which are partnerships between traditional banks and the public sector, make loans at a subsidized rate with a quick turnaround, enabling developers to better compete with investors. This tool is especially valuable in hot housing markets.

  The Federal Deposit Insurance Corporation (FDIC) recently published an article, geared toward financial institutions, about the value of partnering with CDFIs to satisfy their Community Reinvestment Act (CRA) obligations.[1]

- **Land bank**. Making public land available for residential redevelopment is one form of a land bank (such land is already in a "bank" through city ownership). Another version that is being more commonly used is created through public private partnerships, including through foundations. Seed money and organizational support for the land bank is provided by the private sector. In return, the land bank may prioritize acquisition of land for the development of workforce housing, housing along transit corridors, housing to serve public school teachers and workers, etc.

Utilize public land. Making better use of land—particularly that which is underutilized and ripe for redevelopment—may be one of the most valuable contributions the city can make to addressing affordable housing challenges.

These do not have to be large parcels (i.e., Mueller). City-owned infill parcels, near existing services and in neighborhoods that are at-risk or experiencing gentrification, would be ideal for mixed-income residential developments.

Public land is also a tremendous asset for expanding land trust ownership models, which achieve a greater level of homeownership affordability than any other product.

[1] http://www.fdic.gov/consumers/community/CDFI/index.html

Explore additional property tax relief for low income owners. Rising property taxes citywide and especially in gentrifying areas is a top concern of residents. Low income owners are reluctant to make needed improvements to their homes, fearing that this will lead to increased taxes that they cannot afford to pay.

The city should continue to explore options for property tax relief, including how low income owners can be absolved of rising taxes when needed improvements are made.

Consider preservation initiatives. A study conducted during the HMS, *Taking Action: Preservation of Affordable Housing in the City of Austin,* contains a number of recommendations to preserve existing affordable housing stock in Austin. These initiatives—in addition to many of the above recommendations (e.g., land banking)—could provide the foundation for a more aggressive preservation strategy. Preservation efforts should focus on neighborhoods that have traditionally been home to low income residents and workers, have experienced strong price increases and are in close proximity to low wage jobs.

Encourage a broader use of neighborhood infill and design tools in neighborhood plans. The survey conducted for this study showed that a clear majority of homeowners—and one in four renters—live in single family detached homes. Just 4 percent of homeowners live in duplexes/triplexes/fourplexes and 5 percent live in a condominium. Only half of renters live in apartment buildings.

Creating attached home alternatives for both homeowners and renters would help broaden the choices of affordable products to buy and rent.

CodeNEXT will examine barriers to developing such products in the city; this should include limitations on splitting large lots and rezoning underutilized commercial properties to accommodate "missing middle" housing products (e.g., duplexes). The city can facilitate this process by helping neighborhoods understand the benefits of these alternative products, demonstrating how they are used successfully in peer cities and how design features can be used to integrate these products seamlessly into neighborhoods.

Set a citywide affordable housing goal. Establishing a citywide goal for housing affordability would institute a citywide effort to preserve existing income diversity.

This goal should be targeted to areas of need identified in this market study—that is, rental units affordable to households earning less than $25,000 (addressing the rental gap) and ownership units targeting workforce (earning less than $50,000 per year). The purpose of the goal would be to maintain or improve the current proportion of affordable units for renters earning less than $25,000 (at 10% in 2012) and homes to buy for workforce (priced less than $183,000 and 24%).

Ten percent is a common goal used by other cities that have embraced affordable housing targets. A 10 percent goal is also consistent with many existing city programs (e.g., density bonuses, PUDs).

The maps and data sheets in Appendix A show how well each ZIP code matches the overall city level of affordability of rental and homeownership units. Fewer than half of the city's ZIP codes match the city's 10 percent rental and/or 24 percent homeownership affordability provisions. The Appendix also provides ZIP code level information on demographics and socioeconomic diversity; the ability of the ZIP code to house workers in key professions in Austin; and estimates of household transportation costs.

All city programs and policies should be linked to achievement of the citywide target. For example, developers who receive any type of entitlement or funding in a geographic area would be required to move a neighborhood closer toward the affordable housing goal. Neighborhoods that exceed the target and are at risk of gentrification should not be exempt from the requirements, as preservation and creation of affordable units is important to prevent displacement.

The city could use the Housing Model built for this study and available metrics from the Census, ABOR and private rental data, to track progress at meeting the affordable housing goals.

SECTION I.

Demographic Context

SECTION I. Demographic Context

It's no secret that Austin is one of today's most desirable cities. Those looking for the next great place to live will find Austin at the top of the charts:

"**The best city in the country for filmmakers."— (moviemaker.com)**

"**Best performing large cities."— (Milliken Institute)**

"**The new Brooklyn." — (Bloomberg Businessweek)**

The growing interest in Austin is best evidenced in the city's strong population growth. Austin has an estimated 200,000 more residents than it did in 2000. During the last decade, the city increased its size by almost one-third.

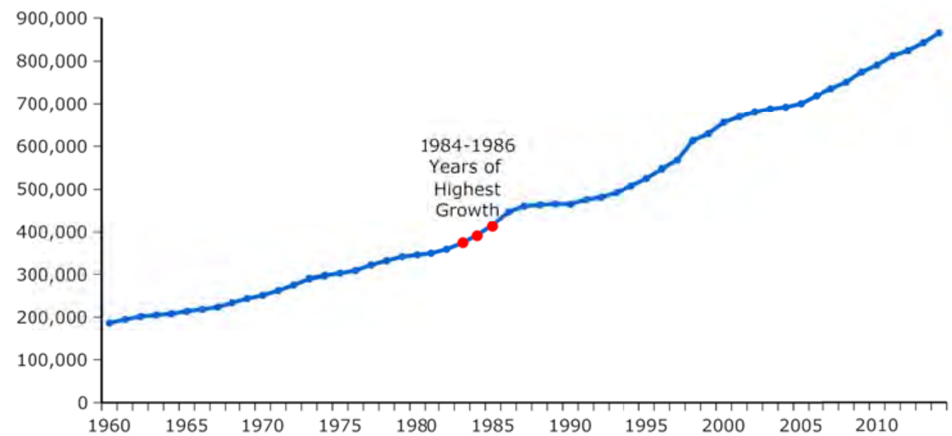
This section of the HMS discusses how the city has changed—and is changing—demographically. It sets the context for the sections that follow, which focus on housing demand and preferences.

Population

The April 2014 population of Austin was 865,504, according to the City Demographer—up 32 percent from a 2000 population of 656,562. At the end of this decade of strong growth, Austin was the 11th largest city in the nation, up from the 16th in 2000.[1]

Figure I-1 shows annual growth trends since 1960. Growth was the strongest during the mid-1980s, when annual rates of growth averaged 6 percent, compared to 3 percent in the past year (2013-2014).

Figure I-1.
Population Growth Trends, City of Austin, 1840 to 2014



Note: According to the City Demographer, about 70% of the annual growth from 1997 to 1998 was largely the result of annexing large tracts of populated land into the city.

Source: City of Austin population estimates.

[1] https://www.census.gov/statab/ccdb/cit1020r.txt

Figure I-2 puts Austin's recent growth in the context of south central Texas and peer cities.[2] Austin's recent growth is significant, especially when compared to peer cities of Portland, Denver, Nashville—and even high tech-dominated San Jose. Between 2000 and 2012, Austin was second only to Charlotte in percent growth, as well as movement among the Census' largest cities ranking. Austin was fourth among the group in numerical growth.

Figure I-2.
Population Growth and Largest City Ranking, 2000 and 2012

City	2012 Population	2012 Largest Cities Rank	2000 Population	2000 Largest Cities Rank	2000-2012 Percent Growth	2000-2012 Numerical Growth
Charlotte, NC	775,208	17	540,828	26	43%	234,380
Austin, TX	842,595	11	656,562	16	28%	186,033
San Antonio, TX	1,383,194	7	1,144,646	9	21%	238,548
Denver, CO	634,265	23	554,636	24	14%	79,629
Nashville, TN	623,255	25	545,524	25	14%	77,731
Portland, OR	603,650	28	529,121	28	14%	74,529
Houston, TX	2,161,686	4	1,953,631	4	11%	208,055
San Jose, CA	982,783	10	894,943	11	10%	87,840

Note: Bold indicates significant change in largest cities rank.

Source: U.S. Census Bureau.

And this growth is not just contained within the City of Austin. The Austin-Round Rock-San Marcos metropolitan statistical area (MSA) posted the highest growth rate of any MSA in the nation from 2000 to 2011.

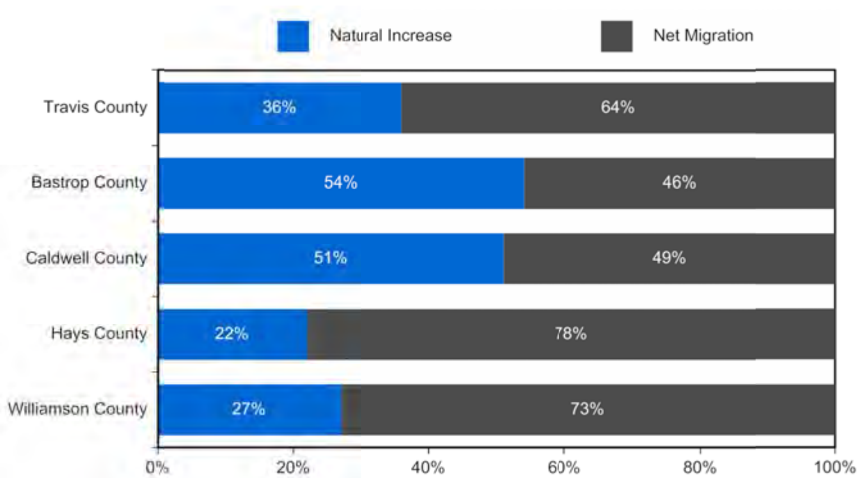
Drivers of population growth. There are two distinct reasons that a community grows. First is "natural increase," which occurs when the number of births exceeds deaths in a given year. In-migration is the second reason for growth.

Figure I-3 shows the drivers of growth between 2010 and 2013 for Travis County and surrounding counties.[3] As the figure demonstrates, in-migration is an important part of growth for Travis County, yet about one-third of the county's recent growth has been driven by natural increase. In-migration was a larger driver of growth for Hays and Williamson counties and less so for Bastrop and Caldwell counties.

[2] "Peer" cities are similar in socioeconomic characteristics, industries and/or level of attractiveness for in-migrants.

[3] The Census reports the drivers of population growth at the county level.

Figure I-3.
Components of Population Change, Travis and Surrounding Counties, 1990-2000, 2000-2007 and 2007-2013



Note: Two additional components of change--net federal movement and a residual--are not included in the numbers above. Thus, natural increase and net migration do not add to total population growth. The differences are minimal.

Source: Census Population Estimates.

Regional growth. Since 1990, the City of Austin's share of the MSA population has been declining, as shown in Figure I-4. Population projections for the city and MSA suggest that the city's share of the MSA population will drop to around 30 percent by 2045.

Figure I-4.
City of Austin Share of Travis County and MSA Population, 2000 to 2045

Source:

City of Austin City Demographer, January 2014.

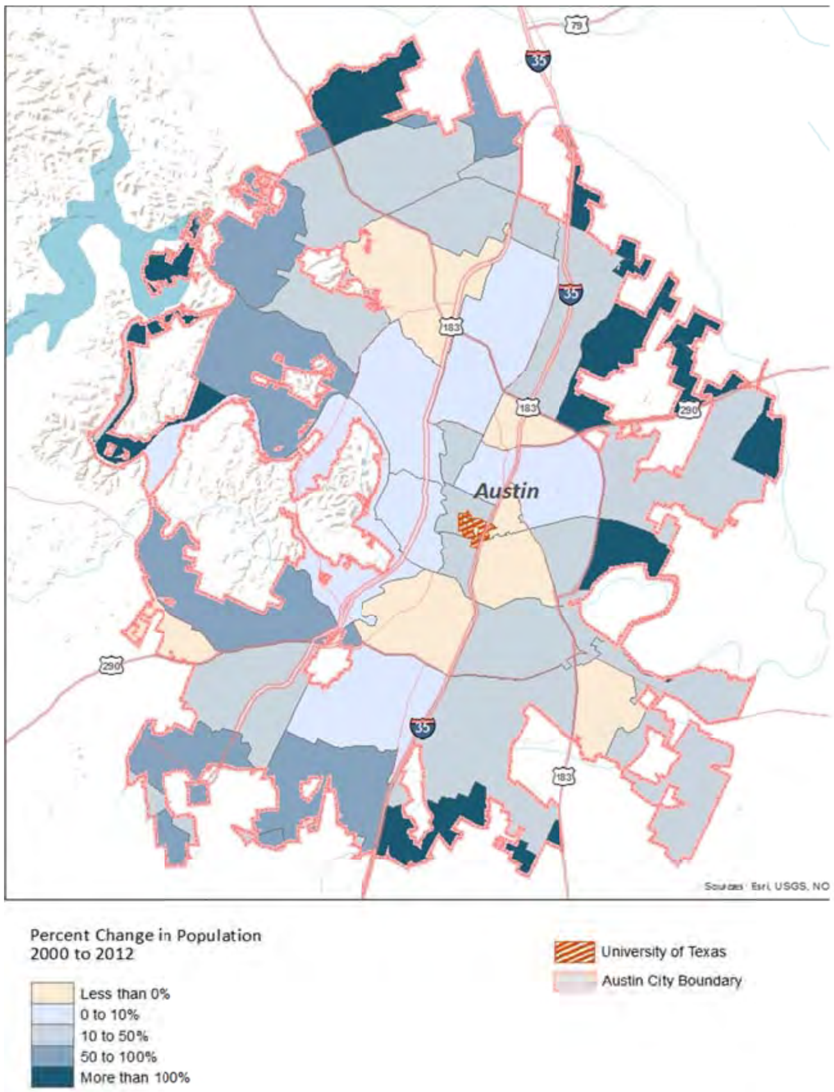
Year	Travis County	MSA
1990	81%	55%
2000	81%	53%
2007	78%	46%
2010	77%	46%
2014	76%	45%
2045	57%	30%

Geographic dispersion of growth. Figure I-5 shows population change between 2000 and 2012 by ZIP code.[4] As the map demonstrates, population growth varied considerably throughout Austin, with many ZIP codes experiencing 100 to 200 percent growth, while a handful of ZIP codes had population losses.

The strongest growth occurred on the periphery of the city. Slow growth areas and population declines occurred in areas between the city core and outlying communities.

[4] The 2012 data by ZIP code are the 5 year, 2008-2012 ACS.

Figure I-5.
Population Change by ZIP Code, 2000 to 2012



Source: U.S. Census.

Household Composition

Austin's demographics are similar to those in 2000, with a few notable exceptions, which are discussed below. Although it may feel to Austinites that the city's demographic changes have occurred recently, most demographics shifts took place in the earlier part of the decade, between 2000 and 2007.

Race and ethnicity. As shown in Figure I-6, the number and proportion of African Americans in the city declined by an estimated 525 people or more than 2 percentage points. This was the only racial category where population was lost. The strongest growth occurred in the White and Hispanic racial/ethnic categories.

Austin is characterized as a "majority minority" city, meaning that no single racial or ethnic group exists as a majority of the city's population. This is mostly due to growth in residents who are of Hispanic descent, many of whom report their race as white. Non-Hispanic white residents represent about 43 percent of the city's population in 2012.

Figure I-6.
Residents by Race and Ethnicity and Change, City of Austin, 2000, 2007 and 2012

Race	2000	2007	2012	2000-2012 Change
American Indian and Alaska Native	3,889	4,810	5,272	1,383
Asian	30,960	42,818	54,084	23,124
Black or African American	65,956	60,971	65,431	(525)
Native Hawaiian and Other Pacific Islander	469	818	776	307
Two or More Races	19,650	16,813	28,642	8,992
White	429,100	471,296	647,851	218,751
Ethnicity				
Hispanic or Latino (of Any Race)	200,579	260,535	286,850	86,271
Non-Hispanic	455,983	489,124	555,745	99,762
Race	**2000**	**2007**	**2012**	**2000-2012 Change**
American Indian and Alaska Native	1%	1%	1%	0.0%
Asian	5%	6%	6%	1.7%
Black or African American	10%	8%	8%	-2.3%
Native Hawaiian and Other Pacific Islander	0%	0%	0%	0.0%
Two or More Races	3%	2%	3%	0.4%
White	65%	63%	77%	11.5%
Ethnicity				
Hispanic or Latino (of Any Race)	30%	35%	34%	4.0%
Non-Hispanic	70%	65%	66%	-4.0%

Note: The ACS question on Hispanic origin was revised in 2008 to make it consistent with the Census 2010 Hispanic origin question. As such, there are slight differences in how respondents identified their origin in the 2000, 2007 and 2012 surveys.

Excludes "Some Other Race" category, due to inconsistency of reporting between 2000 and 2012 Census surveys.

Source: U.S. Census, 2000, 2007 and 2012 ACS.

SECTION I. Demographic Context

Age. The median age of Austin residents increased during the past decade, from 29.6 to 31. This was due to a shift away from college-age residents towards Baby Boomers. As shown in Figure I-7, the proportion of city residents age 18 to 24 dropped from 17 percent to 13 percent in the last decade. Growth of the 45-64 cohort is due to Baby Boomers aging into a higher age group, in addition to new migrants.

Figure I-7.
Residents by Age Cohort and Change, City of Austin, 2000, 2007 and 2012

Population by Age	2000	2007	2012	2000-2012 Change
Total population	656,562	749,389	842,595	186,033
Number of Population				
Children (Under 18)	147,548	173,800	182,530	34,982
College-Aged Adults (18-24)	109,256	99,124	111,596	2,340
Young Adults (25-44)	243,517	272,377	310,684	67,167
Baby Boomers (45-64)	112,336	155,965	176,686	64,350
Seniors (65 and older)	43,905	48,123	61,099	17,194
Percent of Population				
Children (Under 18)	22%	23%	22%	-0.8%
College-Aged Adults (18-24)	17%	13%	13%	-3.4%
Young Adults (25-44)	37%	36%	37%	-0.2%
Baby Boomers (45-64)	17%	21%	21%	3.9%
Seniors (65 and older)	7%	6%	7%	0.6%

Note: Changes among age categories do not always indicate growth, but rather, show differences in the size of age cohorts. For example, the Baby Boomers were roughly between the ages of 35 and 54 in the Census 2000, and mostly captured in the 45 to 64 age cohort in the 2012 ACS.

Source: U.S. Census, 2000, 2007 and 2012 ACS.

Household type. According to the City Demographer, the share of family-with-children households in the urban core has declined since 1970, when the share was about 32 percent. This continued between 2000 and 2012, as shown in Figure I-8. Growth in the city's Hispanic households, which generally have larger families with children, has helped the city maintain a share of family-with-children households, which otherwise would be much smaller.

As shown in Figure I-8, declines in family-with-children household shares have been offset by slight increases in the proportions of residents living alone and in households with alternative composition types.

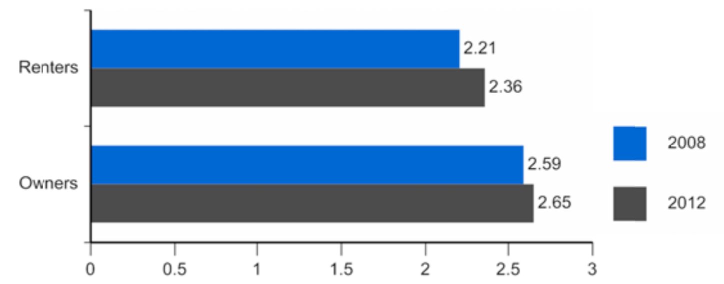
Figure I-8.
Household Type and Change, City of Austin, 2000, 2007 and 2012

Household Type	2000	2007	2012	2000-2012 Change
Total Households	265,649	306,693	330,838	65,189
Number of Households				
Married without Children	51,950	54,712	62,254	10,304
Married with Children	49,148	57,075	53,105	3,957
Single Parent Household	22,132	27,821	30,362	8,230
Living Alone	87,026	110,764	112,092	25,066
Other Household Types	55,393	56,321	73,025	17,632
Percent of Households				
Married without Children	20%	18%	19%	-0.7%
Married with Children	19%	19%	16%	-2.4%
Single Parent Household	8%	9%	9%	0.8%
Living Alone	33%	36%	34%	1.1%
Other Household Types	21%	18%	22%	1.2%

Source: U.S. Census, 2000, 2007 and 2012 ACS.

Household size. According to the ACS, household size has increased since 2008, despite the shift away from family households. As shown in Figure I-9, average household sizes have increased for both renters and owners.

Figure I-9.
Household Size, 2008 and 2012



Source: 2008 and 2012 ACS.

Income and Poverty

Housing programs generally use percentages of "median family income" or MFI as benchmarks for targeting housing assistance and affordability programs.[5] Households earning less than 30 percent of MFI—roughly at the poverty level and below—are characterized as "extremely low income." Households earning between 30 and 50 percent of MFI are considered to be "very low income;" households between 50 and 80 percent MFI, "low income;" and those above 80 percent of MFI "moderate" and "high" income.

[5] Also referred to as Area Median Income or AMI.

Figure I-10 shows the MFI levels for the City of Austin according to household size. It is important to note that these are based on the MFI for the Austin-Round Rock-San Marcos MSA (that is, MFI is not calculated at the city level) and provided to the city by HUD.

Figure I-10.
Median Family Income Categories, Austin-Round Rock-San Marcos MSA, 2014

Percent MFI	Income Limit	Percent MFI	Income Limit
30% MFI		**100% MFI**	
1 person HH	$15,850	1 person HH	$52,800
2 person HH	$18,100	2 person HH	$60,400
3 person HH	$20,350	3 person HH	$67,900
4 person HH	$22,600	4 person HH	$75,400
50% MFI		**120% MFI**	
1 person HH	$26,400	1 person HH	$60,192
2 person HH	$30,200	2 person HH	$68,856
3 person HH	$33,950	3 person HH	$77,406
4 person HH	$37,700	4 person HH	$85,956
80% MFI		**150% MFI**	
1 person HH	$42,250	1 person HH	$79,200
2 person HH	$48,250	2 person HH	$90,600
3 person HH	$54,300	3 person HH	$101,850
4 person HH	$60,300	4 person HH	$113,100
95% MFI			
1 person HH	$50,160	**2014 HUD Median Income Overall:**	$75,400
2 person HH	$57,380		
3 person HH	$64,505		
4 person HH	$71,630		

Source: www.huduser.org.

Median income for the city overall was $52,453 in 2012, a 23 percent increase from the 1999 median of $42,689.[6] This increase was not enough to keep up with inflation. According to the Consumer Price Index (CPI), the price of consumer goods rose by 38 percent between 1999 and 2012. This suggests that, overall, Austin households lost purchasing power during the past decade. This is also true when examined by family income.[7]

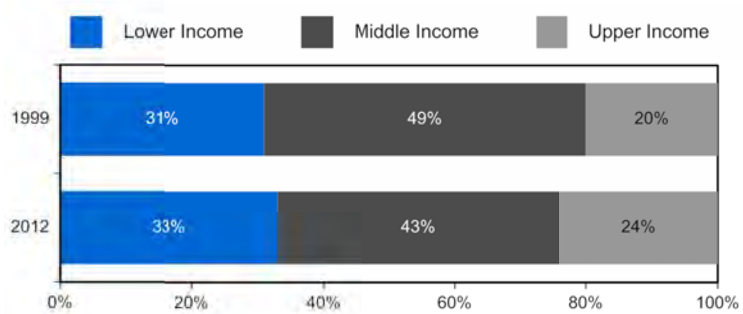
As in much of the U.S., Austin's income distribution is shifting and there are now proportionately more lower and upper income households and fewer middle income households than in 2000, as shown in Figure I-11.[8] The number of middle income households did grow during the decade but not as much as lower and higher income households.

[6] The median income figures in the years 1999 and 2010 are not precisely comparable due to differences in the Census surveys. The 2012 data were collected over a variable period of time and thus represent income levels over a rolling time period, whereas the 2000 Census represents the income earned during a fixed period (1999).

[7] Household income includes single individuals living alone and roommates, which family income does not. Median household income is lower than median family income because it represents more single earners.

[8] This analysis is based on a national measure of middle income recently used in research examining the decline of the middle class. For 2012, middle income is defined as households earning between $35,000 to $100,000. In 1999, the middle income range is $28,000 to $84,000.

Figure I-11.
Lower, Middle and Upper Income Households, City of Austin, 1999 and 2012



Note: Lower income roughly approximates less than two-thirds of the national median income and upper income roughly approximates twice the national median income. These income thresholds are consistent with the way that Americans self-identify as members of socio-economic classes. (See Pew Research report, "The Rise of Residential Segregation by Income.")

Source: U.S. Census, 2000, 2012 ACS and BBC Research & Consulting.

The previous figure (I-11) showed shifts in socioeconomic cohorts, where "middle income" is defined as $28,000 to $84,000 in 1999 and $35,000 to $100,000. The next figure (I-12) displays shifts in nominal income ranges between 1999 and 2012.

As shown in Figure I-12, the greatest shifts in income distribution occurred in the $100,000+ category. The proportion of Austin residents earning more than $100,000 grew by 10 percentage points between 1999 and 2012.

The proportion of households earning between $25,000 and $75,000 dropped by 6 percentage points.

Figure 1-12.
Household Income by Range, City of Austin, 1999 and 2012

Source: U.S. Census, 2000, 2012 ACS.

Renters and owners both experienced income growth, as shown in Figure I-13, but the change was far more significant for renters. The number of renters earning more than $75,000 living in Austin in 2012 rose by more than 15,000 from 2007.

Figure I-13.
Income by Tenure and Change, 2007 and 2012

Owners	2007 Number	2007 Percentage	2012 Number	2012 Percentage	2007-2012 change Number	2007-2012 change Percentage
Less than $10,000	3,862	2%	3,719	2%	-143	0%
$10,000 to $14,999	3,774	2%	2,860	2%	-914	-1%
$15,000 to $19,999	2,774	2%	3,240	2%	466	0%
$20,000 to $24,999	5,089	3%	6,217	3%	1,128	0%
$25,000 to $34,999	9,937	6%	10,068	5%	131	0%
$35,000 to $49,999	15,915	10%	16,424	9%	509	-1%
$50,000 to $74,999	26,090	16%	25,434	14%	-656	-2%
$75,000 to $99,999	21,271	13%	20,757	11%	-514	-2%
$100,000 to $149,999	27,840	17%	28,897	16%	1,057	-1%
$150,000 or more	25,253	15%	30,142	16%	4,889	1%
Total	**141,805**	**86%**	**147,758**	**81%**		
Change in < $25,000					537	-1%
Change in > $75,000					5,432	-1%
Renters						
Less than $10,000	21,719	13%	24,155	13%	2,436	0%
$10,000 to $14,999	12,390	7%	12,024	7%	-366	-1%
$15,000 to $19,999	12,160	7%	12,699	7%	539	0%
$20,000 to $24,999	13,819	8%	12,297	7%	-1,522	-2%
$25,000 to $34,999	26,530	16%	22,757	12%	-3,773	-4%
$35,000 to $49,999	28,103	17%	32,639	18%	4,536	1%
$50,000 to $74,999	29,583	18%	29,338	16%	-245	-2%
$75,000 to $99,999	10,898	7%	17,262	9%	6,364	3%
$100,000 to $149,999	6,335	4%	13,241	7%	6,906	3%
$150,000 or more	4,113	2%	6,668	4%	2,555	1%
Total	**165,650**	**100%**	**183,080**	**100%**		
Change in < $25,000					1,087	-3%
Change in > $75,000					15,825	7%

Source: 2007 income distributions from housing market study and 2012 ACS.

Incomes did not rise for all Austin residents, however. Between 2000 and 2012, the number of Austin residents living in poverty—defined as roughly $23,000 or less for a family of four—increased dramatically. The poverty rate for individuals rose from 14 percent in 1999 to 20 percent in 2012.[9] The rate of family poverty rose from 9 to 14 percent.

Overall, 20 percent of Austin residents lived in poverty in 2012.

[9] Includes all people living in poverty (as opposed to households). For example, if three children live in a household where their parents earn less than the poverty threshold, all five household members would be counted as living in poverty.

As shown in Figure I-14, Austin's children have much higher incidence of poverty than any other age group.

Figure I-14.
Poverty Rate by Age and Change, City of Austin, 1999 and 2012

	1999	2012	1999-2012 Percentage Point Change
Families living in Poverty	9%	14%	5%
People living in Poverty	14%	20%	6%
Under 18 Years	17%	30%	13%
18 to 64 Years	14%	18%	4%
65 Years and Over	9%	9%	0%
		Overall	**For Children**
City of Austin Poverty Rate		20%	30%
Travis County Poverty Rate		18%	26%
MSA Poverty Rate		16%	21%
Texas Poverty Rate		18%	26%

Source: U.S. Census, 2000, and 2012 ACS.

College students affect the poverty rate because of their relatively low incomes; however, they generally have strong earnings potential and, as such, are only temporarily "poor." The U.S. Census Bureau recently released a report that adjusts the poverty rates of cities with large student populations to account for the low earnings of students. The Census report estimates that Austin's overall poverty rate is 2.5 percentage points lower when students are removed. This puts the city's "real" poverty rate closer to 17 percent, which is similar to that of Travis County, the MSA and the State of Texas. [10]

In addition to age, poverty also varies by race and ethnicity. Figure I-15 reports poverty level by race and ethnicity. As the figure shows, African American and Hispanic residents experienced the greatest—and very significant—increases in poverty between 1999 and 2012.

Figure I-15.
Poverty by Race or Ethnicity and Change, City of Austin, 1999 and 2012

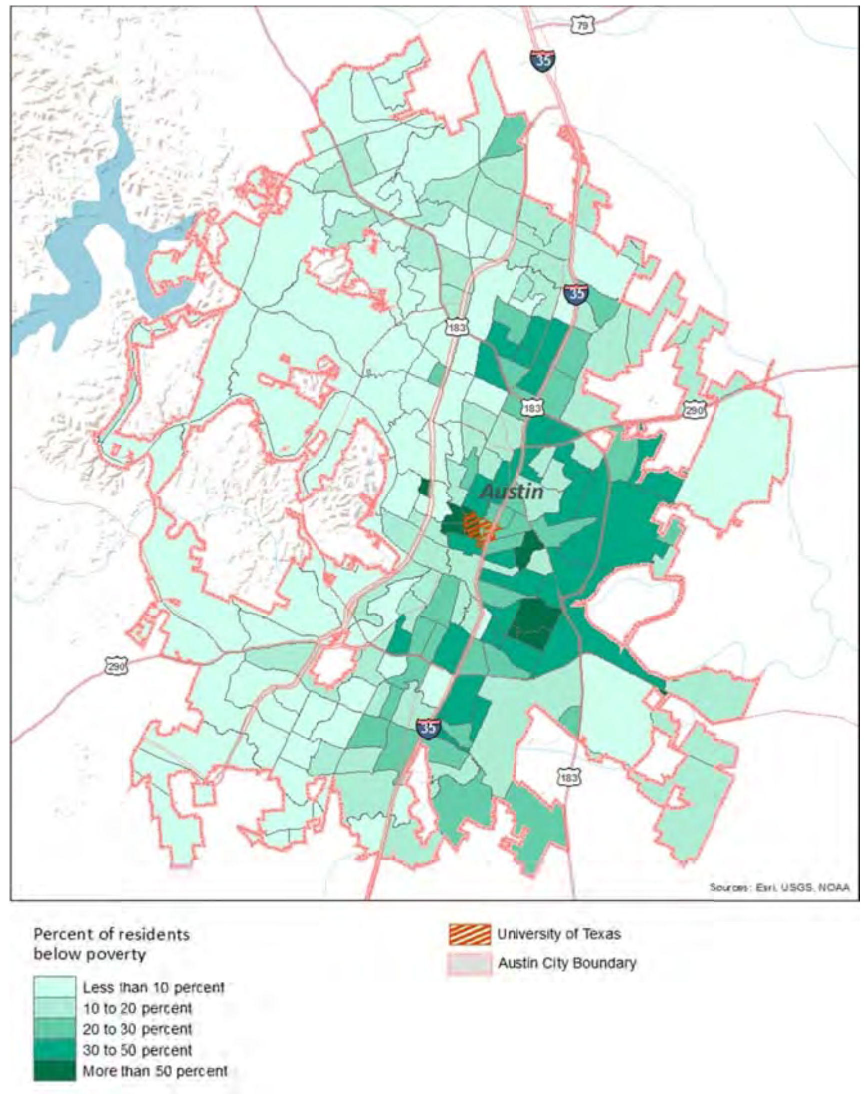
	1999	2012	1999-2012 Percentage Point Change
African American	20%	31%	11%
Asian	20%	16%	-4%
Hispanic	21%	31%	10%
Two or More Races	16%	21%	5%
White, Non-Hispanic	9%	12%	3%

Source: U.S. Census, 2000, and 2012 ACS.

[10] http://www.census.gov/hhes/www/poverty/publications/bishaw.pdf

Figure I-16 shows the poverty rate by ZIP code. High poverty areas are very concentrated in east Austin and, to a lesser extent, along I-35.

Figure I-16.
Poverty Rate by Census Tract, 2008-2012



Source: 2008-2012 ACS.

Education and Employment

Education is an important part of mitigating poverty. And Austin's overall educational attainment increased during the past decade, as discussed below. Yet poverty also increased, primarily due to the rising rate of child poverty. Of the 1999-2012 increase in the number of residents living in poverty, about 40 percent was due to an increase in poor children.

Educational attainment. Austin residents are well educated—and became even better educated during the past decade.

The Census estimates that 30 percent had a Bachelor's degree and 16 percent had graduate or professional degree in 2012 (46% total). This compares to 18 percent of Texans with a Bachelor's degree and 9 percent with a graduate/professional degree (27%). The city's educational attainment has increased since 2000, when 26 percent had a Bachelor's degree and 15 percent had a graduate/professional degree (41%).

As shown in Figure I-17, in 2012, nearly 13 percent of Austin's residents had less than a high school degree and 17 percent had a high school degree but had not attended college—that is, 30 percent of residents had no college. This is slightly improved from 2000, when 17 percent of residents had less than a high school degree and another 17 percent had a high school degree but no college (34%). And although growth has been strongest for highly educated residents, the city has 30,000 more residents with a high school degree and less than in 2000.

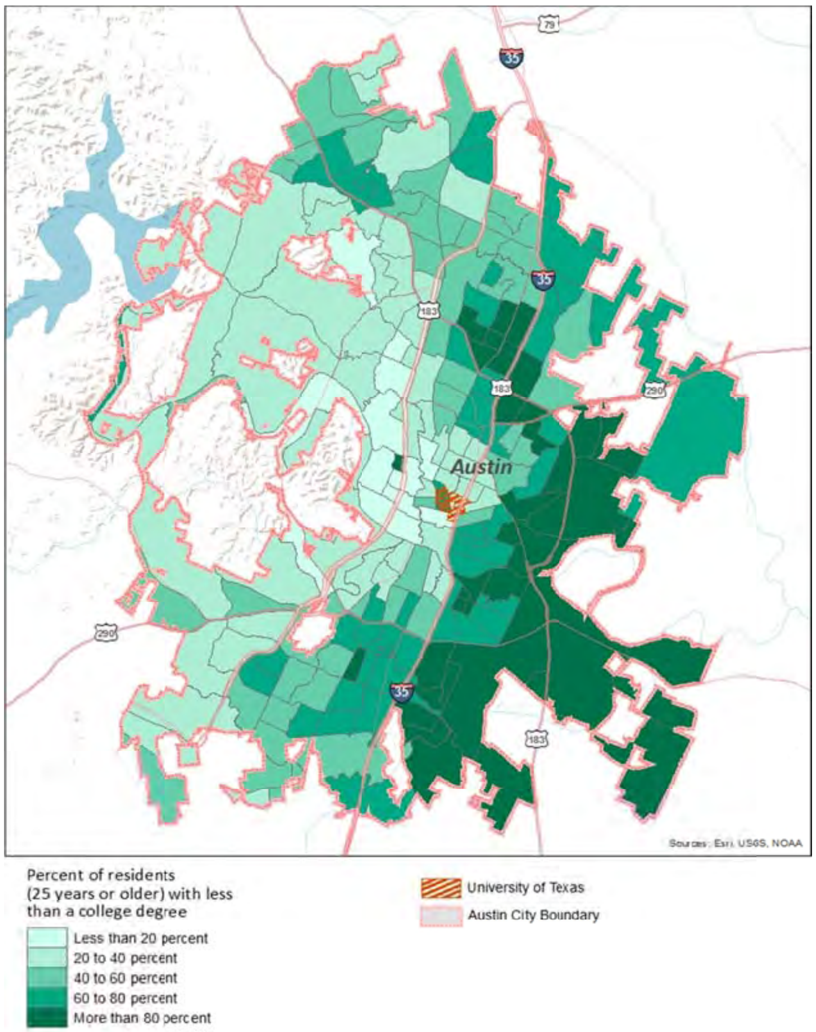
Figure I-17.
Educational Attainment, City of Austin, 2000 and 2012

	2000		2007	
	Number	Percent	Number	Percent
Less than a High School Degree	66,511	17%	82,798	17%
High School Degree or GED	68,316	17%	80,077	17%
Some College, No Degree	84,486	21%	85,286	18%
Associates Degree	19,887	5%	25,824	5%
Bachelor's Degree	103,111	26%	123,493	26%
Graduate or Professional Degree	58,826	15%	79,257	17%

	2012		2000-2012 Change	
	Number	Percent	Number	Percent
Less than a High School Degree	72,823	13%	6,312	-3%
High School Degree or GED	91,797	17%	23,481	0%
Some College, No Degree	108,529	20%	24,043	-1%
Associates Degree	26,084	5%	6,197	0%
Bachelor's Degree	162,033	30%	58,922	4%
Graduate or Professional Degree	87,203	16%	28,377	1%

Source: U.S. Census, 2000, and 2012 ACS.

Figure I-18.
Educational Attainment by Census Tract, 2008-2012



Source: 2008-2012 ACS.

As shown in Figure I-18, educational attainment is correlated with areas of high poverty, although not perfectly. Many areas in north and south central Austin have relatively high levels of residents with less than a college degree—but are not areas of concentrated poverty. Figure I-20, a map of where unemployed residents are located, is more closely aligned with areas of high poverty.

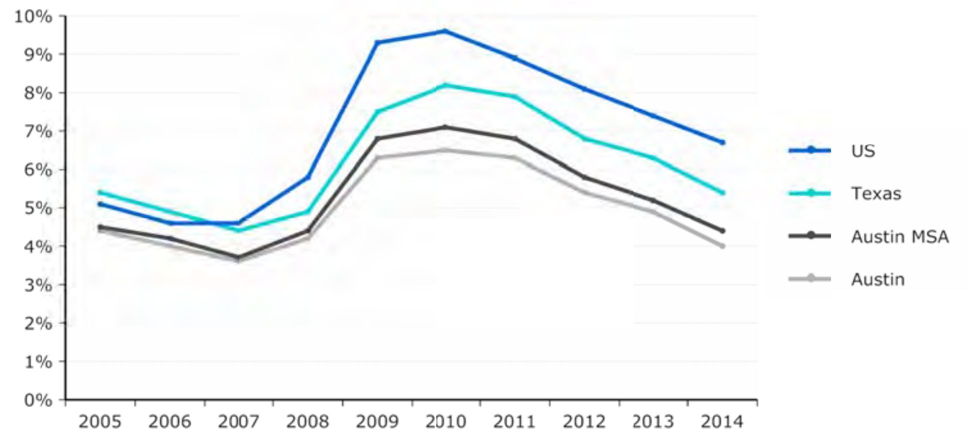
Employment. According to the Census Bureau's Longitudinal Employer-Household Dynamics (LEHD), there are about 608,000 jobs located in the City of Austin, up from 565,000 in 2008 (an 8% increase).

Forty percent of Austin workers both live and work in the city; the other 60 percent are in-commuters, living outside the city but employed in Austin.

In April of 2014, there were about 17,000 Austin residents actively looking for work but unable to find employment. The April unemployment rate was 3.5 percent, the lowest since April of 2008 when unemployment was 3.2 percent. Figure I-19 shows the annual unemployment rates for Austin, the MSA, Texas and the United States. Austin—and the MSA as a whole—have maintained very low unemployment, even though the recent recession.

Yet the city has pockets of very high unemployment rates, as shown in the following map.

Figure I-19.
Unemployment Rate, 2005 through 2014

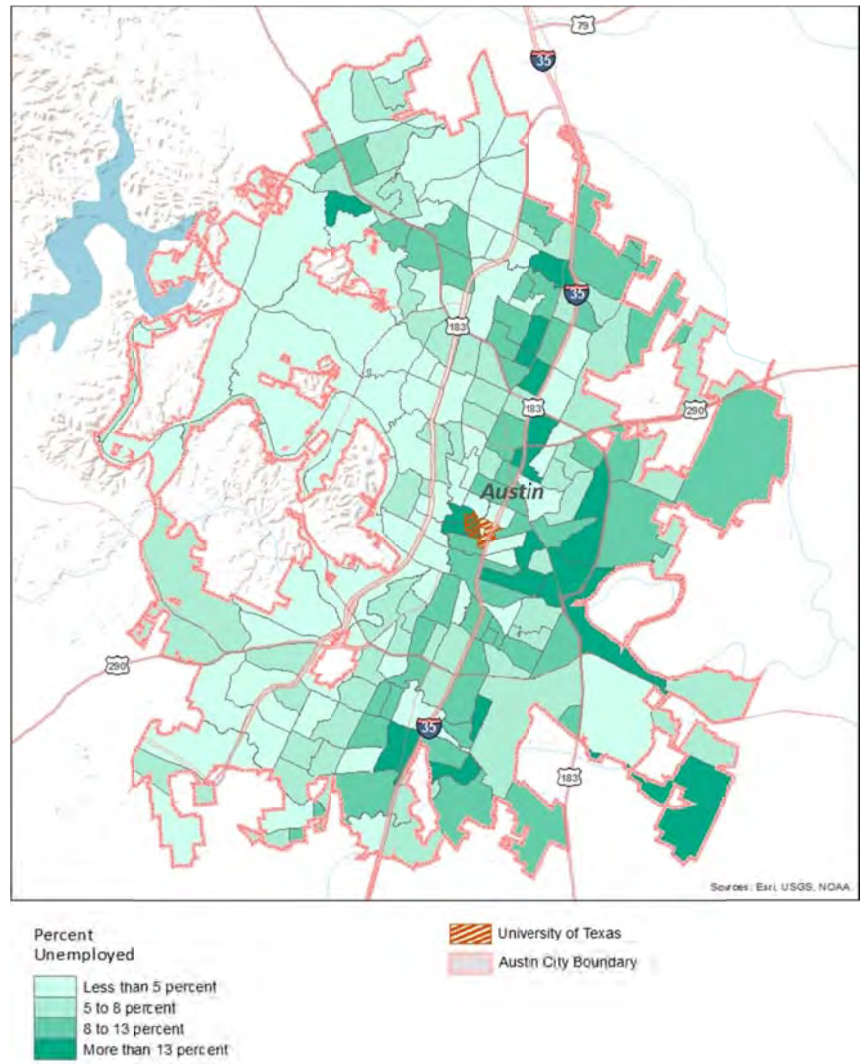


Note: 2014 rate reflects annual average through April.

Source: Labor Market & Career Information, Texas Workforce Commission.

Figure I-20 which shows 2008-2012 unemployment rates by Census tract. Residents living in the north and east portions of the city are more likely to experience high levels unemployment, some more than four times the citywide rate.

Figure I-20.
Unemployment by Census Tract, 2008-2012



Source: 2008-2012 ACS.

The average weekly wage for all Austin-Round Rock workers is $915, or about $47,580 annually.[11] As discussed in Section II. Housing Market Gaps, workers earning $50,000 and less find it difficult to buy homes in much of Austin.

Figure I-21 displays employment and wages by industry for the Austin-Round Rock MSA in 2000, 2007 and 2013. Of the 100,000 new jobs, 36,000 were in the Education and Health Services industries, which pay about $44,000 per year. Another 26,000 jobs were in the low paying leisure and hospitality industries, paying less than $20,000 per year. Both the construction and manufacturing industries, which offer higher paying jobs, declined between 2007 and 2013.

Figure I-21. Employment and Average Weekly Wages, Austin MSA, 2000, 2007 and 2013

Source:

Texas Workforce Commission, QCEW.

	Employment				
	Number of Jobs			Recent Growth: 2007 to 2013	
Industry	2000	2007	2013	Number	Percent
Natural Resources and Mining	2,144	3,739	4,687	948	25%
Construction	43,888	51,963	46,171	-5,792	-11%
Manufacturing	81,897	60,596	52,321	-8,275	-14%
Trade, Transportation and Utilities	120,178	141,649	159,938	18,289	13%
Information	24,430	23,133	24,155	1,022	4%
Financial Activities	36,319	45,112	50,176	5,064	11%
Professional and Business Services	92,276	109,550	135,457	25,907	24%
Education and Health Services	125,445	152,272	187,896	35,624	23%
Leisure and Hospitality	63,330	81,365	102,285	20,920	26%
Other Services	20,865	25,967	30,795	4,828	19%
Public Administration	51,213	54,517	56,763	2,246	4%
Unclassified	205	805	314	-491	-61%
Total	**662,190**	**750,668**	**850,956**	**100,288**	**13%**

	Wages				
	Average Weekly Wages			Recent Growth: 2007 to 2013	
Industry	2000	2007	2013	Dollars	Percent
Natural Resources and Mining	$683	$1,752	$1,989	$237	14%
Construction	$672	$844	$979	$135	16%
Manufacturing	$1,169	$1,470	$1,728	$258	18%
Trade, Transportation and Utilities	$896	$827	$920	$93	11%
Information	$1,319	$1,241	$1,491	$250	20%
Financial Activities	$767	$1,075	$1,411	$336	31%
Professional and Business Services	$774	$974	$1,241	$267	27%
Education and Health Services	$551	$735	$850	$115	16%
Leisure and Hospitality	$268	$325	$379	$54	17%
Other Services	$497	$632	$765	$133	21%
Public Administration	$712	$940	$1,087	$147	16%
Unclassified	$617	$685	$762	$77	11%

[11] Assumes 52 work weeks in a year. As a point of comparison, the weekly wage for the state of Texas is $985 weekly, which equates to an annual average of $51,220. Detailed industry and wage data are not available at the municipal level, but in the Austin-Round Rock MSA as a whole.

SECTION II.

Housing Market Gaps

SECTION II. Housing Market Gaps

The changes in Austin's housing market are visible in the large cranes perched among downtown's skyscrapers. News articles abound about rising housing prices, declining affordability and gentrification. And the voluntary housing survey conducted for this study received more than 5,000 responses—evidence that housing is a topic of interest of Austinites and, for many residents, a concern.

The section begins with an overview of the housing market today, compared to when the last HMS was completed (2008) and the beginning of the decade. It contains an analysis of both rental and homeownership affordability, including an update to the housing gaps model from the earlier study.

The results of the housing survey conducted for this study—including data on residents' needs, housing preferences and experience finding housing in Austin—are detailed in Sections III and IV of this report. This section supplements the chapters on residents' housing needs with quantitative information on the city's housing market.

Trends in Housing Supply

There were 276,600 housing units in the City of Austin in 2000, according to the U.S. Census. By 2007, this had risen to around 333,500—an increase of 57,000 units. The Census estimates the housing inventory at around 360,500 in 2012, or about 84,000 more units than in 2000.

As shown in Figure II-1, the growth rate of residential units was highest during the 1970s, when the city's housing stock increased 70 percent. The past decade has been the strongest in numerical growth.

Figure II-1.
Housing Unit Growth, City of Austin, 1970-2013

	Number of Units	Numerical Growth per Decade	Percent Growth per Decade
1970	85,456		
1980	146,503	61,047	71%
1990	216,939	70,436	48%
2000	276,611	59,672	28%
2007	333,487		
2010	354,211	77,600	28%
2012	360,518		

Source:
City of Austin and 2012 ACS.

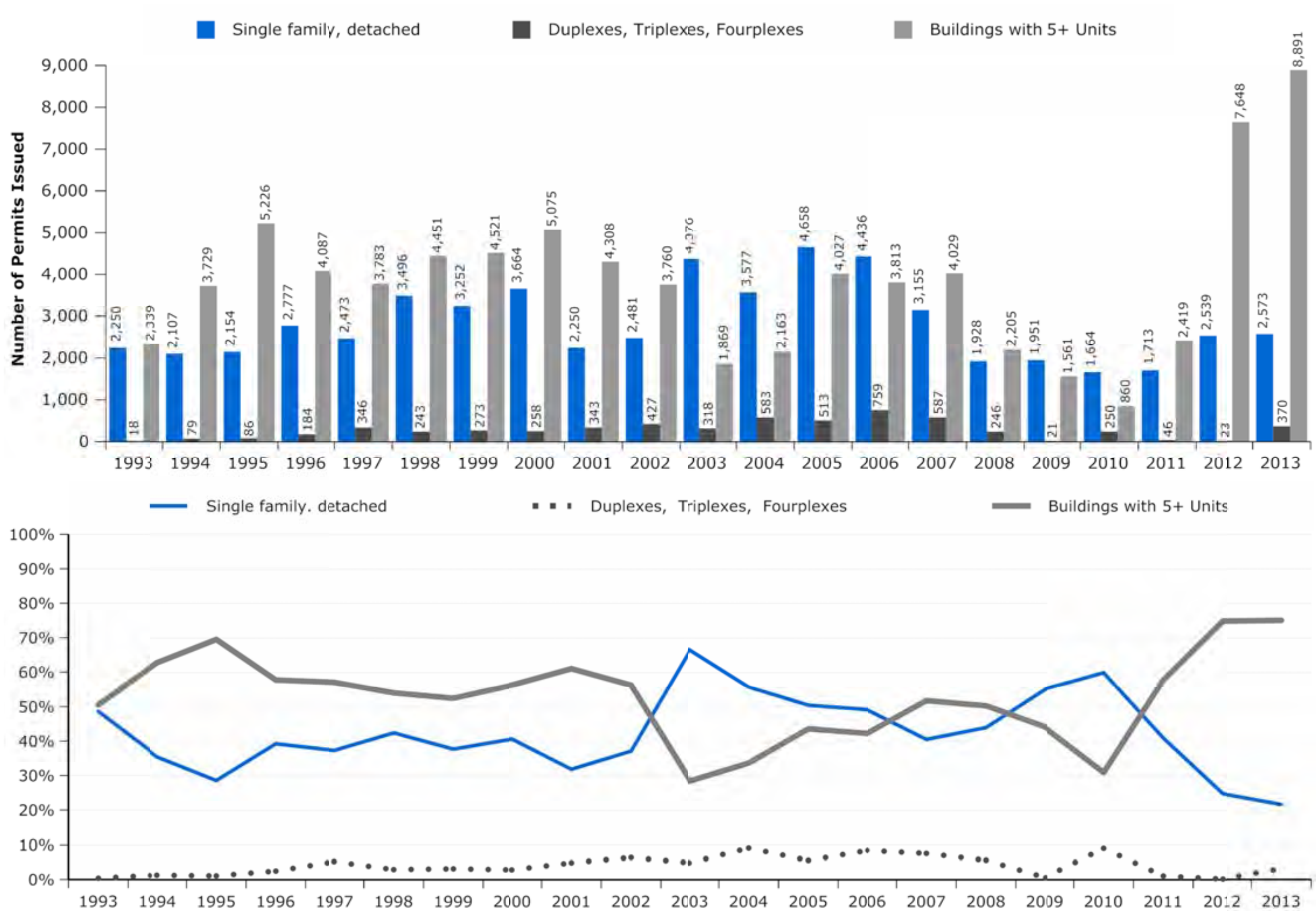
Density and land use. Housing unit density—the number of residential units per acre—has fluctuated between 1.5 and 2.0 units per acre since the 1970s, peaking in 1980 following rapid housing growth.

As of 2010, a little more than one-fourth of land acreage in the city was in residential use, according to the City Planning Department's land use statistics report. Overall, 22 percent of acreage in the city is used for single family homes (about 5% of this large lot homes) and just 3 percent is in multifamily (apartment, condos) use. Another 2 percent is used for mobile homes.

The balance of land is undeveloped (29%), or used for open space (18%), streets/roads/utilities (13%) and commercial and other uses (12%).

Permitted units. Historically, residential growth in Austin has been dominated by single family detached and multifamily units, as shown below.

Figure II-2.
Number and Percentage of Building Permits Issued by Type, City of Austin, 1993 to 2012



Source: City of Austin.

SECTION II. Housing Market Gaps

As demonstrated by Figure II-2, the proportion of single family attached permits is at a historical low, and, conversely, multifamily permits are at a historical high.

The rise in multifamily development is closely related to declining rental vacancies, discussed below. During 2011, about 800 new multifamily units were completed in the Austin MSA, compared to 2,600 in 2012 and nearly 5,900 in 2013. According to Austin Investor Interests, this addition of multifamily units had minimal impact on the market until recently. Rental vacancy rates have remained low as the supply of rental units caught up with demand. Yet this might be changing: the first quarter 2014 multifamily trend report reported the first quarterly rise in multifamily vacancies since 2010.[1]

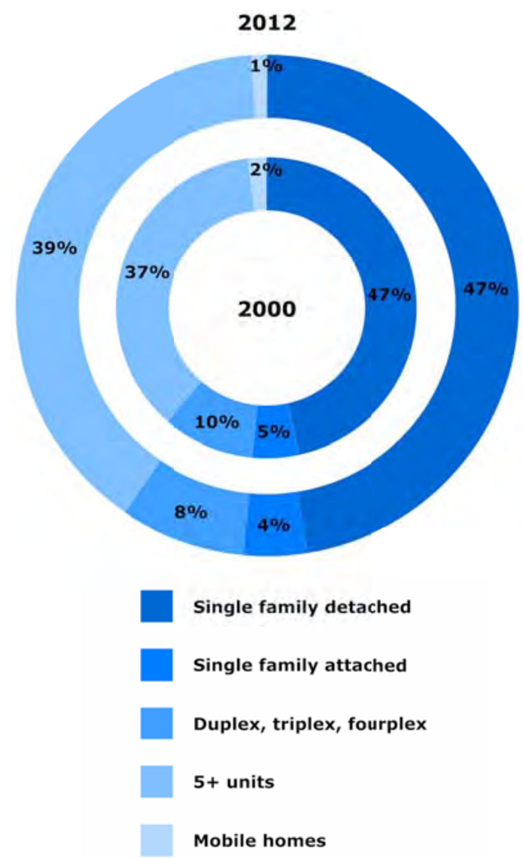
Despite the slight uptick in vacancy rates, more apartments are likely to hit the market soon, based on the large number of multifamily units being permitted (Figure II-2) and under construction. As of first quarter 2014, as many as 16,000 multifamily units were identified as under construction in the City Demographer's Multifamily Report.[2]

Unit type. As demonstrated by Figure II-3, the city's housing unit distribution has changed little during the past 12 years. Very modest shifts have occurred between duplexes/triplexes/fourplexes and larger multifamily developments. But, overall, the composition of residential housing in the city is about the same as it was in 2000.

Figure II-3.
Type of Housing Units, City of Austin, 2000 and 2012

Source:

U.S. Census, 2000, and 2012 ACS.



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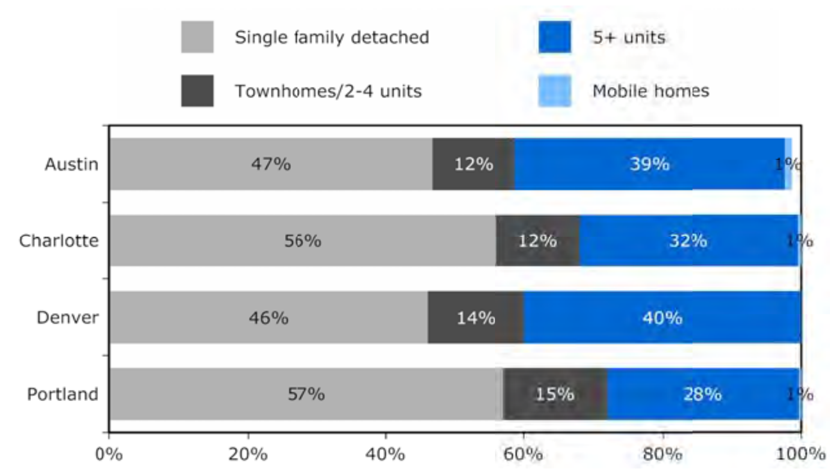
[1] The Austin Multi-Family Trend Report, Austin Investor Interests, 1Q2014.

[2] http://www.austintexas.gov/page/demographic-data

Austin's housing unit composition is similar to peer cities, as shown in Figure II-4. Austin's housing distribution most closely matches that of Denver. Denver and Portland have higher proportions of single family alternative products (townhomes, duplexes, etc.), but Austin is not far behind. Charlotte and Portland have the largest proportions of single family detached housing.

The housing unit composition in Austin is likely to change in the future with the infusion of multifamily units, but it will be modest. Changing the overall distribution of housing units requires a fairly significant infusion of one product type. For example, an addition of 16,000 multifamily units to Austin's market, without any other types of development, would shift the multifamily proportion by just 2 percentage points—up to 41 percent, from 39 percent now.

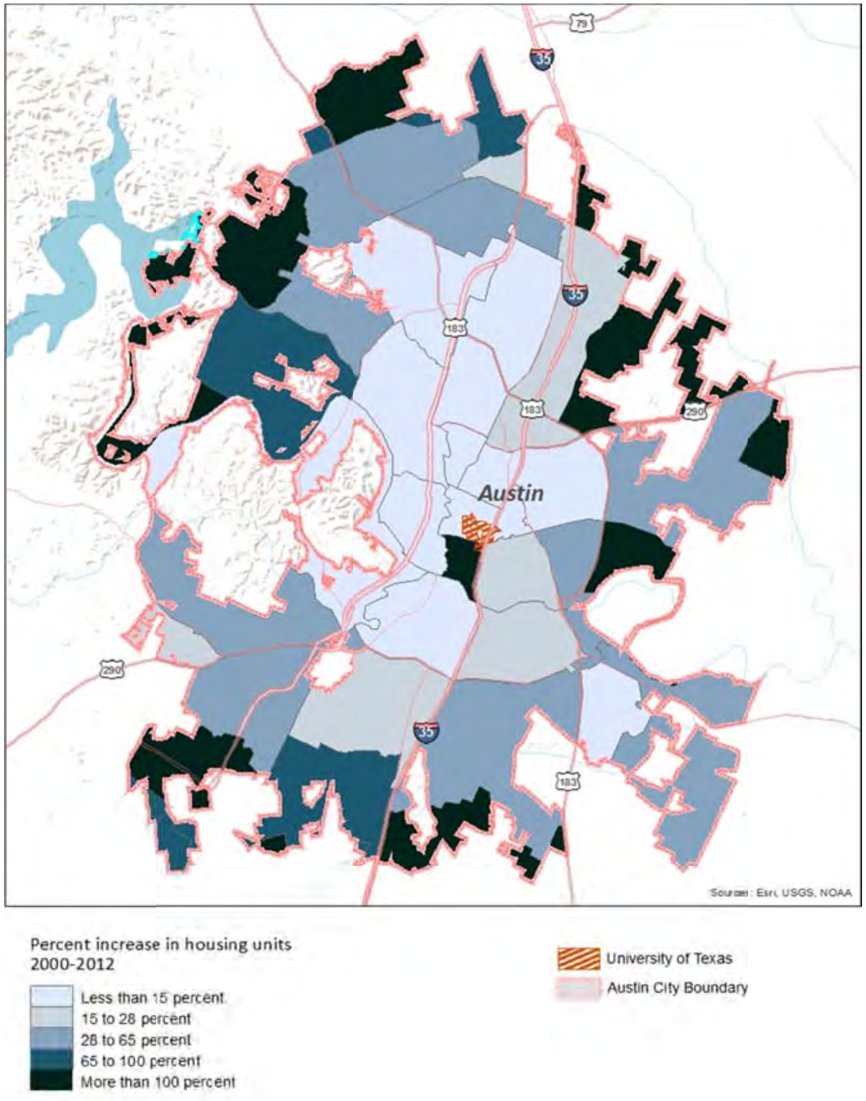
Figure II-4.
Type of Housing Units, Austin, Charlotte, Denver, Portland, 2010



Source: 2012 ACS.

Geographic changes. New residential construction has not been distributed evenly throughout the city, as shown in the following map. Housing unit growth has been most prominent in along the outer border of the city as well as near downtown.

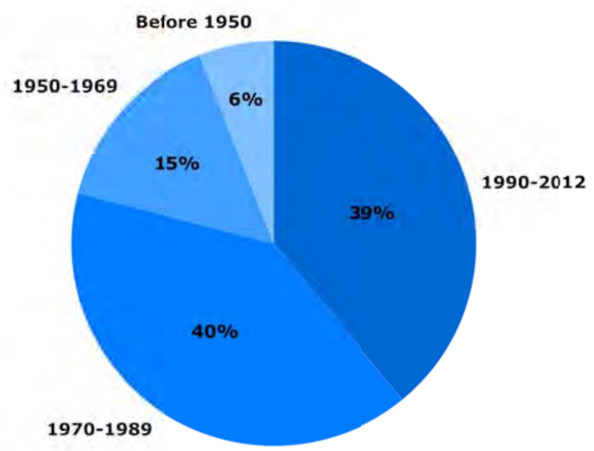
Figure II-5.
Change in Housing Units, ZIP code, 2000-2012



Source: U.S. Census, 2000 and 2012 ACS.

Housing age and condition. Austin is known for its many unique neighborhoods, shaped by historic residential properties. Yet most of the city's housing stock was developed relatively recently, as shown in Figure II-6. About 40 percent of units were built in 1990 and later. Another 40 percent were built in the 1970s and 1980s. Six percent of the city's housing stock was built before 1950.

Figure II-6.
Year Housing Units were Built, City of Austin



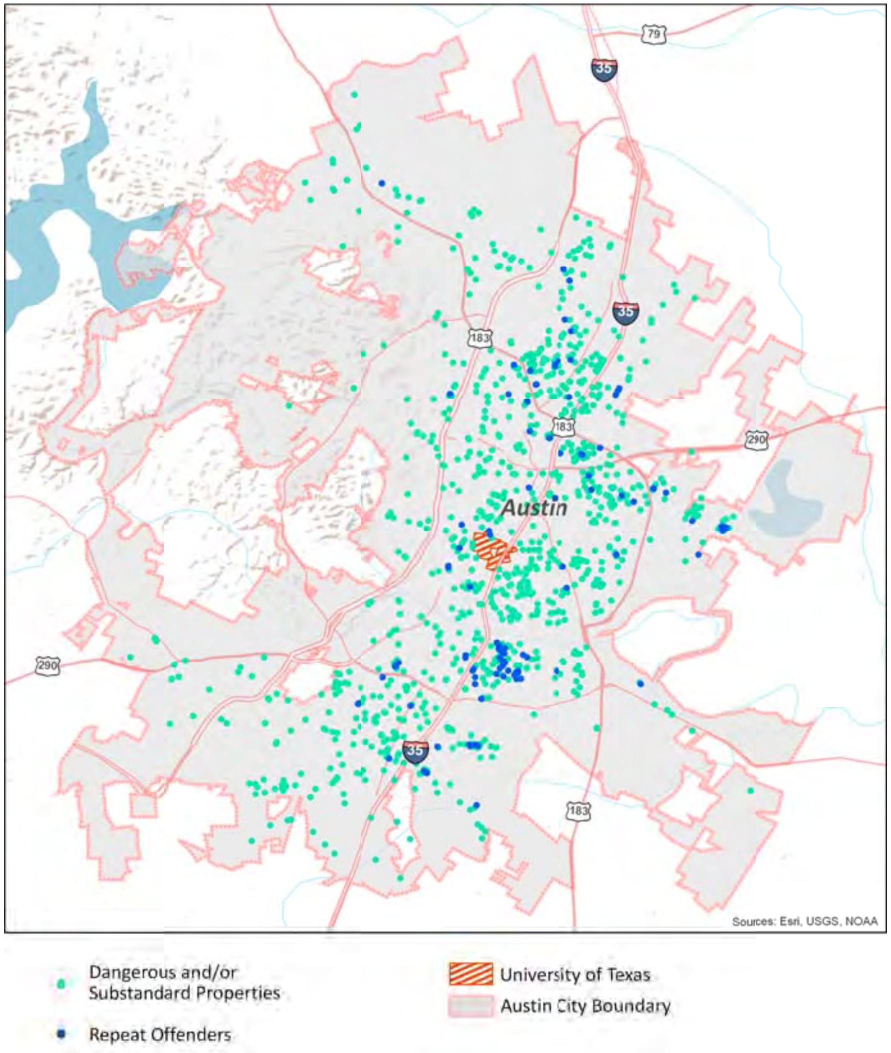
Source: 2012 ACS.

As part of the Housing Market Analysis, the City of Austin conducted a survey of residents about their housing needs, including the condition of their current housing units.

Overall, 5 percent of renters earning less than $25,000 per year—but no low income homeowners—said their housing units are in such poor condition that their units are unlivable. This suggests that as many as 3,000 low income renters in the city occupy units that are in extremely poor condition.

Figure II-7 displays the location of units that were deemed dangerous and/or substandard as a result of a 2013 code complaints. The map also shows repeat offenders of code compliance. As shown in the map, repeat offenders are clustered in east and north Austin, many located in low income and minority neighborhoods. Dangerous and substandard properties appear throughout central Austin, north Austin and in southwest Austin.

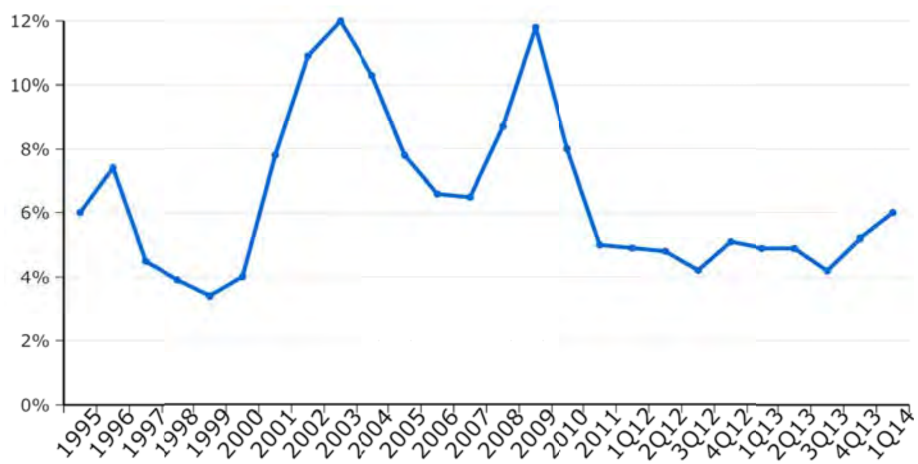
Figure II-7.
Code Compliance, City of Austin, 2013



Source: City of Austin.

Rental vacancy rates. Figure II-8 shows trends in rental vacancies for Austin MSA tracked by Austin Investor Interests. After peaking in 2009, vacancies dropped and have hovered around 5 percent since 2011.

Figure II-8.
Multifamily Vacancy Rates, Austin MSA, 1995-1Q14



Source: Austin Investor Interests.

Vacancy rates differ, however, by property "class." According to Austin Investor Interests, vacancies are lowest for non-luxury units (Class B and C properties). Rents differ little between the two, both averaging $1.15/square foot—e.g., $920 per month for an 800 square foot unit.

There is usually a difference in the rental costs of B and C properties, based on unit age and condition—but not in the current market. According to Austin Investor Interests, this narrowing of price differential is due to unit upgrades in both property types, as well as a limited supply of each, relative to the supply of Class A units. Renters in B and C properties may be paying as much as $300 more per month for upgraded B and C units.[3]

Class A— luxury rentals—average $1.36/square foot ($1,088/month for 800 square feet) and have a much higher vacancy rate of 12 percent. B and C class properties are the primary reason that rental vacancy rates have remained low overall.

Class A rents may drop over time as more Class A units are added to the market. Yet a drop in such rents is unlikely to be low enough to make a difference in the shortage of affordable rental units (discussed below). Instead, Austin Investor Interests argues that the dominance of Class A apartments in high-demand neighborhoods—e.g., downtown Austin—could raise demand, and rents, of Class B units in surrounding areas. Affordability and need for these types of rental units is addressed in the following section.

[33] The Austin Multi-Family Trend Report, Austin Investor Interests, 1Q2014.

Housing Affordability

The 2008 HMS identified two primary areas of need in Austin's housing market:

- A shortage of rental units for renters earning $20,000 and less, and
- A shortage of units to buy, as well as affordable product types, for to-be-owners earning less than $75,000 per year.

Rental needs. The 2008 study concluded that the city had a large need for affordable rentals. At that time, the rental market was undersupplying affordable rentals for renters earning less than $20,000 per year. These 44,700 renters, needing rents of less than $425 per month, had just 7,150 affordable units in the market, leaving a shortage of 37,600 units.

The 2008 study also projected future rental needs based on household growth. These projections found the need for the city to develop 12,500 rental units priced less than $425 per month to accommodate additional low income renters through 2020.

Homeownership needs. The 2008 HMS also found a need for homeownership product affordable for renters earning between $35,000 and $75,000 per year. The study recommended broadening the inventory of alternatives to single family detached homes which could be priced between $113,000 and $240,000, depending on subsidies and product type.

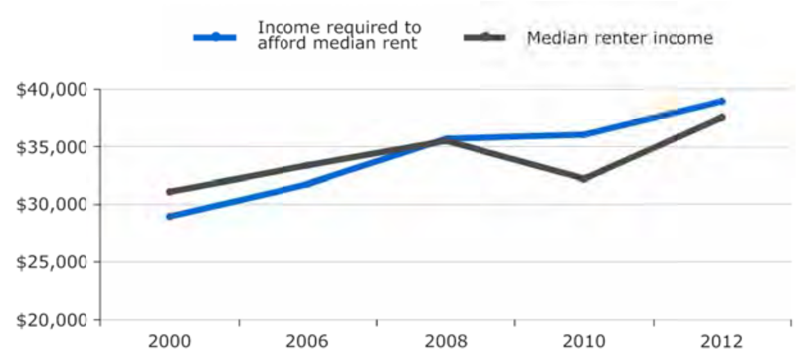
Since the 2008 study, Austin's market has become less affordable for low income renters and more affordable for owners. The increase in ownership affordability is solely due to the large decline in mortgage interest rates after 2008.

Rental affordability. Fifty-five percent of Austin's households are renters. This proportion has shifted little since 2008 (54%) and 2000 (55%).

Between 2000 and 2010, median rents in Austin increased from $724 to $924. This means Austin renters were paying an additional $200 per month for rents in 2010 than in 2000.

As shown in the figure below, renter incomes did not keep up with the increases in rents.

Figure II-9.
Change in Median Income versus Median Rent, 2000 to 2012



Source: 2000 Census and 2012 ACS.

Rental subsidies. Increases in rents are particularly challenging for low income households who have limited options in the rental market. As discussed in the rental gaps analysis below, maintaining an inventory of publicly subsidized rentals has been key for preserving rental opportunities for the city's lowest income households. Without these units, the rental gap would be much larger—and many more low income residents would be cost burdened or leave the city for more affordable housing.

An estimated 18,500 affordable rental units have been created with local, state and federal funds, according to the city's 2013 affordable housing inventory database. These include housing authority units, developments built with rental tax credits, developments funded by General Obligation (GO) bonds, SMART Housing developments and others. Of these units, almost 2,500—or 13 percent of all units—have affordability contracts that expire in the next 10 years. As such, these units are at risk of being lost from the affordable rental inventory.

Figure II-10 shows the distribution of these publicly subsidized rentals by ZIP code. The highest proportion of units are located in ZIP code 78741 (18%), followed by 78753 (10%). These ZIP codes also have the highest proportions of affordable rentals with affordability contracts that are set to expire in the next 10 years.

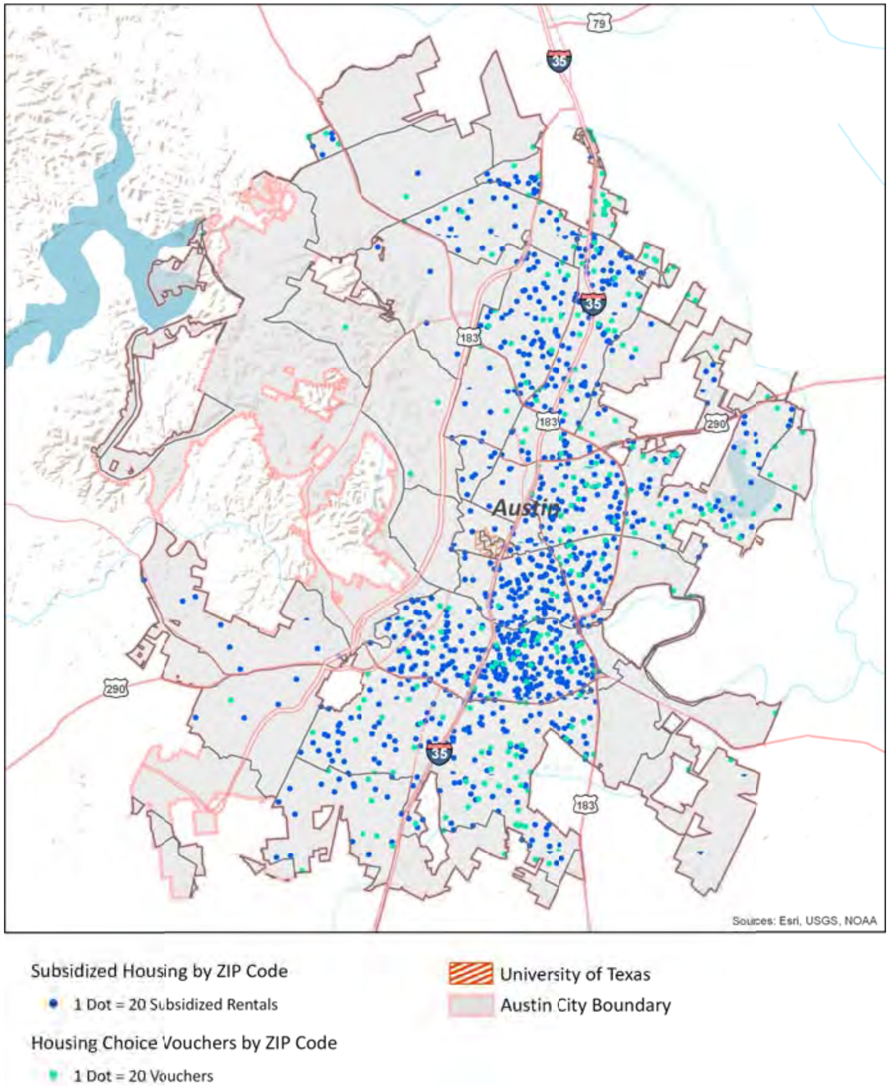
Figure II-11 maps the location of place-based subsidized rentals along with locations where housing choice vouchers are being used. Both are predominantly located in the eastern portion of the city and to a lesser extent, north and south Austin.

Figure II-10. Distribution of Subsidized Rentals and Rentals with Expiring Contracts by ZIP Code, 2012

Source: City of Austin.

ZIP code	Distribution of Subsidized Rentals by ZIP Code	Distribution of Units with Expiring Contracts
78613	0%	
78617	0%	
78660	0%	
78701	1%	
78702	9%	3%
78704	9%	8%
78705	1%	2%
78721	5%	
78722	1%	
78723	7%	14%
78724	5%	
78727	3%	
78728	2%	
78729	0%	
78735	1%	
78741	18%	17%
78744	9%	12%
78745	5%	9%
78748	2%	3%
78749	0%	
78751	0%	
78752	2%	1%
78753	10%	19%
78754	1%	
78756	1%	1%
78757	1%	
78758	6%	12%
78759	1%	
78702	0%	
	100%	100%

Figure II-11.
Subsidized Rentals and Housing Choice Voucher Locations, 2012



Source: City of Austin.

The Housing Choice Voucher program, also known as Section 8, provides subsidies to low income renters based on their monthly incomes. The federal program is managed locally by the Housing Authority of the City of Austin, or HACA. Approximately 6,300 vouchers are available to eligible low income renters in Austin, although funding is subject to federal authorization.

Housing choice voucher holders rent market rate units that meet quality standards. Voucher holders are reimbursed based on a "fair market rent" (FMR) standard that is set at the federal level for each market area.

The FMR is set for the MSA, which can affect where voucher holders can find affordable units.[4] A recent demonstration program by HUD that allowed the use of ZIP code level FMRs broadens the market area in which voucher holders can find units by providing higher subsidies in higher priced ZIP codes.[5]

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[4] Voucher holders can rent units that are priced higher than the FMR, but they must make up the difference in rent, which is usually difficult for low income households.

[5] The downside is that fewer voucher holders may be served by the program (without an increase in overall funding for vouchers) because the cost per voucher is higher.

SECTION II. Housing Market Gaps

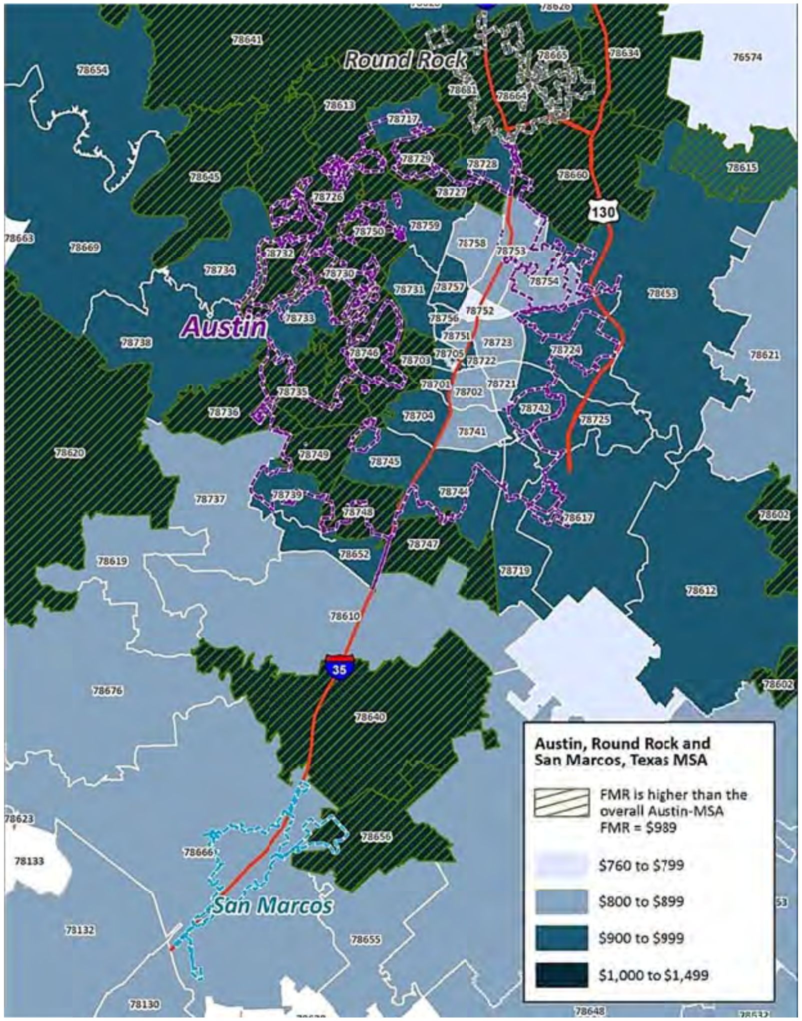
Figure II-12 shows how the ZIP code level, "hypothetical" FMRs would expand the options of voucher holders in Austin. The crosshatch shows the additional ZIP codes available to voucher holders under a ZIP code FMR reimbursement model.

Rental preservation. A 2014 study conducted by Housing Works in Austin found that a significant amount of affordable housing (rents affordable to renters earning 50% and 60% of AMI) existed in smaller, older, multifamily properties. The study also found that these properties had twice the Section 8 acceptance rate of larger rental complexes.

The affordable units provided by these properties, however, are mostly small (efficiencies and 1-bedroom) and not always affordable to large families needing 2-plus bedroom units.

Still, the study highlights the role of privately-provided, affordable rental units in helping to meet the need of affordable rentals across the low income spectrum—and suggests a broader role for the city in helping to preserve the affordability of existing properties.

Figure II-12.
Hypothetical Small Area FMRs for the Austin, Round Rock and San Marcos, Texas Metropolitan Statistical Area (MSA), 2012



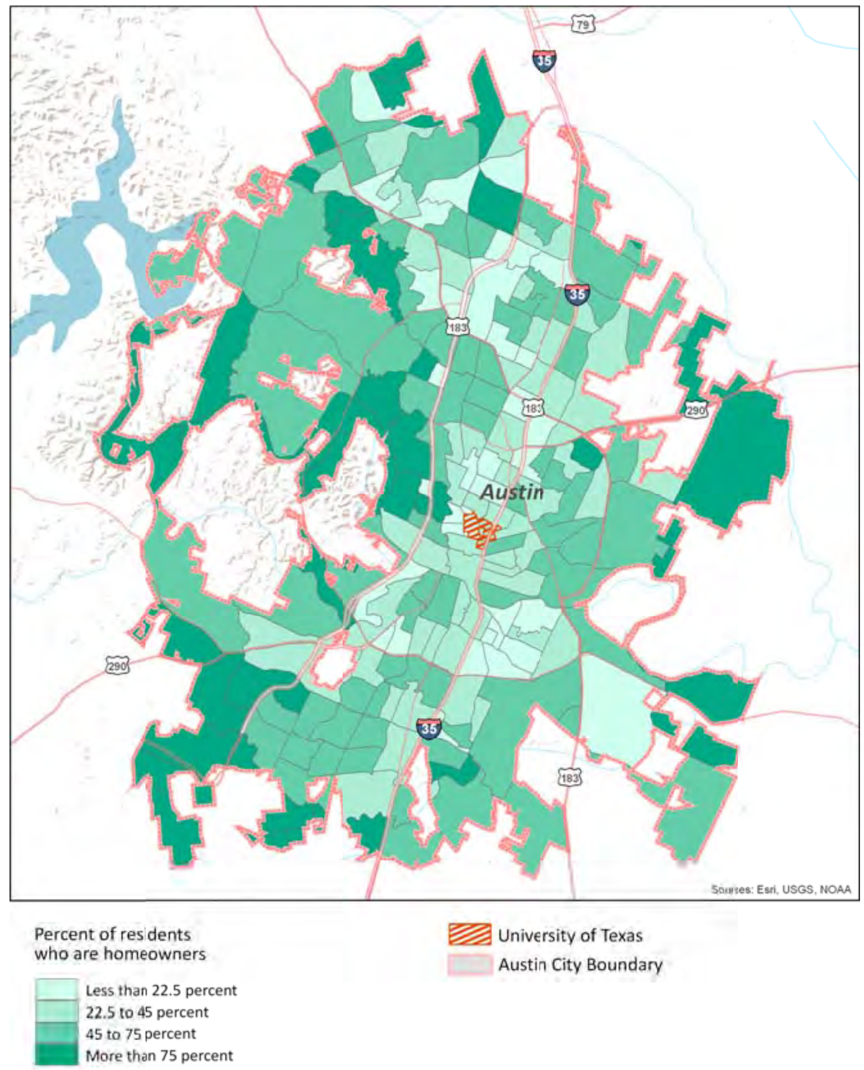
Note: The 2012 2-bedroom FMR for the Austin-Round Rock-San Marcos area is $989. The crosshatch indicates a ZIP code where the ZIP code FMR is higher than the overall FMR.

Source: www.huduser.org; Fair Market Rent database.

Homeownership affordability. Since 2000, the homeownership rate in Austin has been unchanged at 45 percent. Homeownership in Austin has been about this level for more than a decade, after rising from 41 percent in 1990.

Homeownership varies geographically, as shown in the following map. Ownership is highest in the outer boundaries of the city and lowest in the city core and north Austin.

Figure II-13.
Homeownership Rate by Census Tract, City of Austin, 2012



Source: 2008-2012 ACS and BBC Research & Consulting.

Home values. According to the Census, the median value of a home in Austin was $222,100 in 2012—up 78 percent from the 2000 value of $124,700. As shown in the figure below, home value increases in Austin have exceeded those in Travis County and Texas overall.[6] Austin's median value surpassed that of Travis County after 2000.

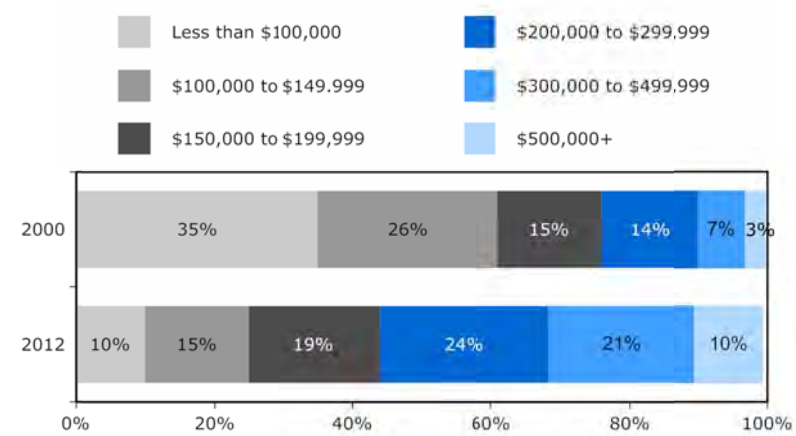
Figure II-14.
Home Values and Increases, Austin, Travis County and State of Texas, 2000 to 2012

	Austin	Travis County	State of Texas
2000 Median	$124,700	$134,700	$82,500
2012 Median	$222,100	$217,600	$129,200
% change	78%	62%	57%

Source: U.S. Census, 2000, and 2012 ACS

Figure II-15 shows how values have shifted among value categories. In 2000, more than one-third of homes in Austin had values of less than $100,000; by 2012, just 10 percent of units were valued at less than $100,000. The figure shows a significant movement away from moderately priced homes toward higher priced units.

Figure II-15.
Shifts in Home Values, Austin, 2000 and 2012



Source: U.S. Census, 2000, and 2012 ACS.

Homes to buy. Data on homes listed for sale or sold are used to determine how easily renters can buy in a market and how prices have changed. The 2008 HMS compared home prices in 2005 and 1997; this section updates that analysis with a comparison of prices from 1997, 2000, 2005, 2010 and 2013 (the last full year of sales at the time this report was prepared).

[6] Home values are self-reported on the Census long form survey. They do not necessarily reflect units that are available for purchase. Values are a general indicator of the distribution of home prices.

Figure II-16 compares the median prices of attached and detached homes over the past 16 years. Percentage-wise, price increases were strongest for attached units. Numerically, price increases were largest for detached units. For all units, prices rose the most between1997 and 2000. The average increase in prices during this period was about twice that of growth between 2010 and 2013.

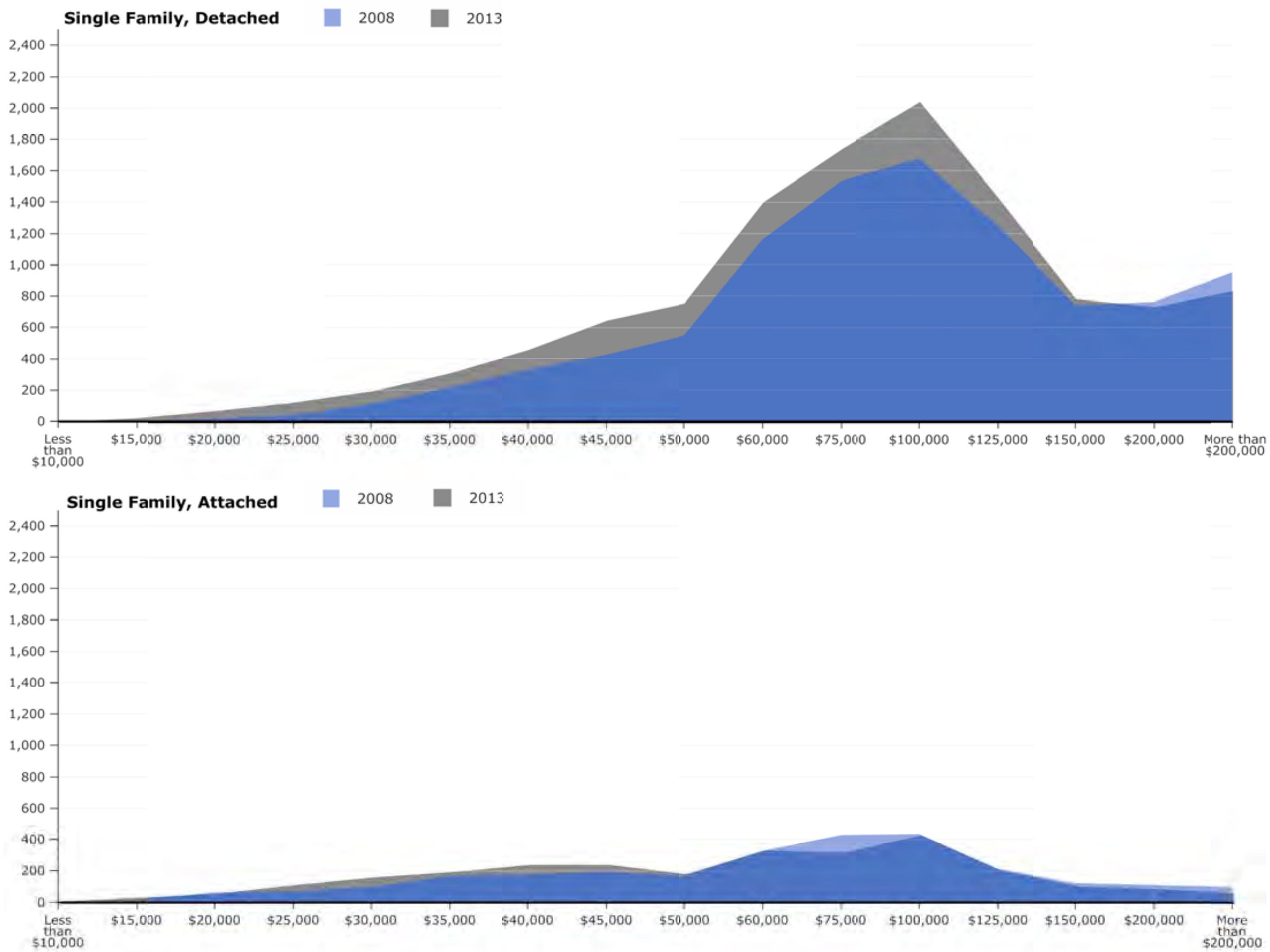
Figure II-16.
Median Sale Price, Austin, 1997-2013

	Attached	Equivalent Annual Increase	Detached	Equivalent Annual Increase	All Homes	Equivalent Annual Increase
1997	$78,000		$125,000		$118,990	
2000	$115,000	16%	$169,000	12%	$159,900	11%
2005	$142,000	5%	$193,000	3%	$181,500	3%
2010	$164,000	3%	$245,000	5%	$229,000	5%
2013	$205,000	8%	$285,100	5%	$269,000	6%
1997-2013 change	$127,000	163%	$160,100	128%	$150,010	126%

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Figure II-17 demonstrates where peaks and valleys exist in the 2013 for-sale market—it charts the number of single family detached and attached homes by the incomes at which they are affordable. The distribution of detached homes for sale in 2013 is similar to 2008 with the market primarily serving households earning between $60,000 and $125,000. There have been some affordability gains in the attached market since 2008, though the market overall still primarily serves households earning between $50,000 and $100,000 per year.

Figure II-17.
Distribution of Housing Units Available to Buy by Income and Housing Type, 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Figures II-18 and II-19 illustrate the geographic variation in median sale price across Austin ZIP codes. Among Austin ZIP codes that had at least 10 home sales in 2013, the lowest median sale price was $127,000 (in ZIP code 78724) and the highest was $770,000 (in ZIP code 78746). As displayed in the map, sale prices were highest in West Austin.

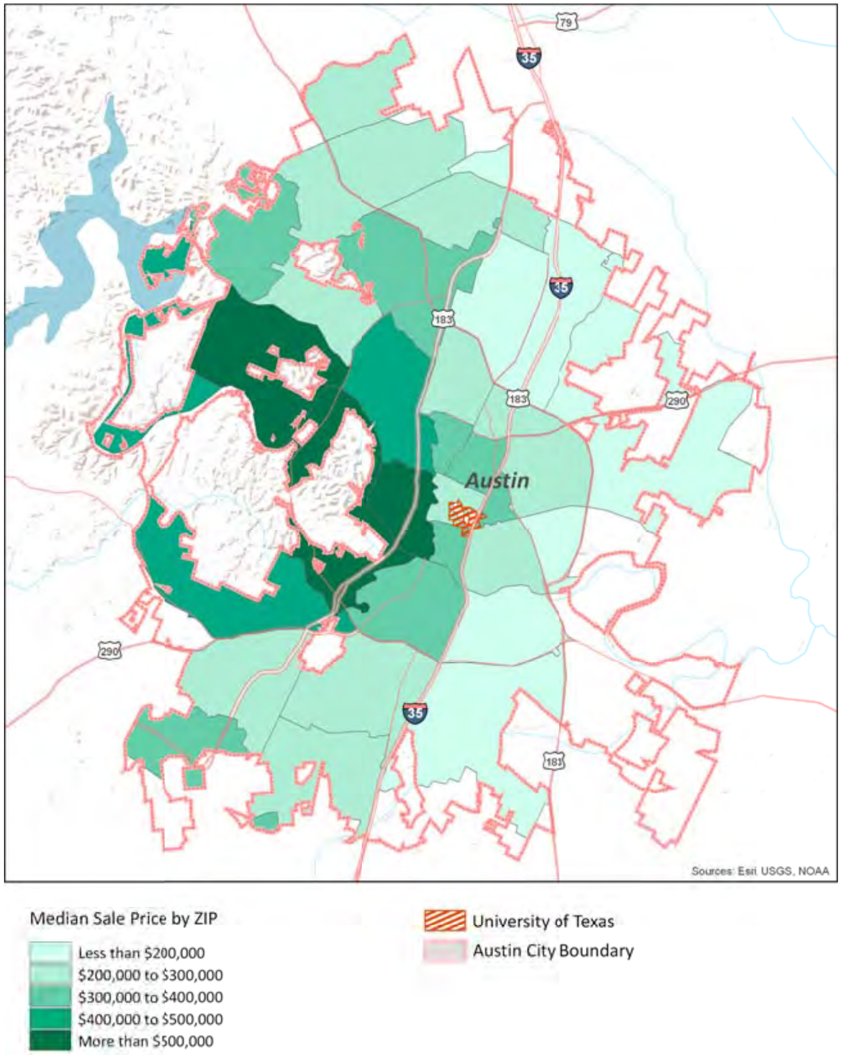
Figure II-18.
Median Sale Price by ZIP Code, Austin, 2013

ZIP code	Median Price - All For-Sale	Median Price - Attached	Median Price - Detached	ZIP code	Median Price - All For-Sale	Median Price - Attached	Median Price - Detached
CITY OF AUSTIN	**$269,000**	**$205,000**	**$285,100**				
78617	N/A	N/A	N/A	78735	$420,000	$205,750	$440,000
78701	$380,000	$375,500	N/A	78739	$385,000	N/A	$385,000
78702	$263,000	$230,750	$280,000	78741	$137,500	$119,500	$166,300
78703	$622,500	$365,050	$801,500	78742	N/A	N/A	N/A
78704	$366,750	$300,000	$449,000	78744	$132,000	N/A	$133,000
78705	$210,000	$195,000	$535,000	78745	$205,500	$174,500	$206,000
78717	$263,000	$200,653	$272,000	78746	$770,000	$389,000	$850,000
78721	$161,250	N/A	$163,950	78748	$205,000	$192,250	$208,400
78722	$339,500	N/A	$340,000	78749	$275,000	$189,750	$280,000
78723	$215,000	$278,000	$212,000	78750	$298,250	$195,000	$375,000
78724	$127,000	N/A	$127,705	78751	$345,000	$185,000	$354,700
78726	$357,250	N/A	$357,750	78752	$207,250	$127,250	$228,250
78727	$225,000	$162,500	$235,900	78753	$145,000	$108,500	$149,950
78728	$185,900	N/A	$186,200	78754	$170,000	N/A	$170,208
78729	$212,375	$151,500	$216,250	78756	$365,000	$174,900	$440,000
78730	$540,000	$176,150	$710,000	78757	$290,000	$119,900	$324,000
78731	$479,600	$191,000	$555,000	78758	$151,486	$107,000	$167,000
78732	$419,000	N/A	$419,000	78759	$330,000	$185,000	$389,900

Note: Medians are not shown for ZIP codes with fewer than 10 sales in 2013.

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Figure II-19.
Median Sale Price for All Homes by ZIP Code, Austin, 2013



Note: Medians are not shown for ZIP codes with fewer than 10 sales in 2013.

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Some markets appear affordable but only because the housing affordable to buy is in poor condition. According to the 2013 MLS, 17 percent of homes affordable to renters earning less than $50,000 are in poor or fair condition, compared to just 9 percent of all homes on the market.

Figure II-20.
Condition of For Sale Homes, Austin, 2013

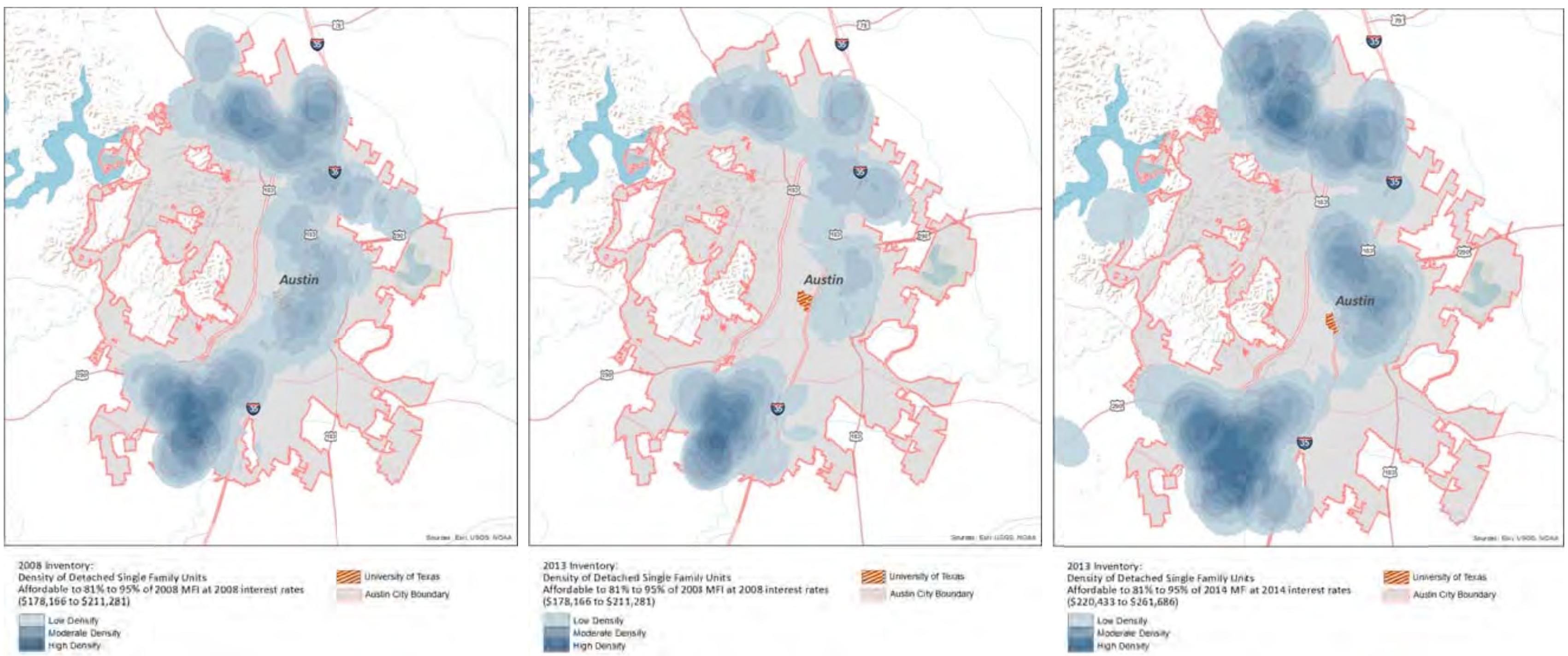
Condition at time of Sale	Number of Homes Available	Average Year Built	Average Square Footage	Percent Attached
Excellent	1,059	1994	1,314	39%
Good	1,572	1986	1,277	36%
Average	575	1983	1,314	30%
Fair	445	1980	1,321	19%
Poor	224	1968	1,286	6%

Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Figures II-21 and II-22 demonstrate how affordability has changed *geographically.* As discussed previously, affordability in the ownership market did increase between 2008 and 2013 but only due to falling mortgage interest rates. The first map in each figure shows affordability in 2008; the second map shows properties available in 2013 that meet the 2008 criteria (2008 MFI threshold and 6.5% interest); and the third map shows affordability in 2013 using 2013 MFI thresholds and a 4.5 percent interest rate.

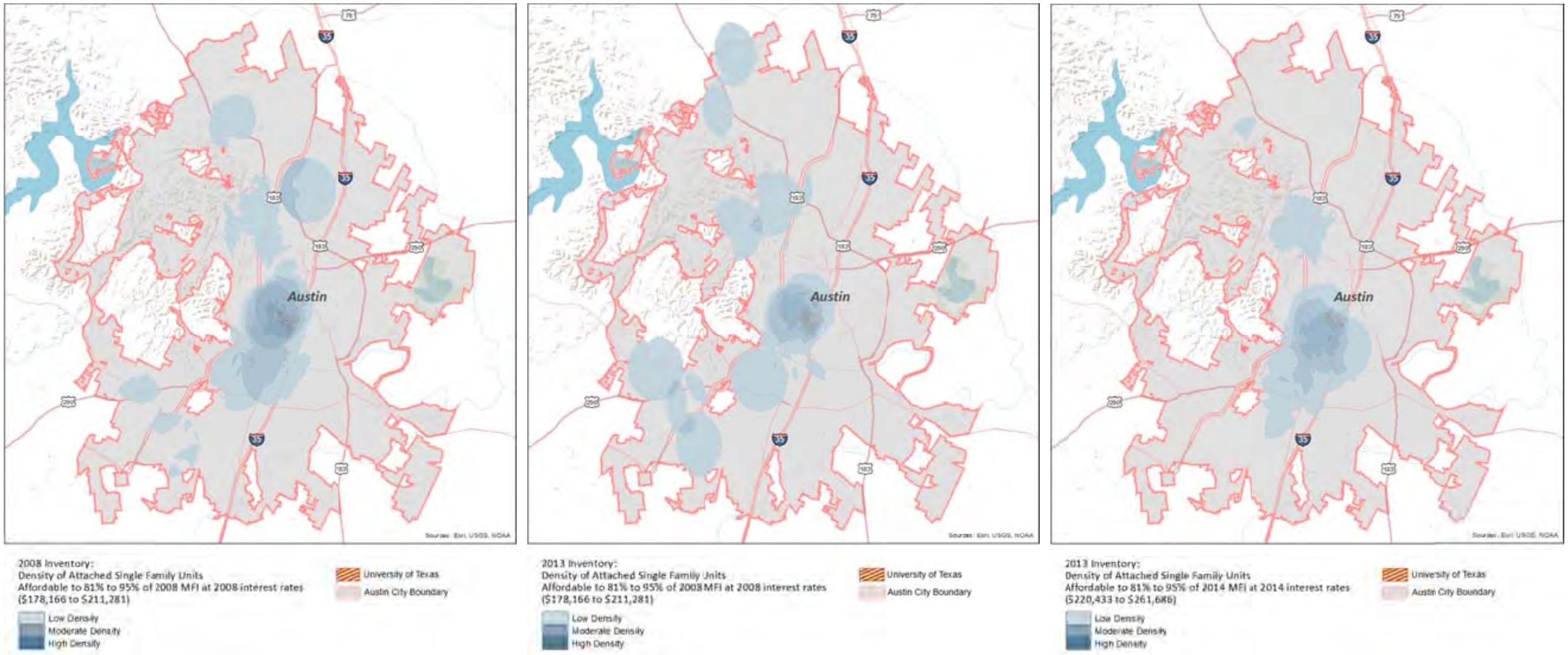
The availability of single family detached homes affordable to those earning 81 to 95 percent MFI increased but also became more concentrated in northern and southern portions of the city. There are fewer affordable options in the city center.

Figure II-21.
Single Family Detached Homes Affordable to Households Earning 81% to 95% MFI, 2008 and 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Figure II-22.
Attached Homes Affordable to Households Earning 81% to 95% MFI, 2008 and 2013



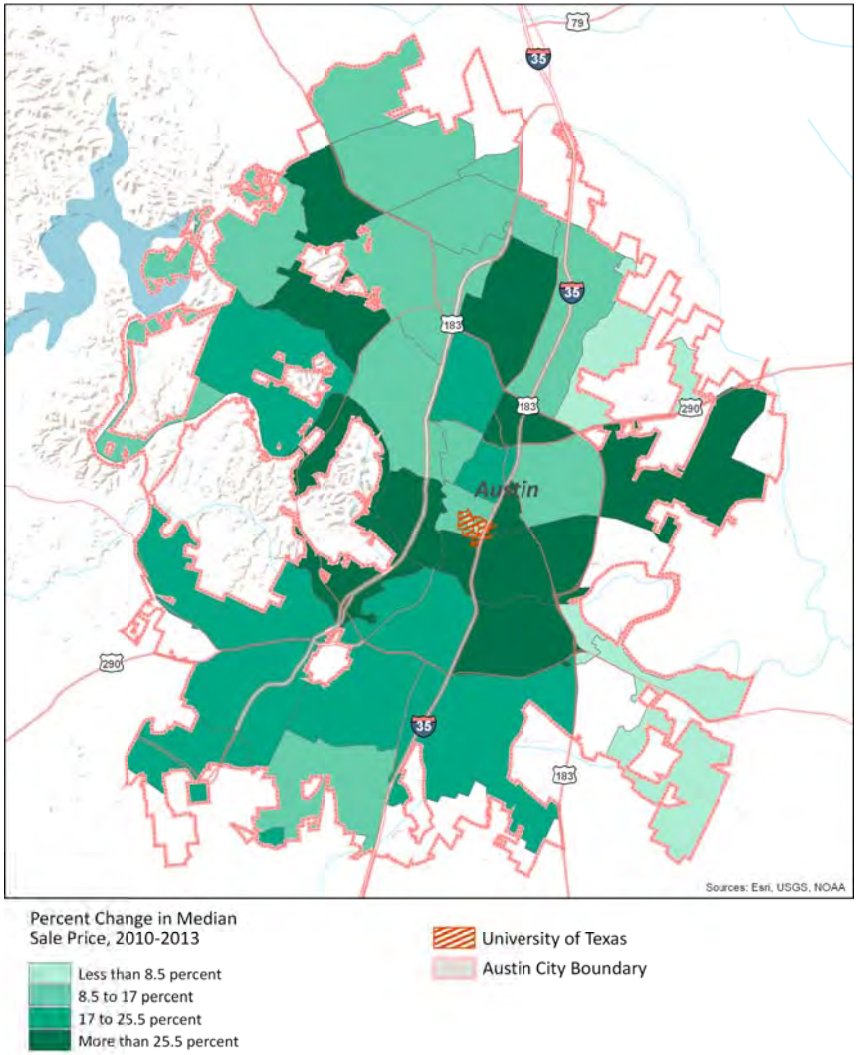
Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Over the past few years, median home prices in Austin (for all homes including attached and detached) increased by 17 percent (from $229,000 in 2010 to $269,000 in 2013). Figure II-23 maps the change in home price by ZIP code. Rapid increases in home price are a typical indicator of gentrification.

ZIP codes 78702, 78752, 78721, 78701 and 78722 all experienced price increases that were twice that of the city overall. ZIP codes 78704 and 78723 had substantial price increases between 2000 and 2010, but since 2010 that growth has slowed somewhat.

As demonstrated by the map, neighborhoods in close proximity to downtown are experiencing some of the most dramatic price increases within the Austin for-sale market.

Figure II-23.
Percent Change in Median Sale Price by ZIP Code, 2010-2013



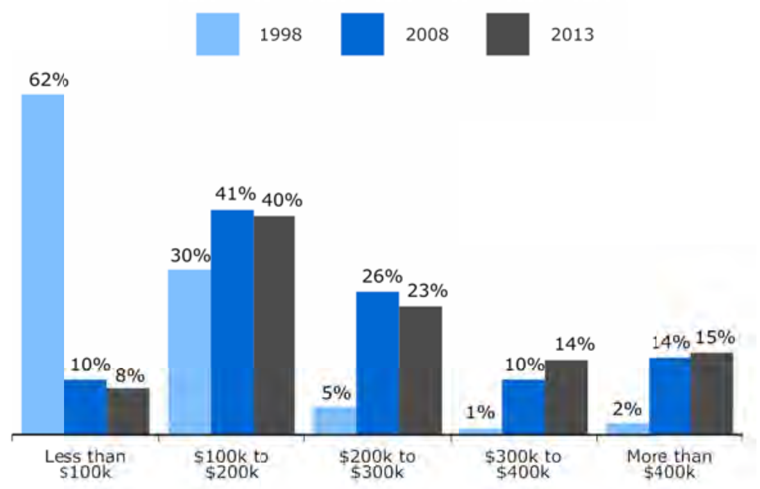
Source: U.S. Census, 2000, and 2012 ACS

Rapidly increasing home prices are not just a concern for residents looking to purchase a home. Current homeowners in neighborhoods with dramatic valuation increases are subject to substantial increases in their property tax burden. For low income owners and those on a fixed income such increases can be an impediment to keeping their homes.

Consider, for example, a senior resident of ZIP code 78702 (where the home prices increased by 46% between 2010 and 2013). Even with the senior tax exemption, that resident's property taxes are likely to have doubled, rising from $1,860 to $3,600.

Condo affordability. Although condos are more affordable than single family detached homes, Austin's recent condo development has not alleviated unmet demand for affordable for-sale homes. Condos sold in 2013 and constructed in 2010 or later had a median listing price of $309,000.

Figure II-24.
Price Distribution of For-Sale Condos, Austin, 1998, 2008 and 2013



Source: Austin Board of Realtors and BBC Research & Consulting analysis of ABOR data.

Cost burden. Cost burden is a useful way to compare how affordability has shifted over time. Households are considered to be "cost burdened" when they pay more than 30 percent of their gross household income in housing costs—this includes rent, mortgage payment, basic utilities, property taxes and homeowners insurance. This is an industry standard, and ideal, for affordability.[7]

The proportion of households who are cost burdened generally worsens when housing prices increase. Cost burden can also occur when household incomes decline but home prices do not.

Between 2000 and 2012, cost burden increased for both renters and owners in Austin, as shown in Figure II-25.

Figure II-25.
Cost Burden, Austin, Travis County and State of Texas, 2000 and 2012

	Austin	Travis County	State of Texas
Owners			
2000 owners cost burdened	21%	21%	19%
2012 owners cost burdened	28%	28%	27%
Percentage point increase	7%	7%	23%
Renters			
2000 renters cost burdened	44%	43%	37%
2012 renters cost burdened	50%	51%	48%
Percentage point increase	6%	8%	11%

Source: U.S. Census, 2000, and 2012 ACS

Interestingly, cost burden is about the same in Austin as in Travis County and the State of Texas—even though housing prices in Austin are higher. Cost burden has also increased less in Austin. This suggests that Austin renters and owners have been better able to manage housing price increases through increases in income relative to renters and owners in the county and state overall. It may also demonstrate the effect of Austin's investment in affordable rental units.

[7] http://www.huduser.org/portal/datasets/cp/CHAS/bg_chas.html

Housing Gaps

This section updates the 2008 housing gaps analysis, which compared rental and ownership supply to demand to identify housing needs. This updated analysis incorporates the following data:

- Population estimates from the City Demographer,
- Housing unit estimates and rent distribution from the U.S. Census,
- Subsidized rental units from the city's affordable housing database and the Housing Authority of the City of Austin (HACA),
- Austin Investor Interests' Multi-family Trend Report from first quarter 2014, and
- For sale listings from the Austin Board of Realtors (ABOR).

For the purposes of this analysis, affordability is determined by the criteria that a household should pay no more than 30 percent of gross monthly income toward housing costs. This includes utilities, homeowners insurance and property taxes.

Figure II-26 shows how much households can afford to both buy and rent by income level. The figure incorporates two different assumptions for downpayments—a downpayment equivalent to 5 percent of the home price, which was used in the 2008 gaps model, as well as 10 percent, which has become more customary with changes in housing finance. A 10 percent downpayment appears to make the market slightly more affordable since buyers are able to afford a higher home price. This is only possible if buyers have saved for a downpayment or are provided with downpayment assistance.

Figure II-26.
Affordable Home Price and Rents and Utilities by Income Range

Income Category	Affordable Home Price - 10% Downpayment	Affordable Home Price - 5% Downpayment	Affordable Monthly Rent & Utilities
Less than $10,000	$39,661	$38,196	$250
$10,000 to $14,999	$58,559	$56,398	$375
$15,000 to $19,999	$77,463	$74,601	$500
$20,000 to $24,999	$96,367	$92,809	$625
$25,000 to $29,999	$115,266	$111,012	$750
$30,000 to $34,999	$133,857	$128,914	$875
$35,000 to $39,999	$152,756	$147,122	$1,000
$40,000 to $44,999	$171,660	$165,325	$1,125
$45,000 to $49,999	$189,934	$182,923	$1,250
$50,000 to $59,999	$227,737	$219,337	$1,500
$60,000 to $74,999	$284,449	$273,951	$1,875
$75,000 to $99,999	$378,329	$364,370	$2,500
$100,000 to $124,999	$472,843	$455,398	$3,125
$125,000 to $149,999	$567,358	$546,422	$3,750
$150,000 to $199,999	$756,382	$728,475	$5,000

Note: Assumes an interest rate of 4.5% and a 30-year payment term.

Source: BBC Research & Consulting affordability calculations.

Rental gaps. Two updates from the 2008 HMS are provided for the rental gaps: 1) A 2012 gaps using 2012 Census data, and 2) A 2014 update using rents collected during first quarter 2014.

The first is based on 2012 household and rental market data available from the 2012 ACS. Because the ACS uses self-reported rental data, it can be a better measure of what a household actually pays in rent. This is important because households with Housing Choice Vouchers pay less in monthly rent than the market rents of the units they occupy. The ACS also contains a broader inventory of rental units (units in smaller complexes and subsidized developments) than are available in market surveys.

The primary weakness of the rental data in the ACS is that it is from 2012—and the rental market has changed quite dramatically since then. For example, according to Austin Investor Interests, rental rates per square foot for Class B and C units rose from about $1.00/square foot (Class C) and $1.10/square foot (Class B) in mid-2012 to $1.15/square foot for both types of properties in first quarter 2014. This is equivalent to a $120 rent increase on a Class C 800 square foot unit.

Therefore, two gaps analyses are provided: a comprehensive comparison of the 2008 gaps using 2012 data, and an update to the 2012 gaps to reflect early 2014 rental prices.

2012 rental gaps. In 2012, 27 percent of the city's renters earned less than $20,000 per year. This is the same proportion as in 2008. Although the number of renter households grew between 2008 and 2012, the growth was concentrated among higher income renters. For example, as discussed in Section I, the number of renters earning less than $20,000 increased by 1,575, while renters earning more than $75,000 grew by more than 15,000.

In 2008, just 4 percent of rental units were estimated to be affordable to renters earning less than $20,000. This proportion remained the same in 2012 but the actual number of units increased, from 7,150 to 8,410. This increase in affordable units does not entirely make up for the increase in renters earning less than $20,000. As such, the rental gap for renters earning less than $20,000 increased, but only very modestly.

It is important to note that renters earning less than $20,000 find the vast majority of units they can afford in publicly subsidized housing, not market rate units. The rents on publicly subsidized units are generally more stable. These units made up the bulk of units renters earning less than $20,000 could find in 2008—and that appears to be the case in 2012.

The impact of rising rents is evident in the $20,000 to $25,000 income range. The 2012 gaps found a shortage of units for renters earning $20,000 to $25,000—about 1,500 units—which was not found in 2008. This is not due to an increase in renters in this income range, but to a decrease in affordable, some privately provided, units.

Figure II-27 shows the results of the 2012 rental gap. Figure II-28 summarizes the changes in the gap since 2008.

Figure II-27.
Rental Gaps Analysis, Income Level and AMI, 2012

Gaps by Income Range								
Income Range		Number and % of Renters		Maximum Affordable Rent+Utilities	Number of rental units, 2012 ACS	% of rental units	Rental Gap	Cumulative Gap
Less than $5,000		12,677	7%	$125	635	0%	(12,042)	(12,042)
$5,000 to $9,999		10,967	6%	$250	2,774	1%	(8,193)	(20,235)
$10,000 to $14,999		11,770	7%	$375	1,947	1%	(9,822)	(30,057)
$15,000 to $19,999		12,430	7%	$500	3,054	2%	(9,376)	(39,433)
$20,000 to $24,999		12,037	7%	$625	10,546	6%	(1,491)	(40,924)
$25,000 to $34,999		22,275	12%	$875	52,540	28%	30,264	(10,660)
$35,000 to $49,999		31,948	18%	$1,250	67,815	36%	35,867	25,207
$50,000 to $74,999		28,717	16%	$1,875	37,497	20%	8,780	33,988
$75,000 to $99,999		16,897	9%	$2,500	11,802	6%	(5,095)	28,893
$100,000 to $149,999		12,961	7%	$3,750	-	0%	(12,961)	15,932
$150,000 or more		6,527	4%		-	0%	(6,527)	9,406
Total		**179,205**	**100%**		**188,611**	**100%**	**9,406**	
Gaps by AMI (2014 income limits for 4-person hh)								
AMI maximums	income upper bound	Number and % of Renters		Maximum Affordable Rent+Utilities	Number of rental units, 2012 ACS	% of rental units	Rental Gap	Cumulative Gap
0-30% AMI	$22,600	54,104	30%	$565	13,895	7%	(40,208)	(40,208)
31-50% AMI	$37,700	33,803	19%	$943	69,808	37%	36,005	(4,203)
51-80% AMI	$60,300	38,029	21%	$1,508	71,057	38%	33,028	28,825
81-95% AMI	$71,630	13,015	7%	$1,791	16,995	9%	3,979	32,805
96-120% AMI	$85,956	11,275	6%	$2,149	10,226	5%	(1,049)	31,755
121-150% AMI	$113,100	12,887	7%	$2,828	6,630	4%	(6,258)	25,497
More than 150% of AMI	$113,101	16,092	9%		-	0%	(16,092)	9,406
Total		**179,205**	**100%**		**188,611**	**100%**	**49,614**	

Note: The model excludes renters who do not pay rent but instead receive boarding for exchange of goods or services.

Source: BBC Research & Consulting.

Figure II-28.
Change in Rental Gaps, 2008 to 2012

	2008	2012	Difference	
Renters earning <$20,000	46,269	47,843	↑ 1,574	
Renters earning <$25,000	60,088	59,880	↓ (208)	
Units affordable to <$20,000	7,151	8,410	↑ 1,259	
Units affordable to <$25,000	22,597	18,956	↓ (3,641)	
Gap for <$20,000	39,118	39,433	↑ 315	***< 1% increase from 2008***
Gap for <$25,000	37,491	40,924	↑ 3,433	***9% increase from 2008***

Source: BBC Research & Consulting.

The modest increase in the gap is a bit counterintuitive given increases in poverty. Yet much of the change in poverty occurred prior to 2008, between 2000 and 2007. There is also some evidence that low income residents may be living with others to manage housing costs: The average size of renter households was 2.36 in 2012 compared to 2.21 in 2008. These data suggest that the 2012 “gap renter households” are more likely than in 2008 to be “doubling up” to make ends meet.

2014 gaps. To adjust the 2012 gaps to 2014 prices, the rents of units priced between $500 and $1,000 in 2012 were raised to reflect the changes in price per square foot documented by Austin Investor Interests. This update assumes that units priced less than $500 per month are publicly subsidized and that the 2012 inventory was maintained.

The 2014 increase in rental shortages shows up for renters earning $20,000 to $25,000. 2014 pricing increases this gap by about 6,800 units, putting the cumulative gap at nearly 47,700 versus 40,924 using the 2012 rent distribution.

Figure II-29.
Increase in Rental Gaps Based on 2014 Rental Prices

	2012 Gap	2014 Gap	
Renters earning $0-$25,000	40,924	47,698	6,774

Source: BBC Research & Consulting.

Impact on Housing Choice Voucher holders. Residents most affected by a tight rental market are Housing Choice Voucher holders, most of whom rent privately provided market rate units. As demonstrated by the 2014 gaps update, voucher holders earning between $20,000 and $25,000 have increasingly fewer market units to choose from. The housing authority in Austin reports that voucher holders are taking longer amounts of time to find affordable housing due to the lack of rentable units. This was supported by participants in the focus groups who described extreme challenges finding units that accept Section 8, especially for those who need units in particular areas because they cannot drive.

Homeownership gaps. The 2008 HMS examined how easy it was for renters of various income levels to purchase homes in Austin. This section updates the 2008 analysis with new data on homes for sale during 2013.

Market and financing changes. Housing prices increased between 2008 and 2013 but falling interest rates helped preserve ownership opportunities for residents looking to purchase a home. In 2008, a household earning $50,000 could afford a home priced at $160,000 (with a 5% downpayment and an interest rate of 6.5%). In 2014, the same household, earning $50,000, could afford a home priced at $183,000 (with the same 5% downpayment) because interest rates dropped two percentage points, to 4.5 percent.

SECTION II. Housing Market Gaps

Figure II-30 displays available affordable homes based on 2008 and 2013 market conditions. The figure also shows what the 2013 market might look like if interest rates had **not** declined. In 2008, 21 percent of for-sale homes were affordable to households earning less than $50,000. In 2013, that proportion increased to 24 percent. However, if interest rates had remained at 6.5 percent, only 16 percent of homes for-sale in 2013 would be affordable to households earning less than $50,000. Similar affordability impacts are apparent across all income levels.

Figure II-30.
Affordable and Available For-Sale Homes in Austin, 2008 and 2013

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

Notes: Affordable home price incorporates utilities, insurance and property taxes and assumes a 30-year fixed rate mortgage.

Source: MLS data from ABOR and BBC Research & Consulting.

Current gaps. Even with the affordability improvements displayed in the previous figure, the ownership market in Austin remains out-of-reach for many renters who wish to purchase their first home. The 2008 gaps analysis found a mismatch between supply and demand for renters earning less than $50,000. The 2013 gaps analysis confirms that there is still a shortage of affordable for-sale options for those renters.

Figure II-31 displays the 2013 ownership market gaps using two different downpayment options—a 5 percent downpayment, which was used in the 2008 gaps model, as well as 10 percent, which has become more customary. Similar to the rental gap figure, the ownership model compares renters, renter income levels, the maximum monthly housing payment they could afford, and the proportion of units in the market that were affordable to them. The maximum affordable home prices assume a 30-year mortgage with either a 5 or 10 percent downpayment and an interest rate of 4.5 percent. The estimates also incorporate property taxes, insurance and utilities. The "Renter Purchase Gap" column shows the difference between the proportion of renter households and the proportion of homes listed or sold in 2013 that were affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units. The figure displays renters' income by dollar amount and as a percent of MFI.

The gaps analysis shows that renters earning less than $50,000 per year have very limited for-sale options, even if they have savings for a 10 percent downpayment. Among the homes they can afford, more than one-quarter are attached properties (condos, townhomes, etc). The market is particularly tight for renters earning less than $35,000 per year: forty-six percent of all renters in Austin earn less than $35,000 per year but only 9 percent of homes on the market are affordable to them, even with a 10 percent downpayment. As was the case in 2008, renters earning $75,000 are relatively well served by the for-sale market.[8]

[8] Current owners are not included in the gaps analysis because it is assumed they are able to leverage their current equity for the purchase of a new home and thus have wider array of options. However, it should be noted that low income owners may different concerns related to rising home values and the related property tax implications.

Figure II-31.
Affordability of For-Sale Housing to Austin's Renters, 2013

			5% Downpayment						10% Downpayment					
	Number and Percent of Renters		Maximum Affordable Home Price	Affordable Homes for Sale in 2013		% of Affordable Homes that are Attached	Renter Purchase Gap	Cumulative Gap	Maximum Affordable Home Price	Affordable Homes for Sale in 2013		% of Affordable Homes that are Attached	Renter Purchase Gap	Cumulative Gap
Income Range														
Less than $10,000	23,644	13%	$38,196	9	0%	89%	(13%)	(13%)	$39,661	12	0%	92%	(13%)	(13%)
$10,000 to $14,999	11,770	7%	$56,398	57	0%	58%	(6%)	(19%)	$58,559	61	0%	56%	(6%)	(19%)
$15,000 to $19,999	12,430	7%	$74,601	111	1%	44%	(6%)	(25%)	$77,463	136	1%	43%	(6%)	(25%)
$20,000 to $24,999	12,037	7%	$92,809	217	2%	49%	(5%)	(31%)	$96,367	245	2%	47%	(5%)	(30%)
$25,000 to $34,999	22,275	12%	$128,914	795	6%	45%	(7%)	(38%)	$133,857	878	6%	41%	(6%)	(37%)
$35,000 to $49,999	31,948	18%	$182,923	2,326	16%	27%	(2%)	(39%)	$189,934	2,544	18%	26%	(0%)	(37%)
$50,000 to $74,999	28,717	16%	$273,951	3,851	27%	17%	11%	(29%)	$284,449	3,804	26%	17%	10%	(26%)
$75,000 to $99,999	16,897	9%	$364,370	2,507	17%	18%	8%	(21%)	$378,329	2,476	17%	17%	8%	(19%)
$100,000 to $149,999	12,961	7%	$546,422	2,677	19%	13%	11%	(9%)	$567,358	2,530	18%	12%	10%	(8%)
$150,000 or more	6,527	4%	$546422+	1,859	13%	9%	9%		$567,358+	1,723	12%	9%	8%	
Total	**179,205**	**100%**		**14,409**	**100%**	**19%**				**14,409**	**100%**	**19%**		
Income by MFI (Income Max)														
0-30% MFI ($22,600)	54,104	30%	$84,076	285	2%	51%	(28%)	(28%)	$87,298	333	2%	50%	(28%)	(28%)
31-50% MFI ($37,700)	33,803	19%	$138,751	1,216	8%	41%	(10%)	(39%)	$144,064	1,348	9%	40%	(10%)	(37%)
51-80% MFI ($60,300)	38,029	21%	$220,432	3,854	27%	23%	6%	(33%)	$228,874	3,972	28%	22%	6%	(31%)
81-95% MFI ($71,630)	13,015	7%	$261,686	1,594	11%	15%	4%	(29%)	$271,709	1,658	12%	15%	4%	(27%)
96-120% MFI ($85,956)	11,275	6%	$313,848	1,592	11%	19%	5%	(25%)	$325,869	1,624	11%	20%	5%	(22%)
121-150% MFI ($113,100)	12,887	7%	$412,071	2,312	16%	14%	9%	(16%)	$427,857	2,221	15%	13%	8%	(14%)
More than 150% of MFI	16,092	9%	$412,071+	3,556	25%	11%	16%		$427,857+	3,253	23%	11%	14%	
Total	**179,205**	**100%**		**14,409**	**98%**	**19%**				**14,409**	**98%**	**19%**		

Notes: MFI thresholds are based on 2014 HUD income limits for four-person households in the Austin-Round Rock-San Marcos MSA. Max affordable home price incorporates utilities, insurance, and property taxes and assumes a 30-year fixed rate mortgage with a 4.5 percent interest rate.

Source: ABOR, 2012 ACS and BBC Research & Consulting.

SECTION III.

Housing Choice

SECTION III. Housing Choice

This section explores the housing choices made by Austin residents and in-commuters. It is informed by an online survey, paper surveys distributed to more than 30 locations in the community, focus groups with targeted populations, interviews and public forums. Figure III-1 maps the home ZIP codes of survey respondents and the locations of focus groups and public forums.

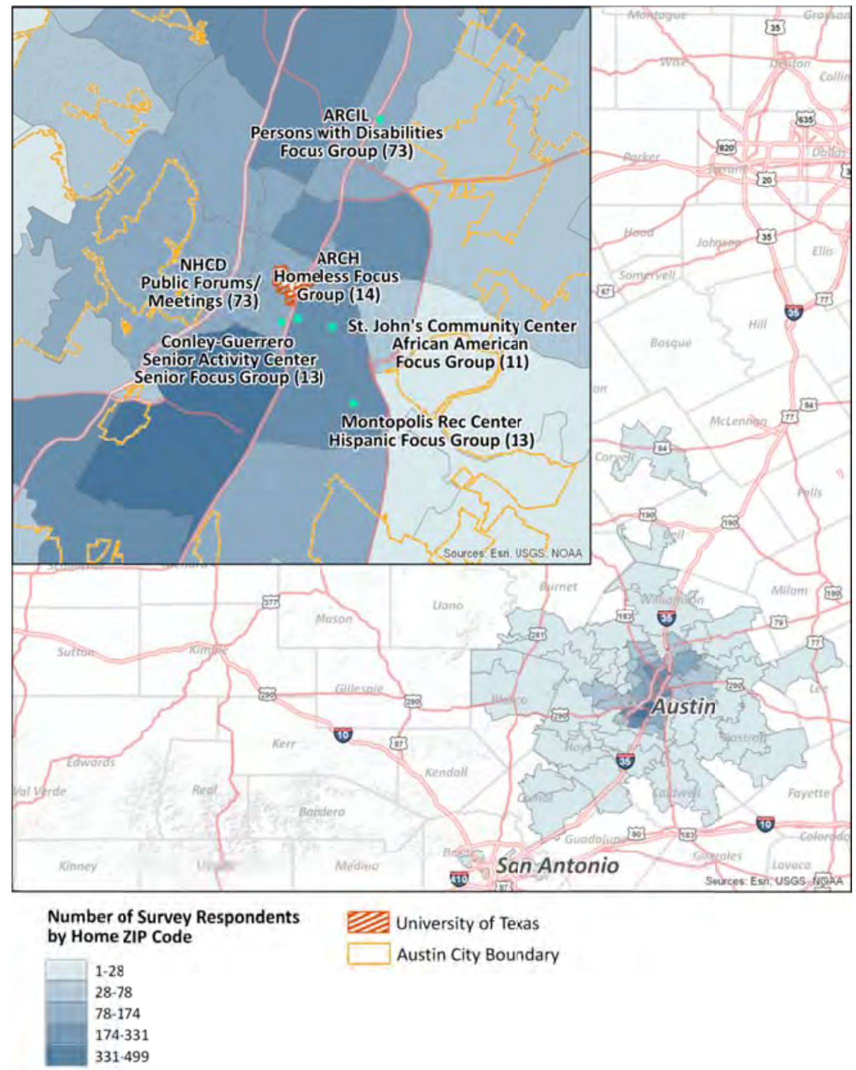
Since students have different housing opportunities and experiences than non-students, the results in this section do not include students. The housing experience of students is profiled in Section IV.

Methodological Note

The online survey—available in English and Spanish—was open to all Austin residents, including students, and those who work in Austin and live elsewhere (hereafter in-commuters). The opportunity to participate in the survey was promoted through the City of Austin's website, social media channels, local news media, an Austin Energy bill insert, and through local e-newsletters (NHCD Austin Notes, CitySource, CAN, Imagine Austin, Austin Mobility, Project Connect). A total of 5,315 residents, 922 in-commuters, and 398 students participated in the online survey.

That the survey was open to anyone interested in participating means that the results are based on non-probability sampling methods. Unlike a statistically valid, random probability sample, the results from this survey are not necessarily representative of all Austin residents. However, the very large number of responses yields a

Figure III-1.
Home ZIP Code of Survey Respondents and Focus Group/Public Forum Locations



Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

robustness to the results that minimizes error around the estimates. Compared to Austin's demographic characteristics, the survey data over-represent homeowners, whites and skew slightly higher in income. That said, there are sufficient numbers of responses from renters (1,522), low income residents—household income of $25,000 or less (325), Hispanics (423), African American (124) and Asian (78) residents to produce estimates for these populations.

Because the data are based on a non-probability sample, they are not weighted to match Austin's demographic profile. Findings are presented based on the responses received. While the results should not necessarily be projected to Austin's population, they provide insights into how more than 5,000 Austinites and more than 900 in-commuters make complex housing decisions, their preferences and attitudes, and can inform policy development. No other source of data provides the opinions, perspectives and stories found in the survey results and echoed by the stories shared in focus groups and interviews.

Desire to Live in Austin

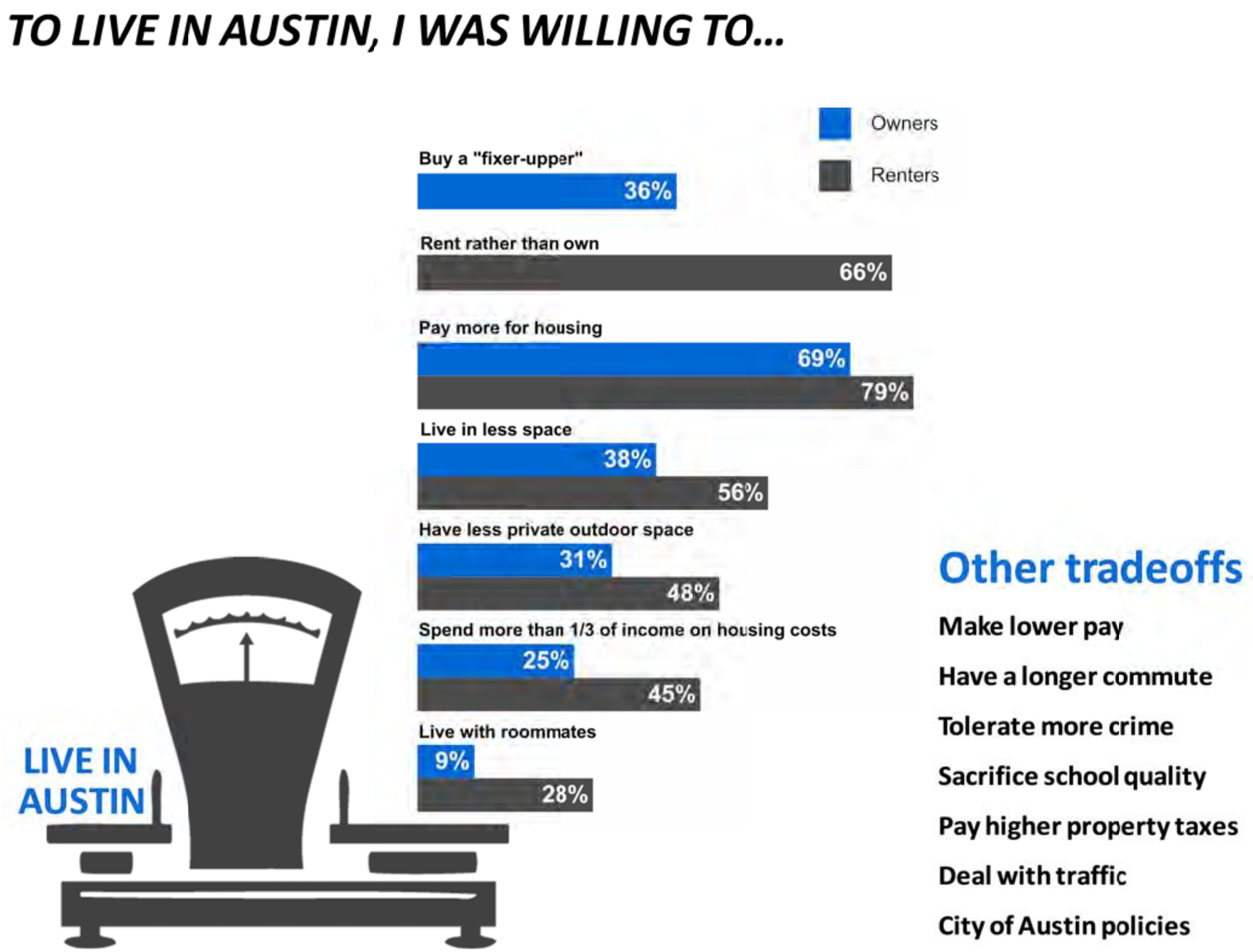
Choosing where to live is a complex decision based on myriad preferences that include access to job or educational opportunities, proximity to family or friends, cost of housing, type of housing desired, housing quality, school quality, access to highways, airports, transit, shopping, entertainment, church, weather, size of yard, acceptance of pets or certain dog breeds, degree of walkability, crime and safety, traffic and more. Nearly all people make some sort of tradeoff when choosing to live in a community or in choosing a place to live. Rising housing and transportation costs, low vacancy rates and the overall desirability of a community increase the magnitude and number of tradeoffs residents must make to locate or remain in a community. One of the primary objectives of the survey and focus groups is to understand the factors residents consider when deciding to live, or to continue to live, in Austin.

To live in Austin I was willing to…. About half of Austin homeowners (54%) and 62 percent of renters made tradeoffs in order live in Austin. A smaller proportion of Hispanic renters (53%) and African Americans (41% of renters and 41% of homeowners) made tradeoffs to live in Austin. By far, paying more for housing costs was a tradeoff made by the majority of renters and homeowners. Other tradeoffs include compromising on square footage, yard size, longer commutes, higher property taxes, proximity to work, school quality, transit access and preferred neighborhood.

Overall, 71 percent of Austin homeowners have lived in Austin for 10 years or more, compared to 38 percent of renters. Nearly 90 percent of African American homeowners and 80 percent of Hispanic homeowners have lived in the city for 10 years or more. One in five renters has lived in Austin for less than five years.

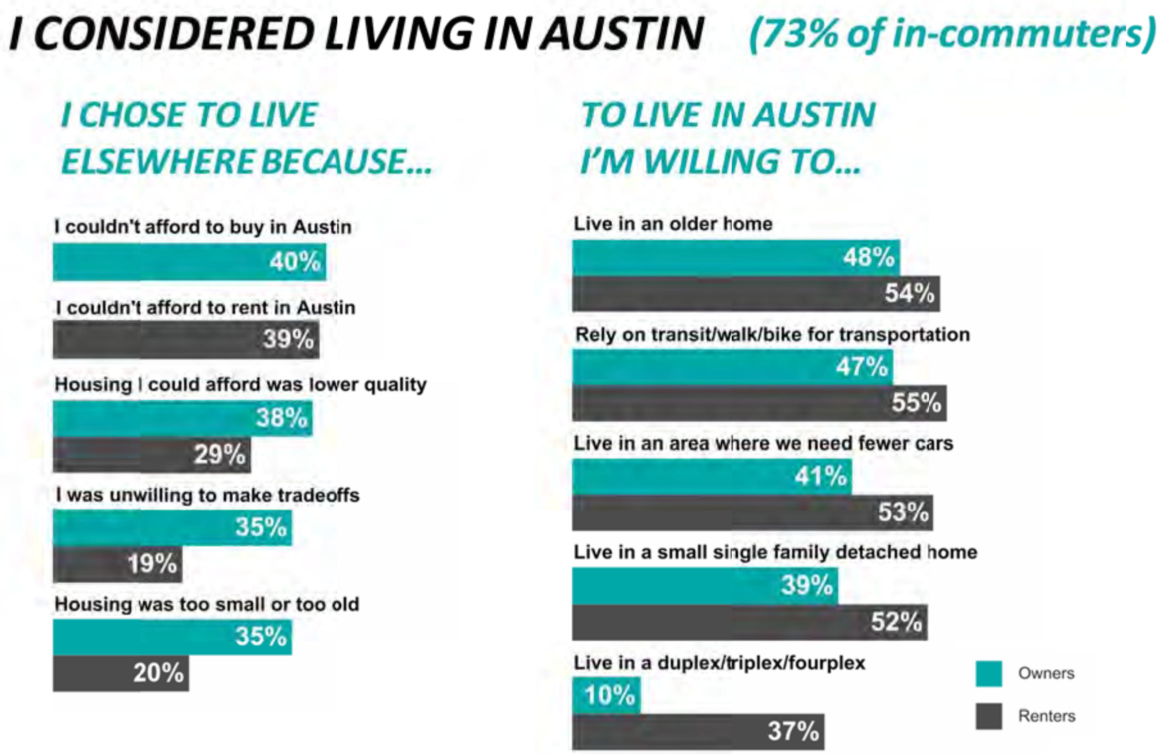
I considered living in Austin. About three in four in-commuters used to live in Austin. One in four in-commuter homeowners and 53 percent of in-commuter renters moved out of the City of Austin since 2010. Despite leaving the city about 74 percent of in-commuters considered living in Austin when they last looked for housing.

Two in five in-commuter homeowners and renters chose to live outside Austin because they either couldn't afford to buy in Austin or couldn't afford to rent. Housing quality, size and age of Austin homes also influenced the decision to live elsewhere. Some in-commuters are willing to consider living in Austin in the future, and would be willing to tradeoff their current situation for a smaller, older single family home in Austin. In-commuter renters are more willing to make tradeoffs than homeowners.



Note: n=1,809 Austin homeowners and n=946 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

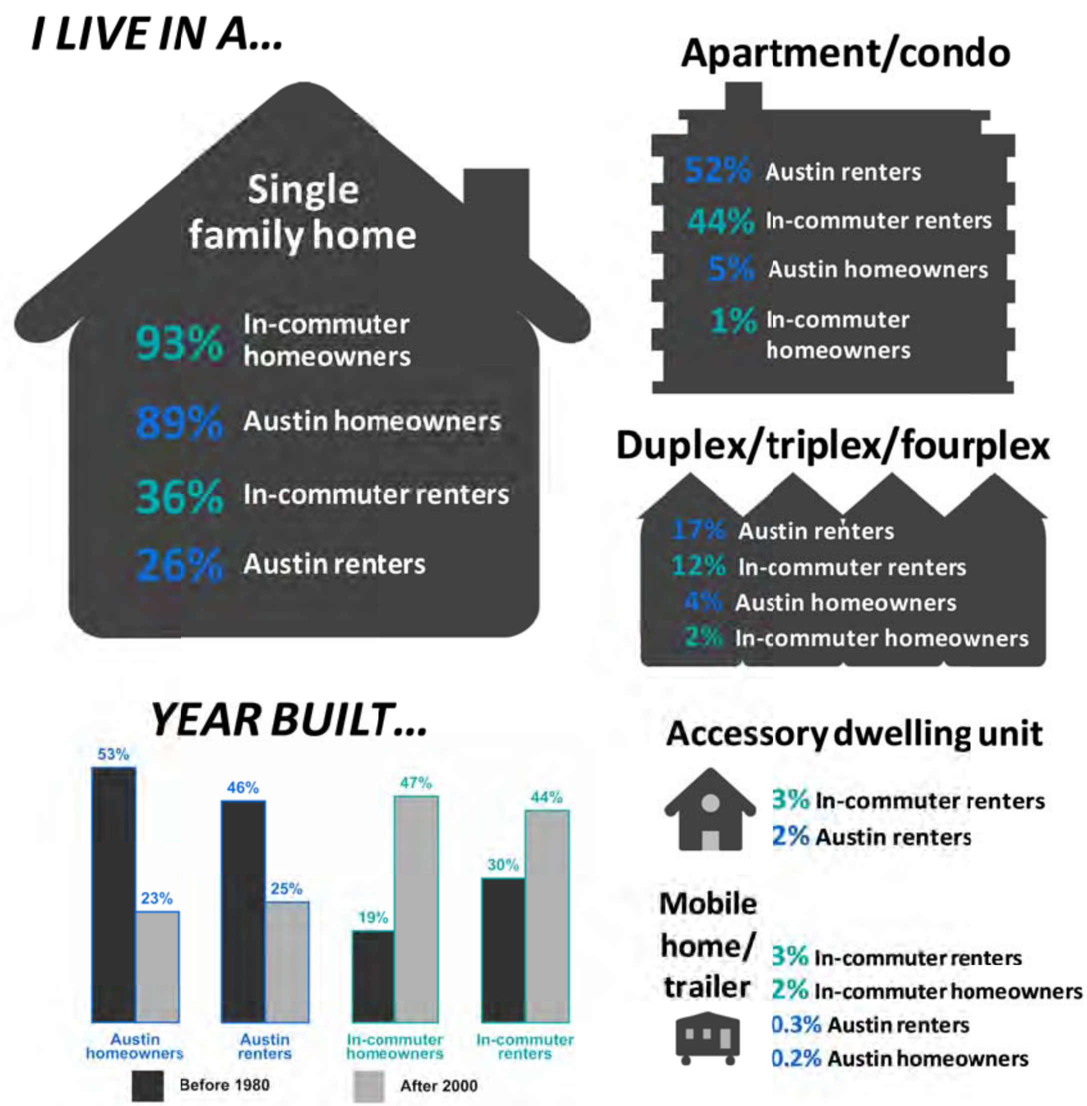


Note: n=642 in-commuter homeowners and n=141 in-commuter renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Housing Preferences

Housing Choice Survey respondents shared the type of housing in which they currently live and the factors that were most important to them when choosing a place to live. The majority of both City of Austin and in-commuter homeowners live in single family homes, compared to one in four Austin renters and 36 percent of in-commuter renters. Not surprisingly, a greater proportion of Austin residents live in homes built prior to 1980 when compared to in-commuters. Accessory Dwelling Units (ADUs) such as garage apartments can be a source of affordable housing. About one in 50 Austin renters lives in an ADU.



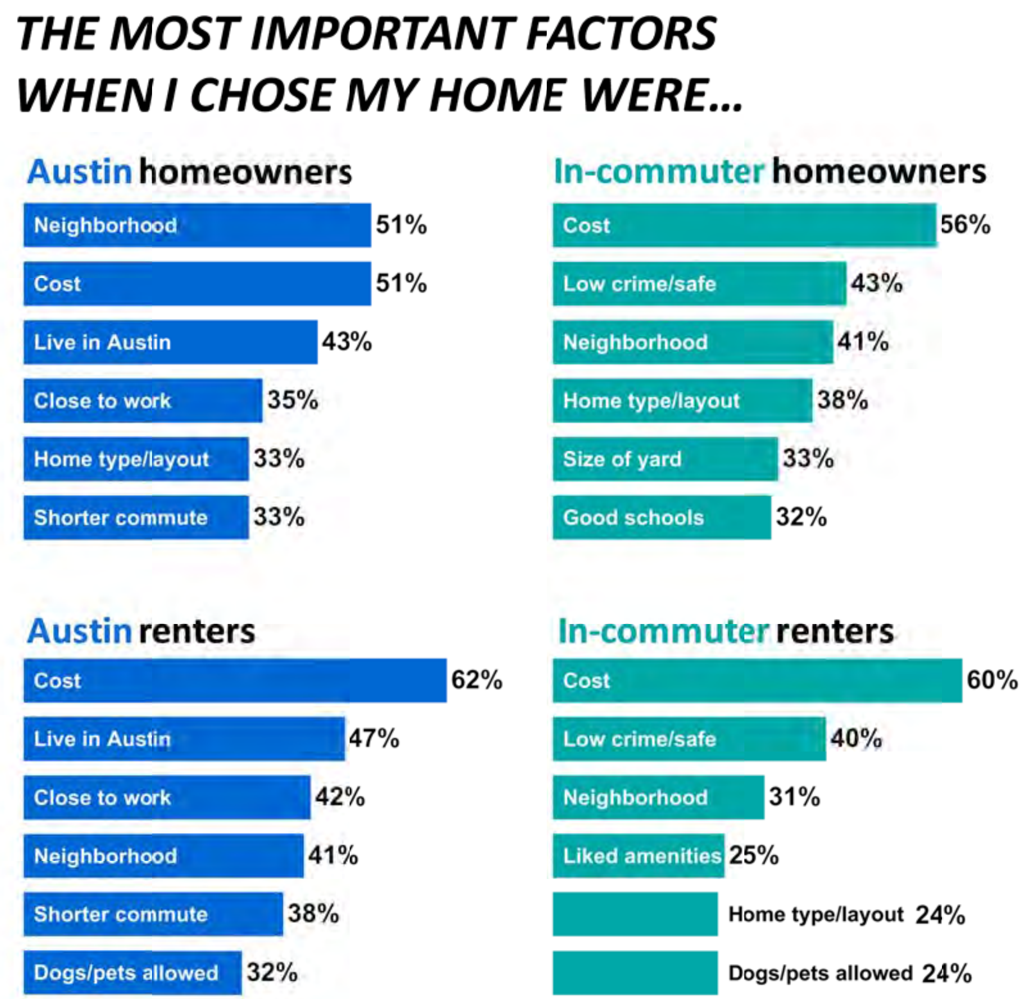
Note: n=3,565 Austin homeowners, n=1,528 Austin renters, n=715 in-commuter homeowners and n=181 in-commuter renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

The most important factors when I chose my home were…

When considering a home to purchase or rent, Austin residents and in-commuters weighed different factors differently. While cost is either the first or second most important factor for all, Austin residents valued that the property was located in Austin, while in-commuters valued that the property was located in a neighborhood that was safe or had a low crime rate. Proximity to work and a shorter commute were also top considerations for both Austin homeowners and renters, while neither factor was included in the top five factors for in-commuters.

The preferences of Austin owners and renters are consistent with those documented in a recent survey of low-wage commuters (*Coming Home,* by Elizabeth Mueller and Clifford Kaplan). That study, which focused exclusively on low-wage workers commuting at least 10 miles, found the majority of low income households interested in moving to closer to work. The HMS in-commuter survey suggests that housing costs could be preventing such a move.

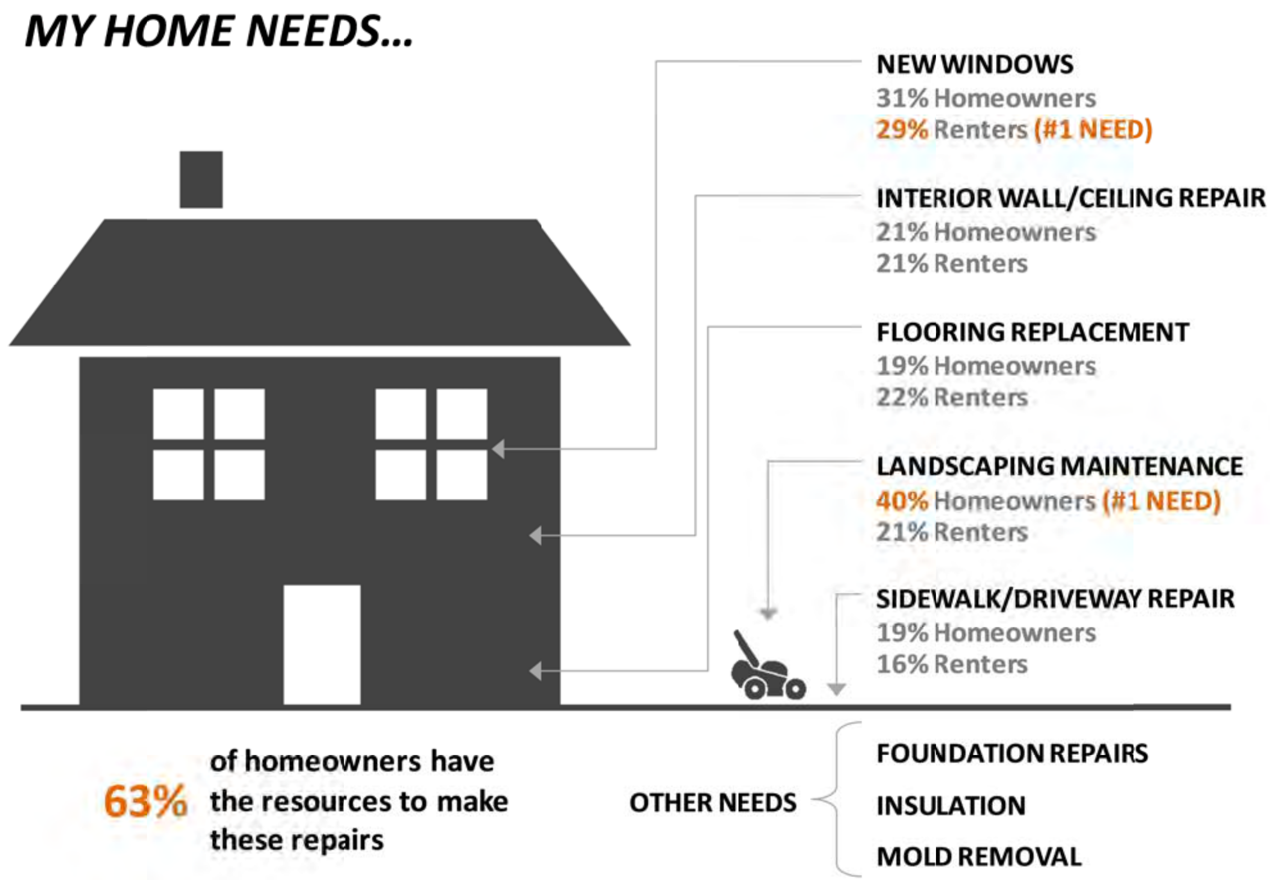


Note: n=3,521 Austin homeowners, n=1,521 Austin renters, n=642 in-commuter homeowners and n=141 in-commuter renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Housing Condition

It is difficult to find a source for data on housing condition other than a few questions included in the American Community Survey. To attempt to measure the need for home repairs, the Housing Choice Survey asked residents to self-evaluate the need for repairs in their home. Overall, 72 percent of Austin homeowners and 66 percent of renters report that their home needs some type of repair. Among homeowners, 40 percent report that their landscaping needs maintenance and 31 percent need new windows. Like homeowners, 29 percent of renters need new windows and 23 percent have bathroom plumbing repair needs. Of those with homes needing repair, one percent of homeowners and two percent of renters believe that their maintenance needs make their home unlivable.



Note: n=2,028 Austin homeowners and n=1,009 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Most homeowners (63%) have the resources—financial, physical abilities, know-how—to make the repairs needed on their home.

Housing and Transportation Costs

On average, an Austin homeowner with a car payment spends $2,614 per month on housing costs (mortgage, insurance, taxes, utilities), and transportation costs, compared to $2,582 for an average in-commuter homeowner. Austin renters with car payments spend $1,886 on housing and transportation costs, compared to $2,084 for the average in-commuter renter. A greater share of Austin residents does not have a car payment than in-commuters. About 15 percent of Austin homeowners and one in four renters spends money on non-personal vehicle expenses each month (transit, taxi, Car2Go, etc.).

EACH MONTH I SPEND…*

Housing & Transportation Costs	Austin Residents		In-Commuters	
	Homeowners	Renters	Homeowners	Renters
Mortgage/rent	$1,589	$1,098	$1,408	$1,057
Utilities	$258	$192	$295	$240
Car payment	$456	$355	$478	$434
Insurance	$149	$107	$129	$122
Gas	$162	$134	$272	$231
Non-personal vehicle (transit, taxi, Car2Go, etc.)	$39	$45	~Insufficient data~	
No car payment	44%	56%	37%	36%
Spends money on transit, taxi, Car2Go	15%	26%	~4% total~	

Average

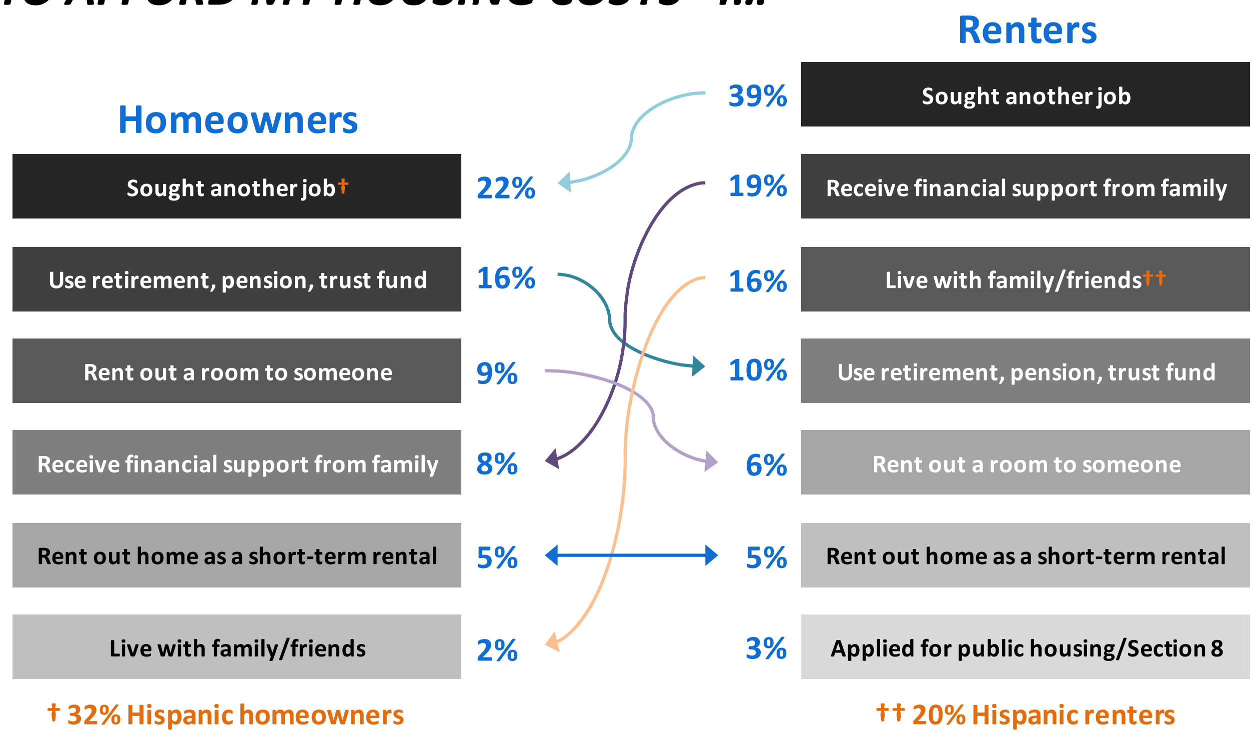
Note: n=2,659 Austin homeowners, n=1,292 Austin renters, n=463 in-commuter homeowners and n=101 in-commuter renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Affordability

Rising housing costs were a concern to many residents and stakeholders who participated in the survey, focus groups, interviews and public forums. Participants shared stories of rent increases outpacing income growth, increased competition for vacant units, rising costs of homes for sale and the strategies they employ in order to continue living in Austin.

TO AFFORD MY HOUSING COSTS I…*



WITHOUT THIS SUPPORT, I WOULD HAVE TO LEAVE AUSTIN

14% Homeowners

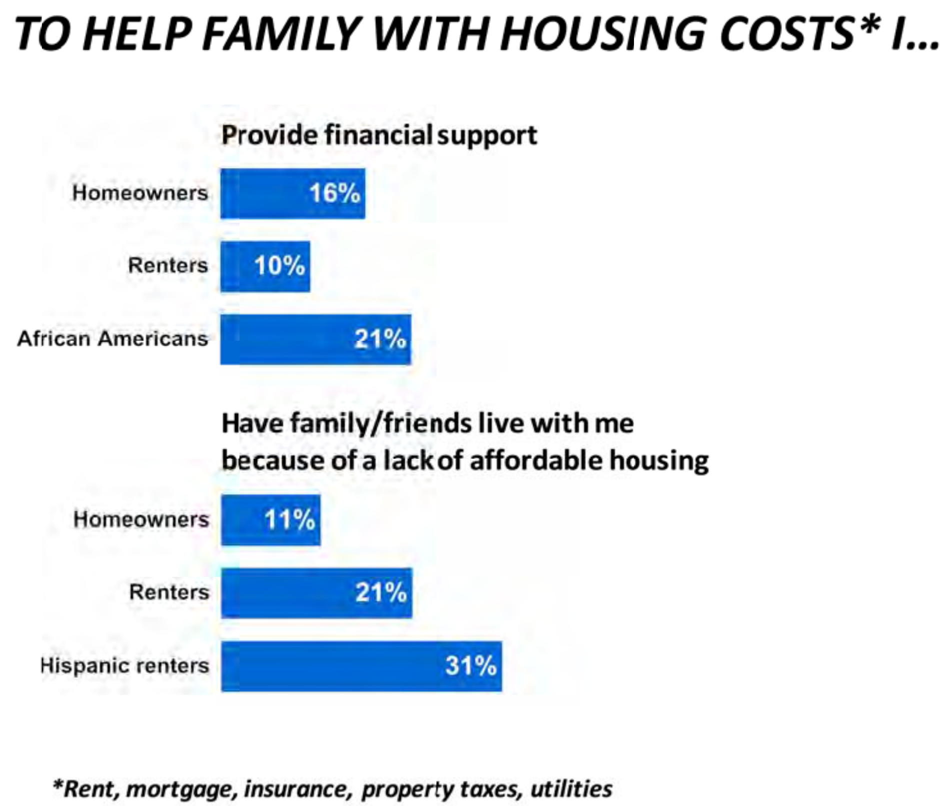
27% Renters

***Rent, mortgage, insurance, property taxes, utilities**

Note: n=3,122 Austin homeowners and n=1,307 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

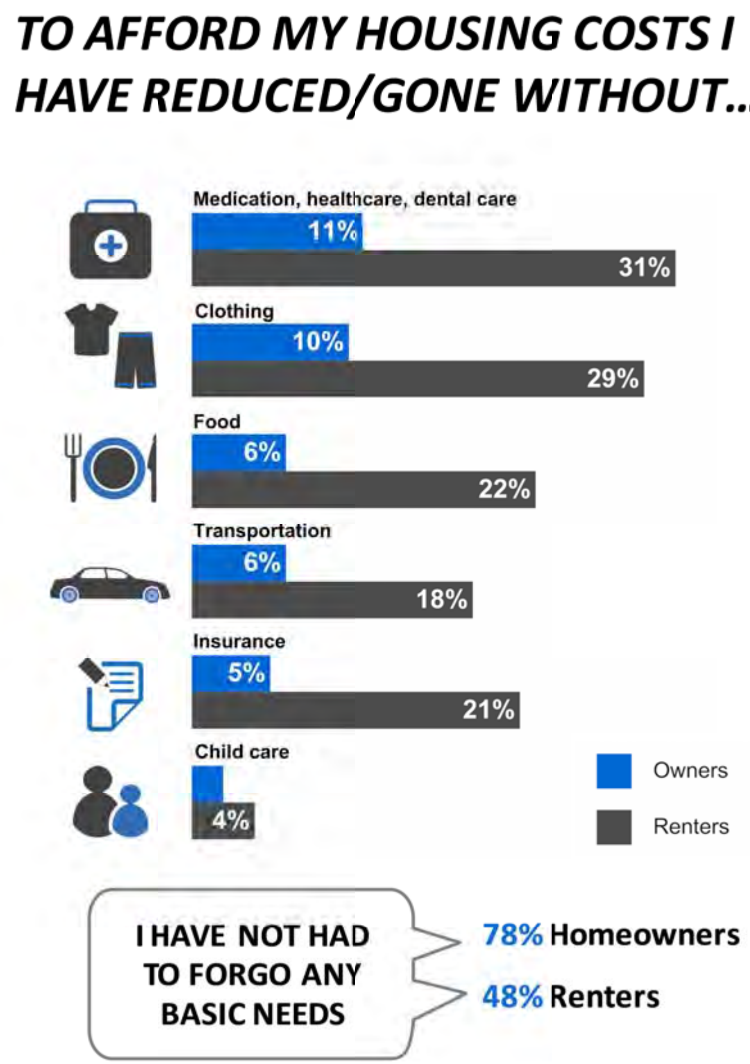
To afford housing costs… The majority of homeowners and renters do not have outside support for housing costs or financially support other family members. About one in three Austin homeowners and two in five renters either pursue strategies to defray their monthly housings costs *or* provide financial or other supports to help family with housing costs. Without these outside supports, 15 percent of homeowners and 27 percent of renters say they would have to leave Austin.



Note: n=3,122 Austin homeowners and n=1,307 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

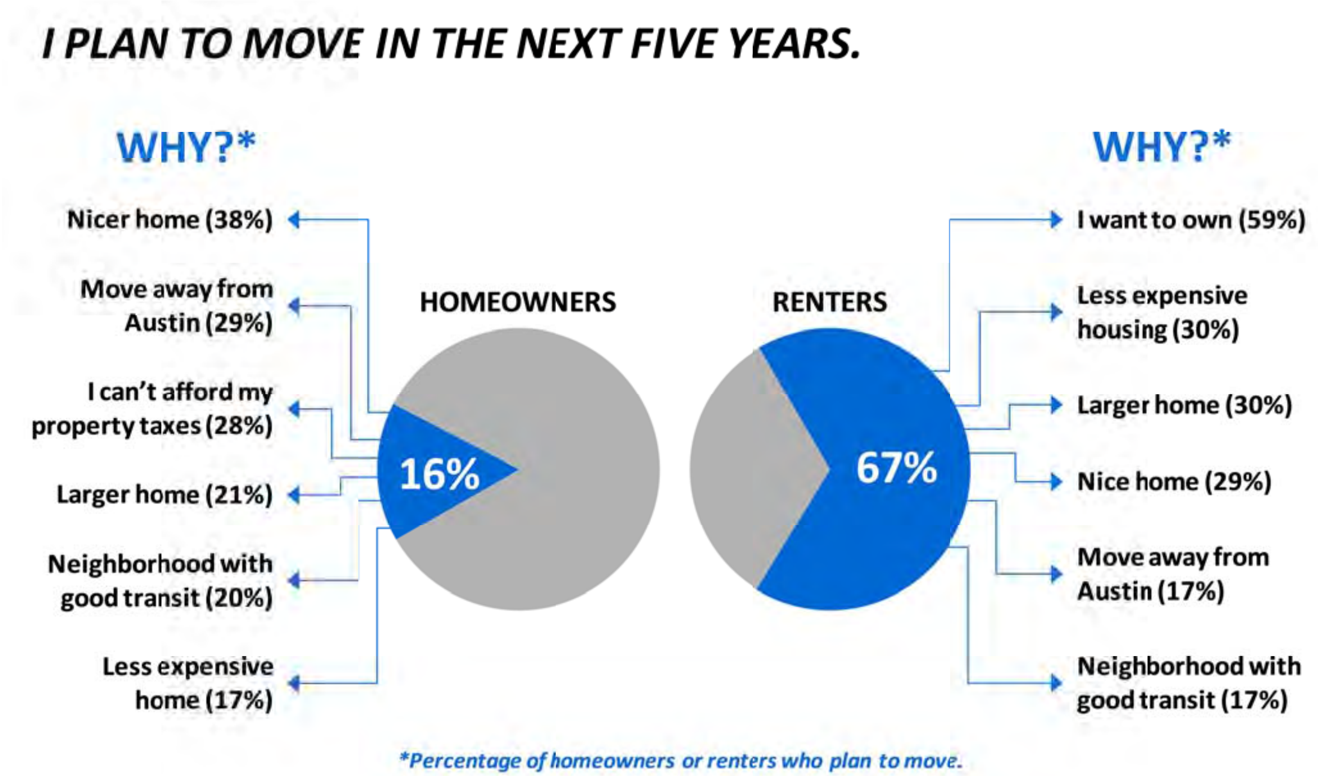
Most Austin homeowners (78%) and 48 percent of renters have not had to reduce spending on basic needs in the past year. Overall, 22 percent of Austin homeowners and 52 percent of renters have reduced their spending on one or more basic needs in order to pay their housing costs. Greater proportions of renters than homeowners report reducing or foregoing basic needs at some point in the past year.



Note: n=3,122 Austin homeowners and n=1,307 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

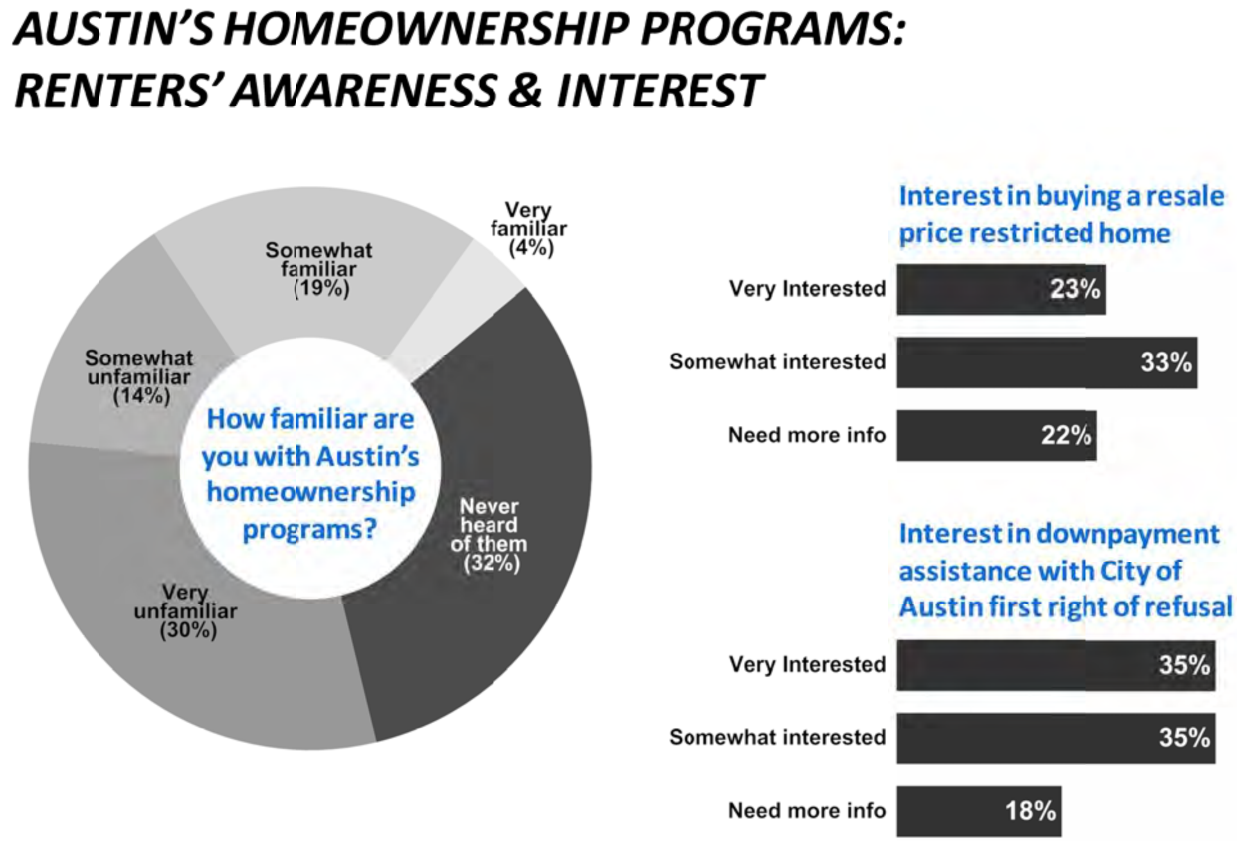
I plan to move in the next five years. Stretching budgets and findings ways to defray housing costs are not the only option available to homeowners and renters. Some will move into different housing in Austin or will leave Austin for other communities. In the next five years, 16 percent of homeowners and 67 percent of renters plan to move. Reasons for moving varied widely. The greatest proportion of renters planning to move wants to buy a home. Three in 10 renters want less expensive housing and 17 percent want to leave Austin—compared to 29 percent of homeowners who plan to move. Among homeowners planning to move, 28 percent report that they cannot afford their property taxes.



Note: n=3,380 Austin homeowners and n=1,439 Austin renters. Numbers for why a resident plans to move add to greater than 100 percent because respondents were able to select more than one response.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

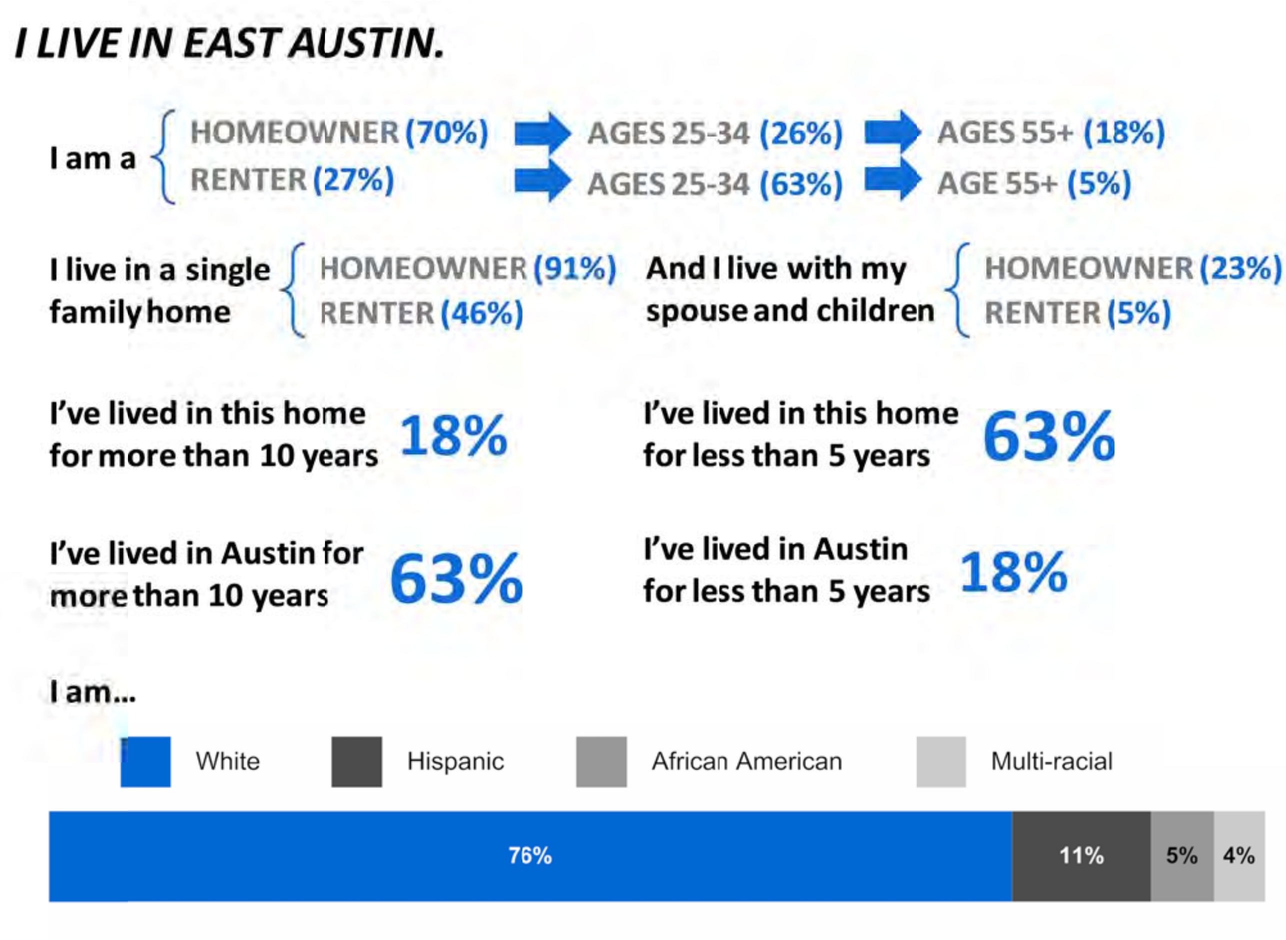
City of Austin Homeownership Programs. About one in four Austin renters are very or somewhat familiar with the city's programs to help low and moderate income residents become homeowners, and at least half of renters expressed interest in the programs. Those residents who were not interested in the programs described their lack of interest, including questioning the city's involvement in the for sale housing market, concerns about whether or not equity built in the home could be accrued to the homeowner and concerns that participation in the program would be similar to renting, since resale is capped.



Note: n=1,405 Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

I live in East Austin.
Survey respondents living in East Austin include a mix of new residents and long-time homeowners. The majority of respondents from these ZIP codes are white homeowners. Renters are much younger than homeowners—on average homeowners are 43 while renters are age 34. Renters are also more likely to have recently moved into their current home and into Austin.



Note: n=423 East Austin homeowners and n=163 East Austin renters. ZIP codes included in the analysis are 78702, 78722, 78721 and 78723.

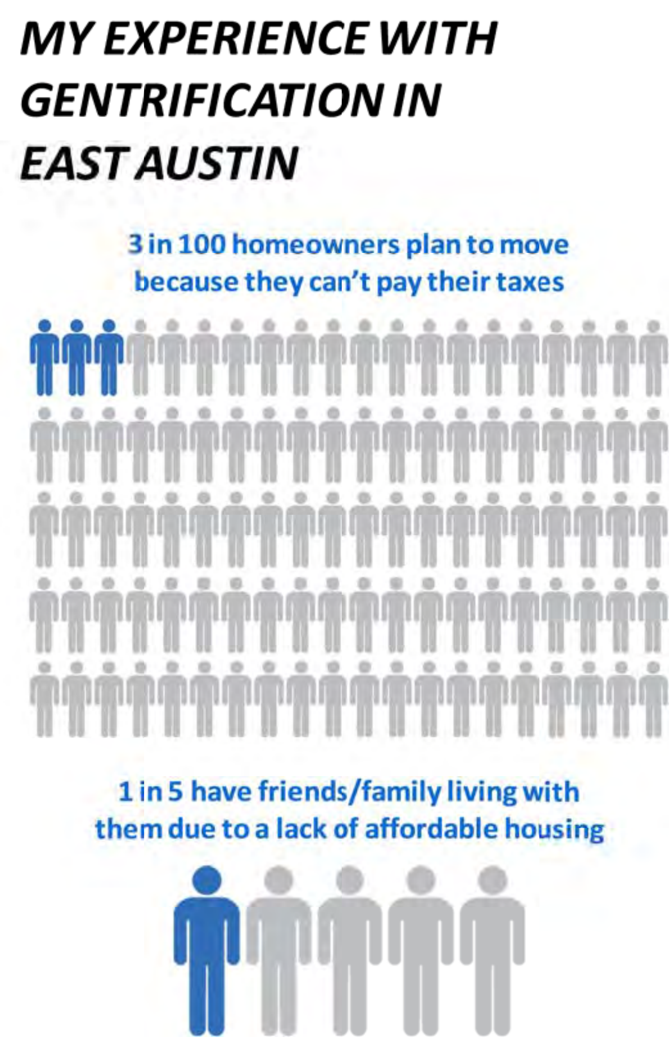
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Impact of Gentrification

Gentrification can loosely be defined as increasing property values and changing resident demographic and socioeconomic characteristics associated with renewal of historically low income neighborhoods in a community. It can be spurred by public or private investment in a neighborhood or increased interest in neighborhood qualities valued by a new generation of residents—historic homes, proximity to a vibrant downtown core, affordable homes to purchase or rent, access to public transit and more. Gentrification in Austin, particularly in East Austin, was a topic of concern to residents who participated in the African American and Hispanic focus groups, survey respondents from gentrifying neighborhoods and participants in public meetings.

To explore the experiences, perspectives and housing choices of survey respondents in gentrifying neighborhoods in East Austin, BBC analyzed responses from residents living in 78702, 78722, 78721 and 78723 ZIP codes. These saw the highest growth in property values between 2000 and 2012; median values in 78702 increased by 207 percent.

Longtime East Austin residents, particularly aging homeowners on fixed incomes and low income residents, are feeling increased financial pressure due to rising property taxes and rents in East Austin. Many longtime East Austin residents are also experiencing cultural changes in their neighborhood as their neighborhood demographics change. In focus groups and open-ended survey comments, longtime residents used the Mueller redevelopment as an example of gentrification that impacted nearby property values and sped up the cultural change in the community.



Note: n=601 East Austin survey respondents.

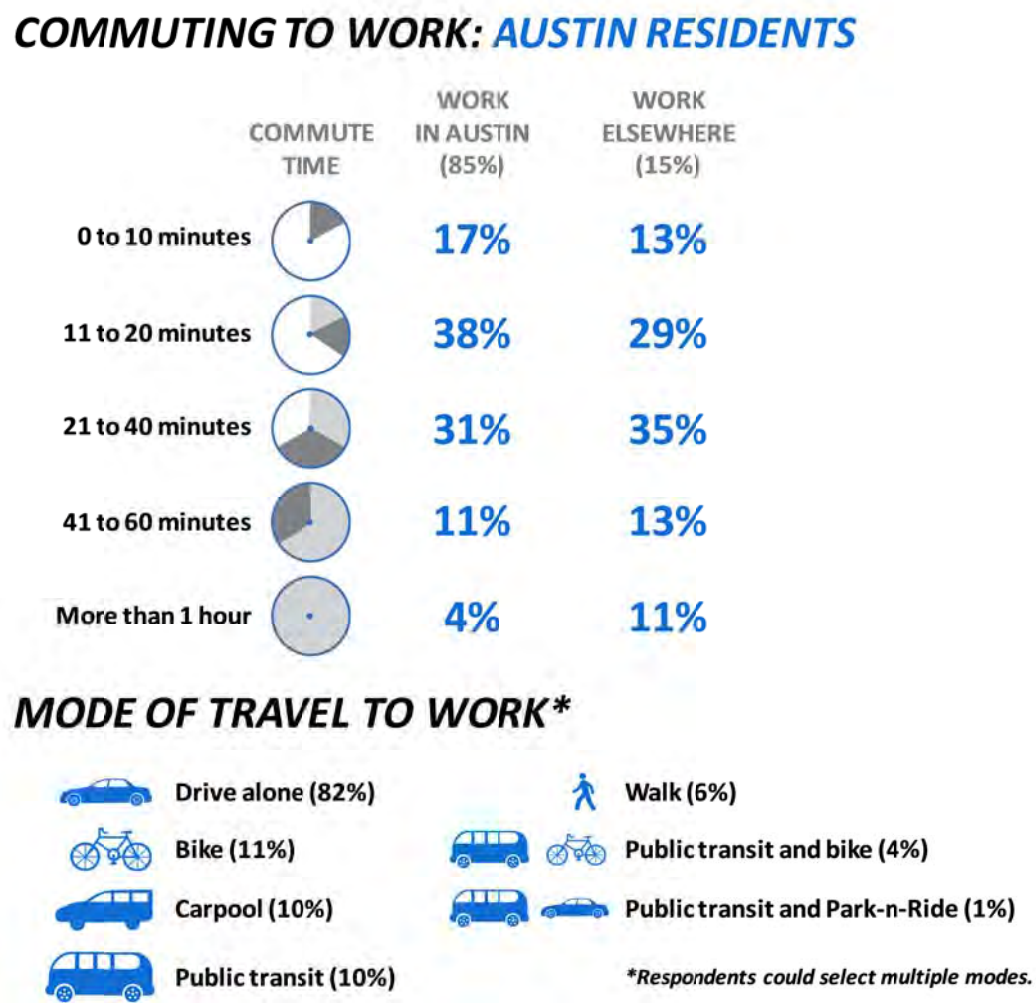
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey, African American and Hispanic focus groups.

Participants in the East Austin African American focus group shared their perspective that gentrification is causing longtime residents to sell their homes because they can't pay their property taxes. Others felt that investments in public infrastructure, particularly the addition of bike lanes, are meant to benefit the new white residents and are not for them. Hispanic focus group participants echoed these sentiments. The affordability impacts of increased property values and rents as well as the change in culture in East Austin seem to be the most top-of-mind impacts of gentrification to residents who participated in the study.

Traffic and Commuting

Austin's traffic and increasingly congested roads and highways were a common topic of conversation in focus groups, interviews and meetings. Survey respondents often wrote about traffic or congestion concerns in open-ended responses to questions.

The majority of residents represented in the survey lives and works in Austin (85%) and has a median commute time of 11 to 20 minutes. Most (82%) drive alone, but about one in 10 resident workers bike, carpool or take public transit. Austin residents who commute out of the city have a median commute of 21 to 40 minutes and one in 10 commute for more than one hour.



Note: n=3,344 Austin resident survey respondents representing 5,724 workers.
Mode of travel to work adds to greater than 100 percent due to multiple response.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

SECTION IV.

Housing Needs

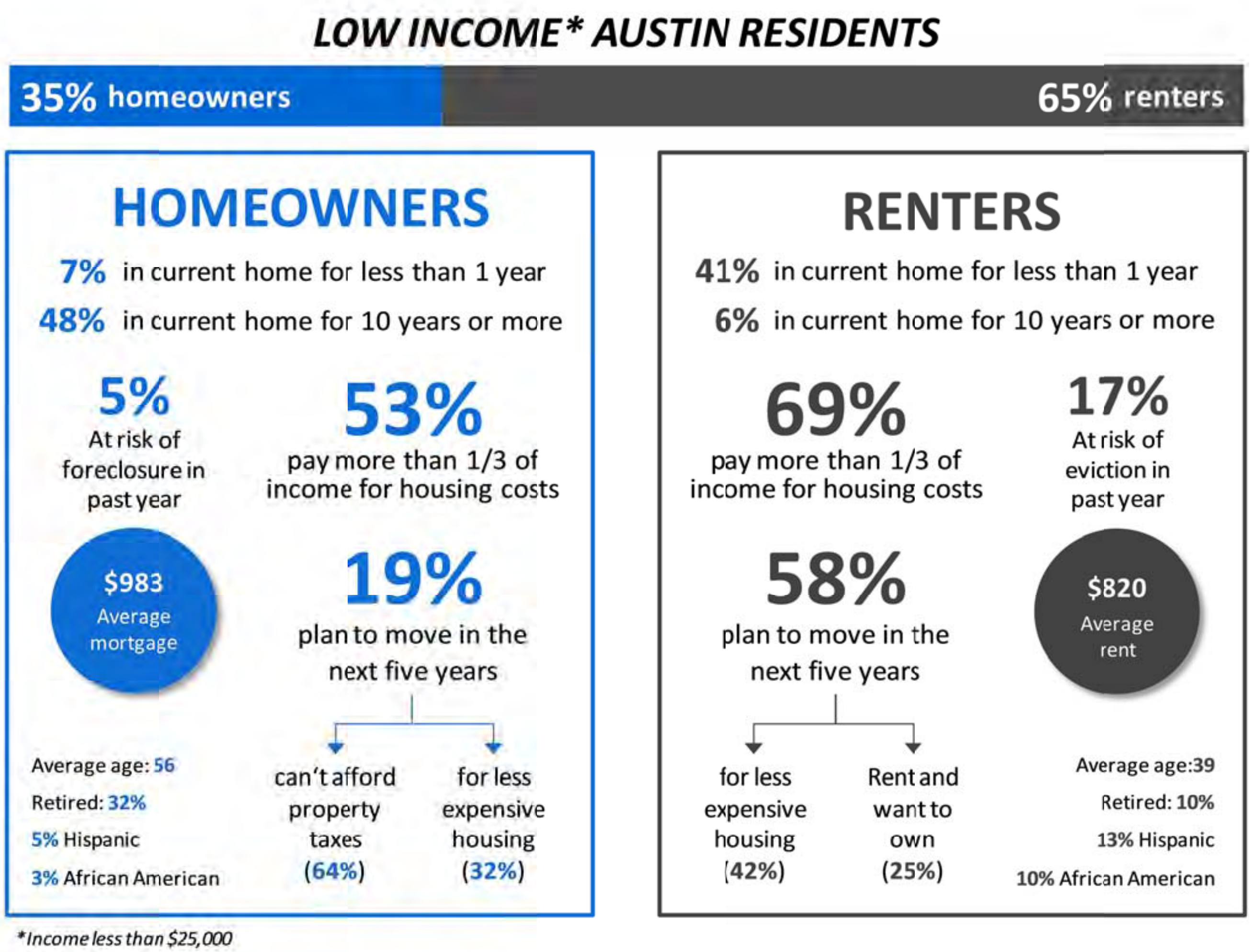
SECTION IV. Housing Needs

This section examines housing choice and needs for selected populations of Austin residents. As with the previous section, findings are based on the online survey, paper survey, focus groups and interviews. The section begins with the housing needs reported by low income residents overall.

Low Income Residents (<$25,000)

The majority of low income households represented in the survey are renters (65%), who tend to be younger and more racially and ethnically diverse than low income owners. These figures exclude students.

Renters pay almost as much as owners for their housing: $820 in monthly rent, compared to the average mortgage of $983.



Note: n=114 low income Austin homeowners and n=210 low income Austin renters. These figures exclude students.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Cost burden is very high for both low income renters and owners. To avoid being cost burdened, low income renters and owners should pay no more than $625 per month in housing costs. Instead, the average low income owner is paying $983 per month in housing costs; the average renter is paying $820 per month. These costs are 30 to 50 percent more than what is affordable. Households with very high levels of cost burden must compromise on other household goods in order to pay their mortgage and rent; those who cannot are evicted or lose their homes. Nearly one in five renters reported being at risk for eviction in the past year. One in 20 homeowners were at risk of foreclosure.

As shown in the following table, no one household typifies Austin's low income owners and renters, although many are single householders.

Low Income Household Composition by Type of Housing

	Homeowners	Renters		
Household Composition	Single Family Home*	Apartment	Duplex/Triplex/ Fourplex/Townhome	Single Family Home
Single, living alone	42%	55%	31%	15%
Spouse/partner and children	13%	5%	5%	2%
Single, living with roommates/friends	12%	19%	19%	49%
Spouse/partner	8%	12%	14%	12%
Single, living with children	6%	5%	14%	5%
Other adult family living in the home	11%	4%	7%	4%

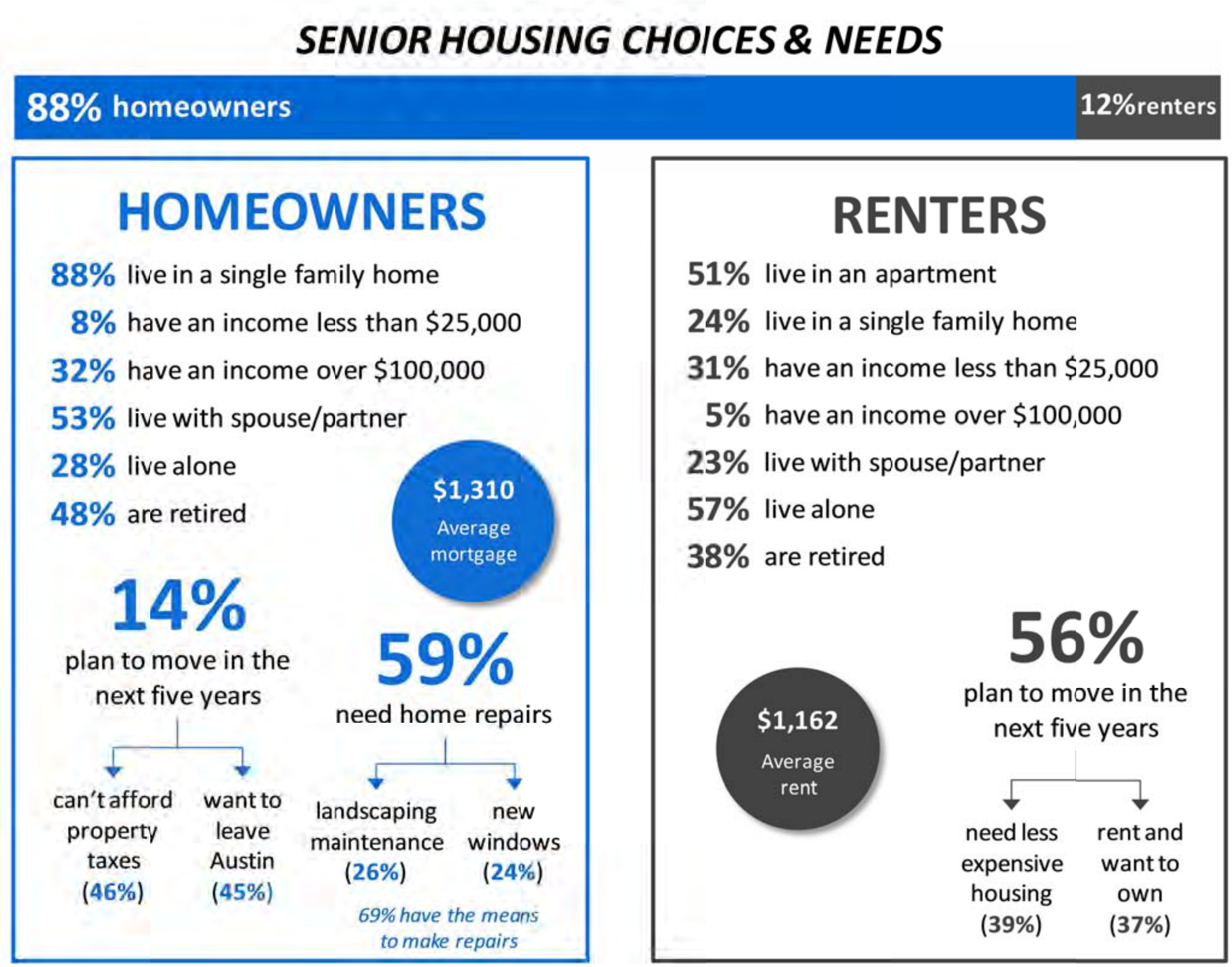
Note: *Insufficient data to report other housing types for homeowners.
n=98 low income Austin homeowners and n=189 low income Austin renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey

Seniors

The more than 700 respondents to the Housing Choice Survey age 60 or older (seniors) shared their current housing situation and their future housing plans. The majority of seniors (88%) are homeowners. Senior homeowners had relatively low average mortgages and high incomes and most had to the means to make repairs to their homes. About 14 percent of senior homeowners plan to move in the next five years; 46 percent of these homeowners say they will move because they can't afford to pay their property taxes. This equates to 6 percent of all senior homeowners overall (not just those planning to move).

Senior renters are different: they are much more likely to be low income and to live alone. More than half of senior renters plan to move in the next five years—39 percent want to move to less expensive housing and 37 percent want to own a home. Senior renters pay almost as much as their owner counterparts in housing costs.



Note: n=741 senior homeowners and n=101 senior renters.

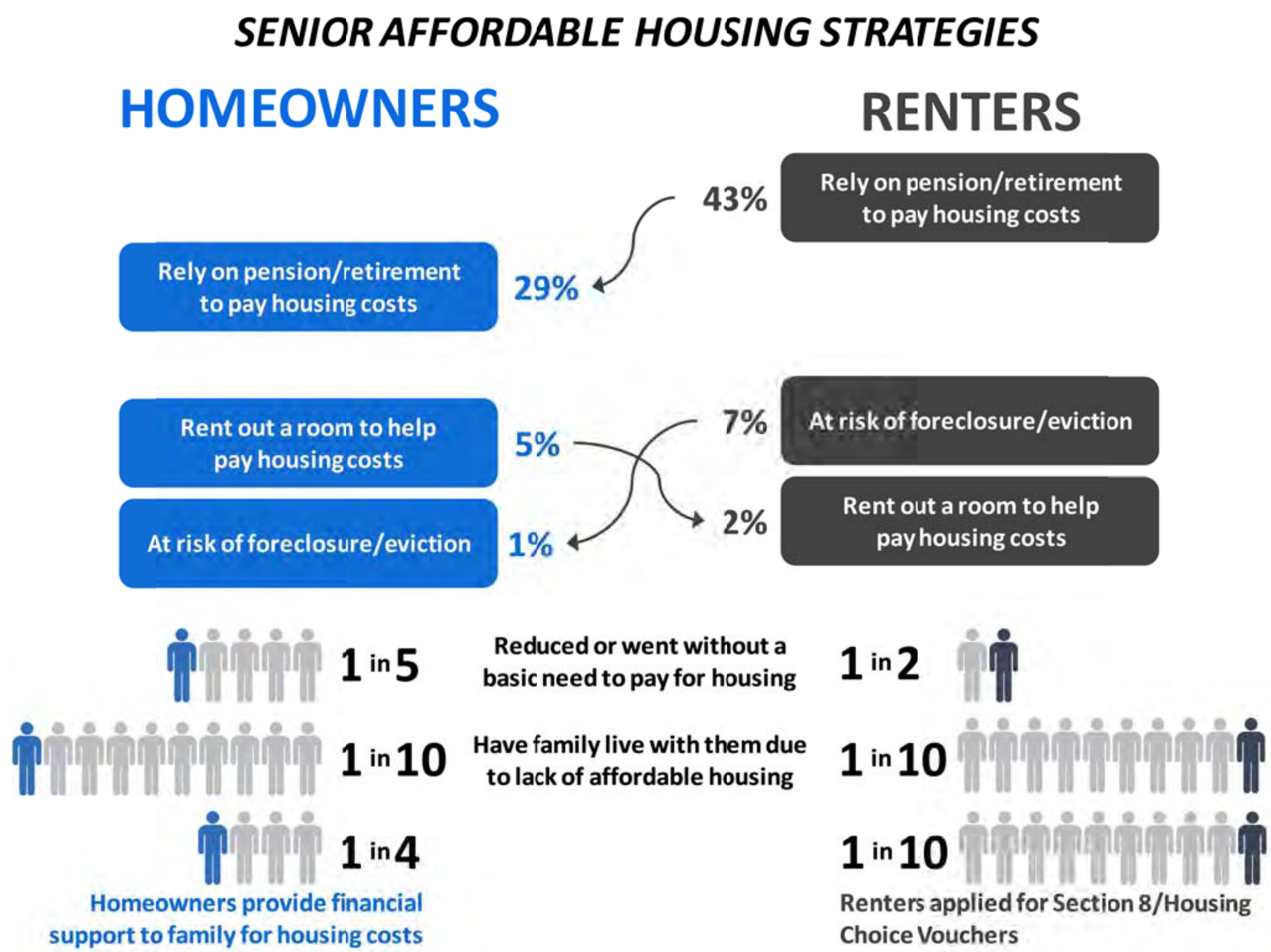
Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

In a focus group with seniors, participants expressed their desire to stay in their homes for as long as they can. Their concerns about staying in their home related to affordability (ability to pay property taxes) and their physical ability to maintain their yard and home exterior. This was mostly a concern for seniors who do not have family living in the community to help with these tasks.

Those who would like to downsize from a single family home have trouble finding alternatives: few senior-only developments exist and wait lists for affordable senior housing are long (18 months).

Many seniors use their pension/retirement to pay housing costs. About one in 20 senior homeowners rent out a room in their home or apartment to help pay for their housing. One in 10 senior renters applied for public housing assistance (e.g., Section 8/Housing Choice Voucher) in the past year. Half of renters cut back on other household needs to afford their housing.

A sizeable proportion of senior homeowners (24%) provide financial support to other family members to help pay their housing costs.

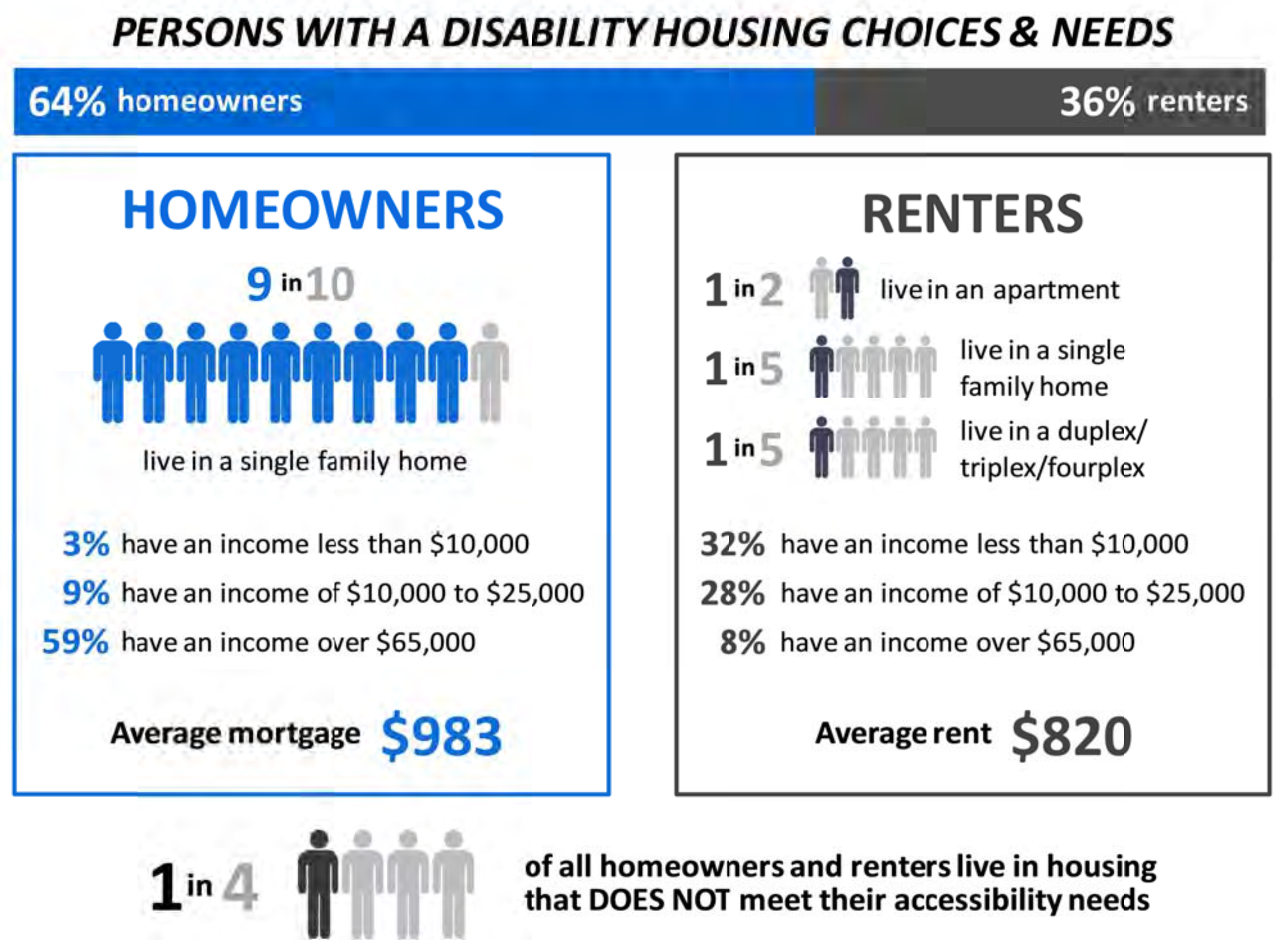


Note: n=741 senior homeowners and n=101 senior renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Persons with Disabilities

Persons with disabilities participated through the online Housing Choice Survey, a paper survey distributed to service providers and community centers and in a focus group hosted by ARCIL. In both surveys, respondents were asked whether they or any person in their household have a disability of any type—physical, mental, or developmental.[1] A total of 574 households that include a member with a disability are represented in this analysis (473 from the online survey and 101 from the paper survey).



Note: n=337 homeowners and n=190 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

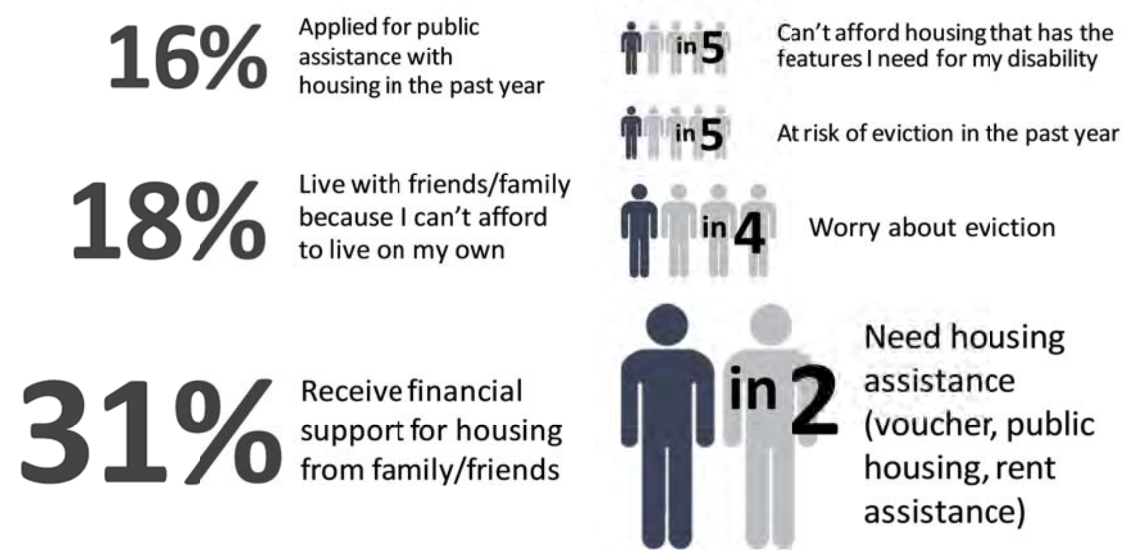
[1] In some cases, the person responding to the survey may be representing the housing situation and needs of a child or spouse or other household member, so the age and employment data presented do not necessarily reflect those of the individual with a disability.

Overall, most homeowners with disabilities (90%) live in single family homes, while 50 percent of renter households live in apartment buildings and 20 percent live in single family homes. One in four of the households that include a member with a disability live in housing that does not meet their accessibility needs. Many of the needed modifications include improvements to bathrooms (e.g., grab bars, higher toilets, replacing tubs with showers), wheelchair access to entrances, and modifying fire alarm systems for deaf household members. Renter households with a member with a disability are much more likely to have very low incomes than homeowner households—one in three renters have household incomes less than $10,000.

In focus groups and open-ended responses to the survey, participants emphasized that finding housing that is both affordable on very low incomes *and* accessible is very difficult in Austin, akin to finding a needle in a haystack. The limited availability of affordable *and* accessible housing results in some people with disabilities sacrificing needed accessibility features in order to simply afford housing. For others, finding affordable housing close to fixed route bus stops was challenging. Focus group participants emphasized that there is no "one size fits all" approach to housing, due to the diverse needs of persons with disabilities. For some, having supportive services provided by the landlord distorts the landlord/tenant relationship into an intrusive and paternalistic situation. These participants urged that supportive services not be provided by landlords, but rather by a separate agency.

Based on the survey analysis and focus group discussion, renter households that include a member with a disability are more likely to need housing assistance and experience worry and concerns about maintaining housing. One in five cannot afford housing that has the features they need for their disability.

RENTERS WITH A DISABILITY HOUSING CONCERNS & SUPPORTS



Note: n=232 renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Persons Experiencing Homelessness

A total of 43 men and women experiencing homelessness participated in the paper survey and 14 participated in a focus group held at ARCH. The 2014 Austin Point-in-Time (PIT) count estimates that 1,004 residents are staying in emergency shelters, 535 in transitional housing and 448 are unsheltered. Many are children, have serious mental illnesses and/or are disabled.

Barriers to housing include criminal records, lack of bank accounts, bad credit and very low incomes (less than $10,000). In focus groups, participants described how past mistakes (criminal convictions, evictions, poor credit) create a near impassible barrier to becoming housed, particularly in Austin's tight rental market where landlords can be choosy. Some suggested that a program similar to those that incentivize employers to hire ex-cons be created to incentivize landlords to provide housing to renters who are perceived as high risk.

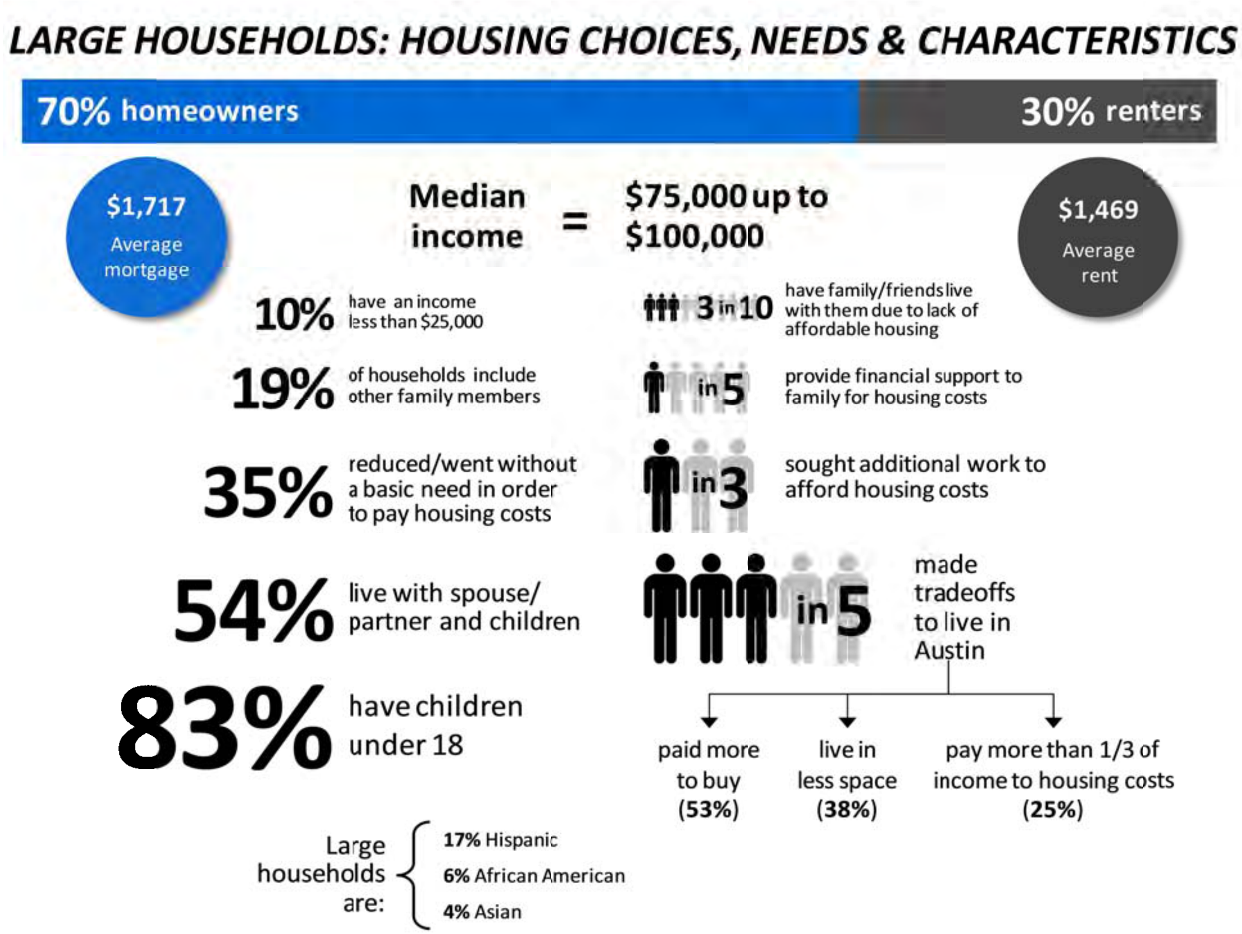
AUSTIN'S HOMELESS: CHARACTERISTICS & HOUSING BARRIERS

Note: n=43 homeless residents.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey and the 2014 Austin Point-In-Time Count.

Large Households (5 or More Members)

In interviews and focus groups, some participants reported that larger households (with 5 or more members) can have difficulty finding suitable affordable housing to purchase or rent in Austin. Most of these households (83%) include children under the age of 18 and one in five has other adult family members. The majority of large households that responded to the survey are homeowners (70%). The majority made tradeoffs to live in Austin, including paying more to purchase a home, living in less space than preferred and paying more than one-third of their income to housing costs.



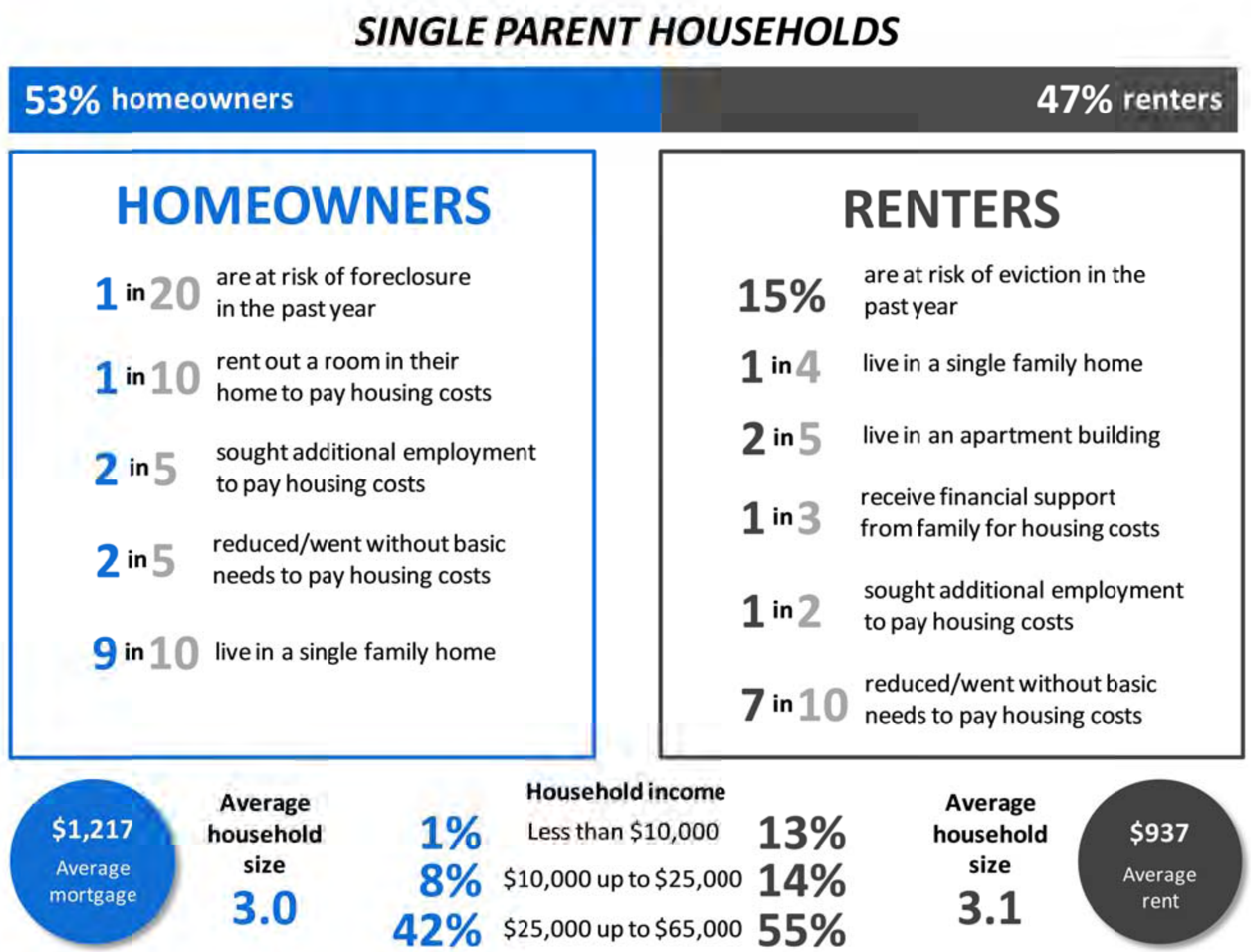
Note: n=213 large households.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Single Parents

Like their neighbors, many of Austin's single parent households adopt various strategies to manage the cost of housing. Half of single parent renters sought additional employment to help pay for housing costs. Seventy percent had to forgo basic needs to pay housing costs.

Single parent owners are much higher income than single parent renters and far fewer have relied on economic strategies to pay housing costs. Single parent renters are 2.5 times more likely than homeowners to have household incomes of less than $25,000.

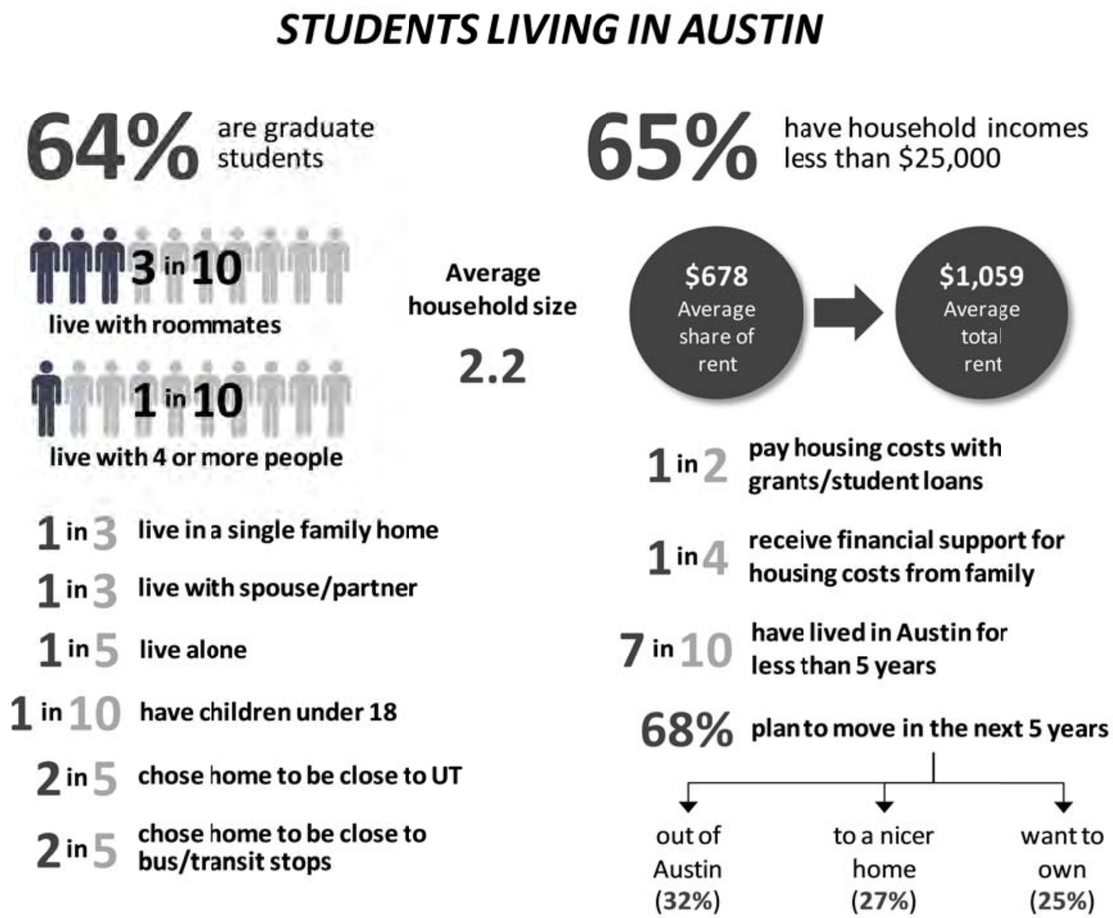


Note: n=105 single parent homeowners and n=85 single parent renters.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

Students

In many respects, Austin is a university town. Students who choose to live off campus add additional pressure to the housing market. Those students who responded to the Housing Choice Survey tend to be graduate students (64%). Half use student loans or grants to pay their share of the rent or mortgage. Nearly all are renters, and the average share of the rent per student is $678. Most are new to Austin, having moved to the city within the last five years. Proximity to UT and bus and transit stops are important factors in choosing a home for two in five students respectively.



Note: n=240 students.

Source: BBC Research & Consulting from the 2014 Austin Housing Choice Survey.

APPENDIX A.

Housing Reports by ZIP Code

APPENDIX A. Housing Reports by ZIP Code

This Appendix presents demographic and housing summary information for each ZIP code in Austin. The purpose is to provide a snapshot of housing affordability (both rental and ownership) along with indicators of demographic diversity, gentrification, transportation costs and transit access at the neighborhood level.

The Appendix begins with two maps that show how well each ZIP code matches the overall city level of affordability of rental and homeownership units. As discussed in both the Executive Summary (page 9) and the Housing Market Gaps section (Figure II-27 on page 26 and Figure II-30 on page 29), in Austin overall:

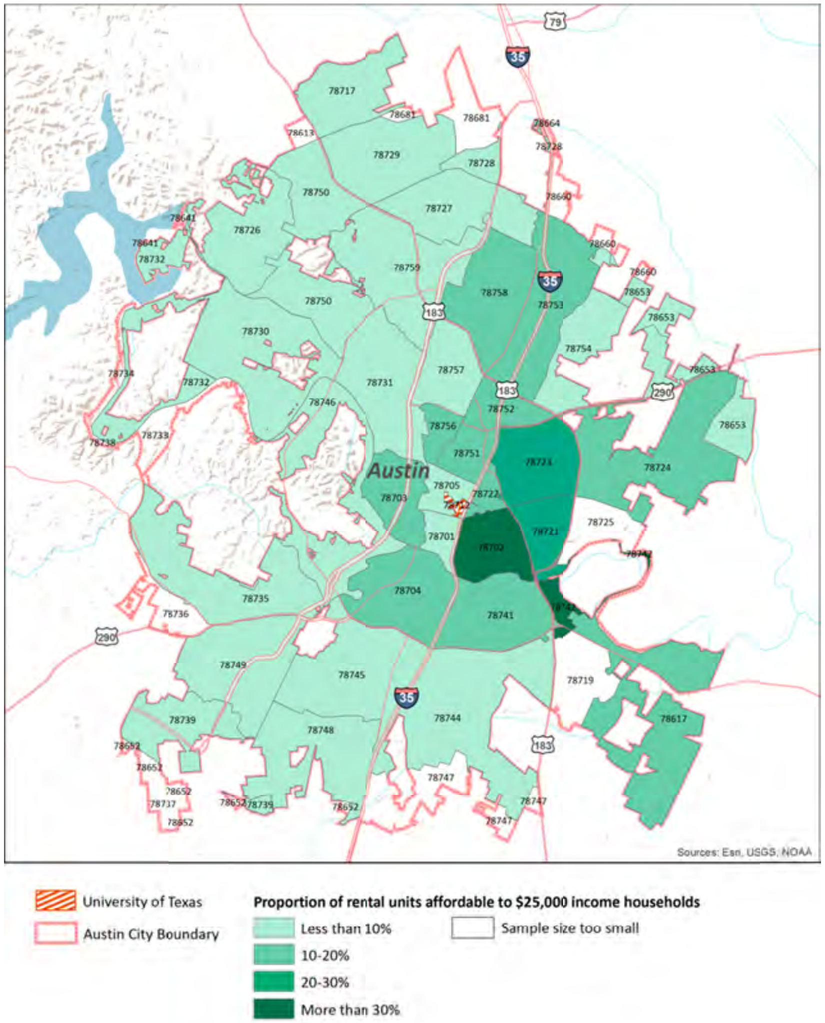
1) 10 percent of rentals are affordable to renters earning less than $25,000 per year, and

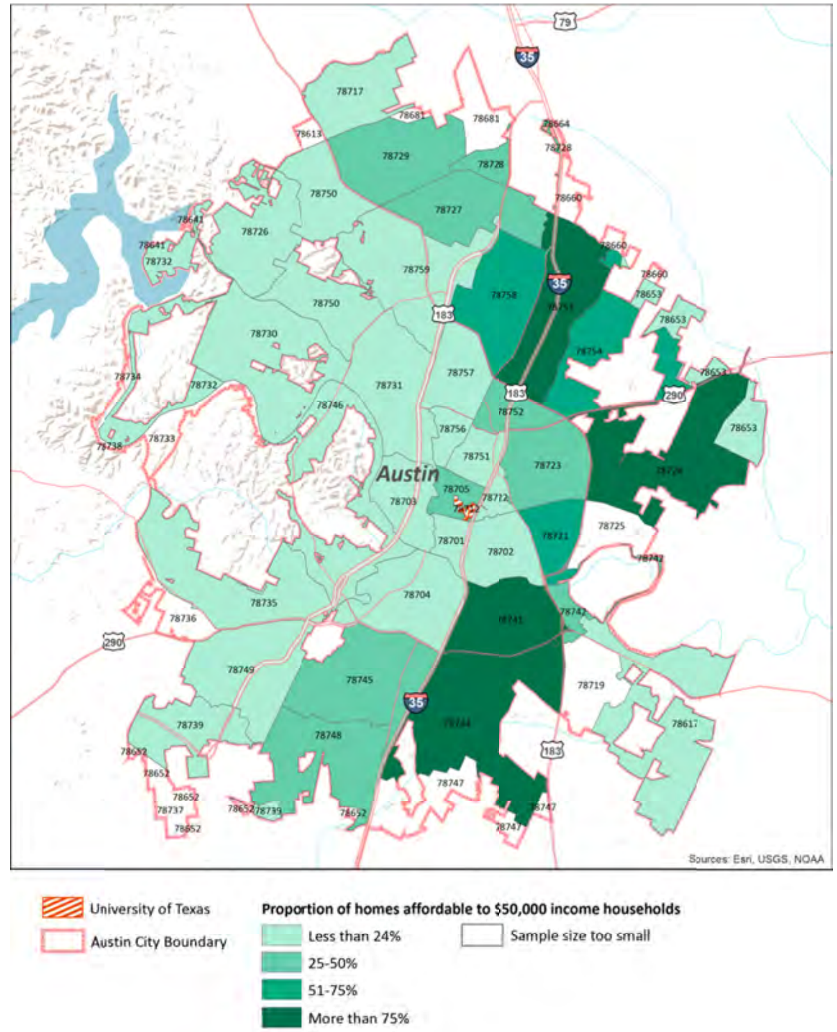
2) 24 percent of ownership units are affordable to prospective buyers earning less than $50,000 per year.

As demonstrated by the first map, fewer than half of the city's ZIP codes meet the 10 percent affordability provision. Most of these ZIP codes are located east of I-35. Although the two ZIP codes encompassing downtown Austin and the University of Texas do not meet the citywide affordability threshold, the ZIP codes immediately surrounding these areas do.

The story is slightly different for homeownership affordability, where the most affordable ZIP codes (except for a few) are located further from downtown and the university, in far south, north and northeast Austin. Similar to rental affordability, fewer than half of the city's ZIP codes meet the homeownership affordability threshold (24% percent of ownership units).

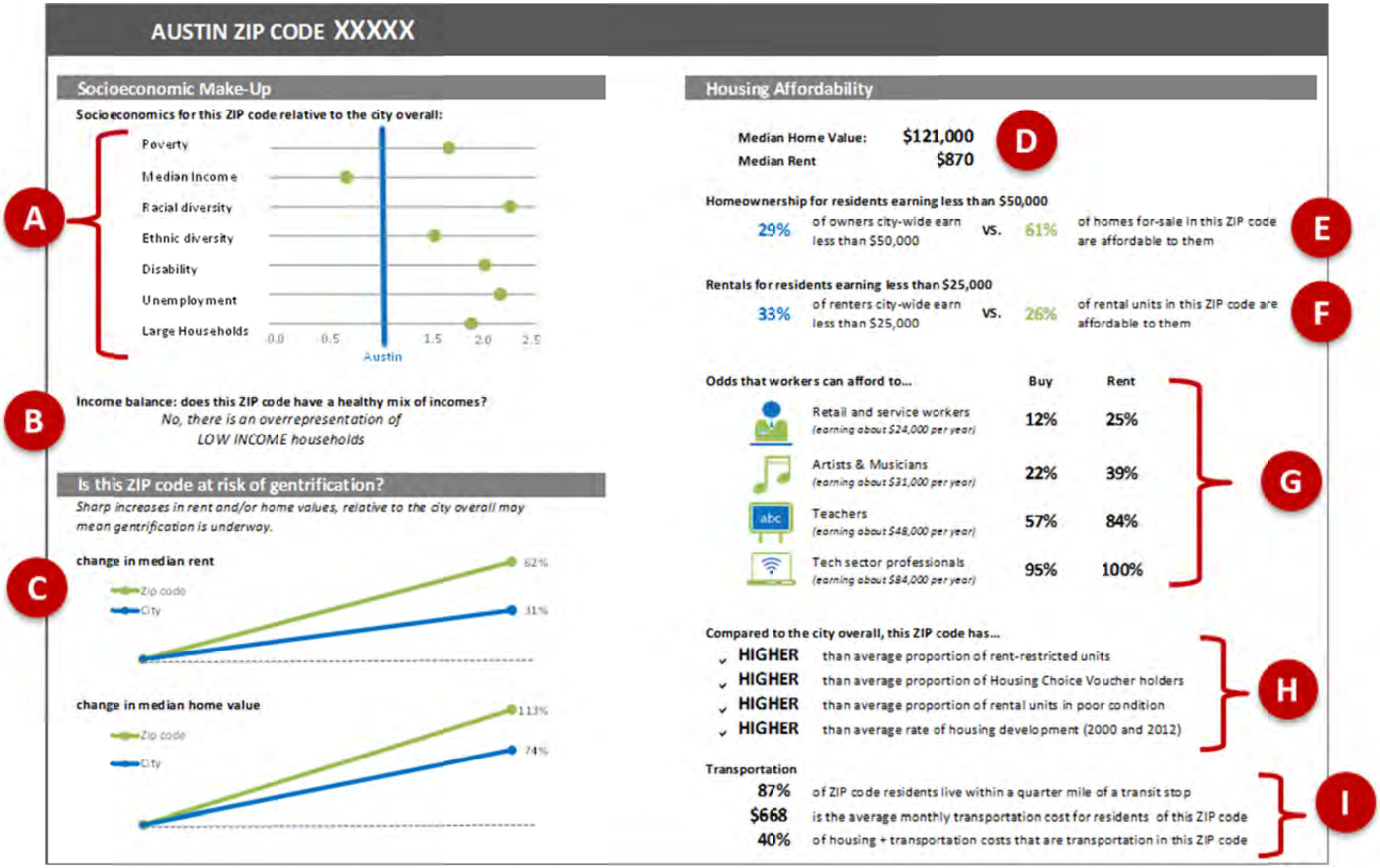
APPENDIX A. Housing Reports by ZIP Code





APPENDIX A. Housing Reports by ZIP Code

The figure below is a sample of the housing model output and the following page describes the methodology and data sources used to generate each component of the ZIP code reports. Individual reports for each ZIP code follow.



APPENDIX A. Housing Reports by ZIP Code

A The socioeconomic make-up graphic shows the listed variables scaled to the city as a whole. For example, a score of 2.0 for poverty would mean the ZIP code has twice the poverty rate of the city overall and a score of 0.5 would mean the ZIP code's poverty rate is half that of the city. All data are from the 2008-2012 ACS.

B Income balance is a measure of the share of households in the ZIP that are lower income (less than $35,000), middle income ($35,000-$100,000) and high income (over $100,000). Similar thresholds were used in a recent Pew study on income segregation and are consistent with the way that Americans self-identify as members of socio-economic classes. We used statistical methods to determine an income balance rating for each ZIP code: if all income categories were within one standard deviation of the city-wide average, the ZIP code was considered "mixed income;" when the proportion of a particular income group exceeded one standard deviation above the mean that group was considered to be overrepresented.

C Change in median rent and median home value reflects percent change between 2000 (Census) and 2012 (2008-2012 5-year ACS). Median rent includes utilities.

D Median home value and median rent (including utilities) from the 2008-2012 5-year ACS.

E Estimate uses the same affordability methodology as the housing gaps model discussed in Section II of the report. Assumes 30 percent of income is spent on housing costs (including mortgage, utilities, property taxes and insurance), and models a 30 year fixed mortgage with a 5 percent downpayment and a 4.5 percent interest rate. Income distribution from the 2008-2012 5-year ACS; for-sale homes from 2013 MLS data provided by ABOR.

F Estimate uses the same affordability methodology as the housing gaps model discussed in Section II of the report. Assumes 30 percent of income is spent on rent (including utilities). Income and rent distribution from the 2008-2012 5-year ACS.

G Odds analysis estimates the proportion of for-sale and rental units affordable to the average worker in specified occupations. Estimates use the same affordability methodology as the housing gaps model discussed in Section II of the report, also described above (components F and G). For-sale homes are from 2013 MLS data provided by ABOR, rental distribution from the 2008-2012 5-year ACS, average annual earnings for all occupations except Artists and Musicians are from the Bureau of Labor Statistics, average earnings for Artists and Musicians from the Pegasus Planning and Development report "Keeping Austin Creative."

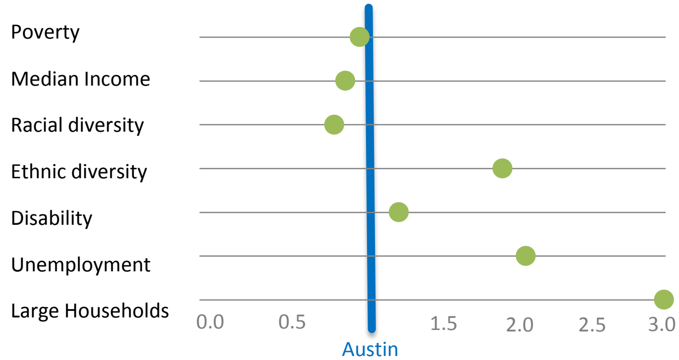
H Restricted unit data and Housing Choice Voucher data from the City of Austin.
Poor condition indicator is based on units deemed to be dangerous and/or substandard as a result of a 2013 code complaint. Data are from the City of Austin.
Rate of housing development reflects the change in number of housing units between 2000 (Census) and 2012 (2008-2012 5-year ACS).

I Transit stops (bus and rail) from the City of Austin; population based on block group population from the 2010 Census.
Transportation cost data from HUD's location affordability index.

AUSTIN ZIP CODE 78617

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



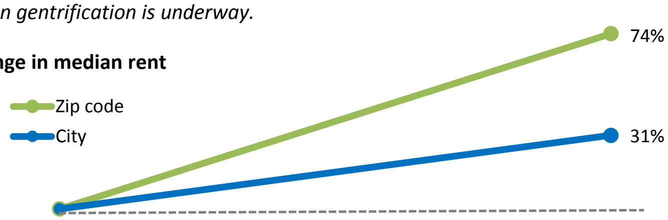
Income balance: does this ZIP code have a healthy mix of incomes?

This zip code is mostly MIDDLE INCOME households

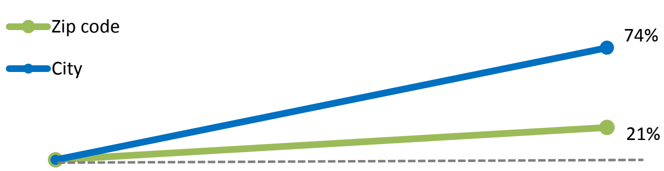
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $100,600

Median Rent $1,041

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **N/A** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **11%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	N/A	7%
Artists & Musicians *(earning about $31,000 per year)*	N/A	24%
Teachers *(earning about $48,000 per year)*	N/A	63%
Tech sector professionals *(earning about $84,000 per year)*	N/A	99%

Compared to the city overall, this ZIP code has…

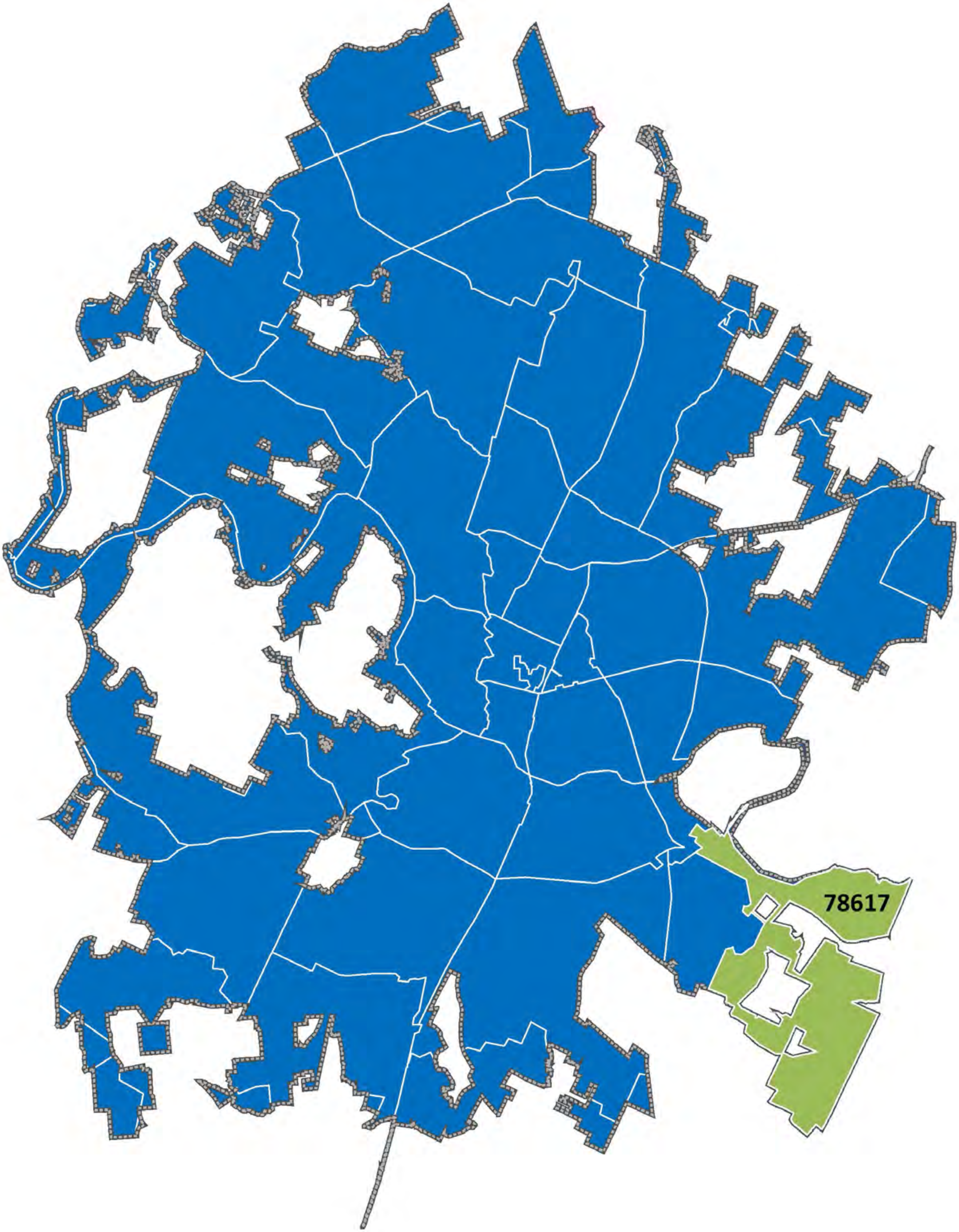
- **LOWER** than average proportion of rent-restricted units
- **HIGHER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

16% of ZIP code residents live within a quarter mile of a transit stop

$865 is the average monthly transportation cost for residents of this ZIP code

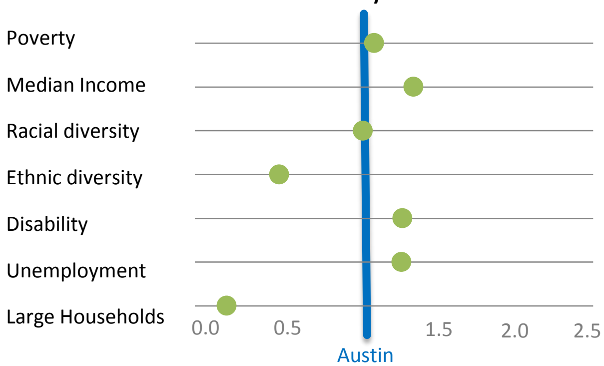
42% of housing + transportation costs in this ZIP code are from transportation costs


78617

AUSTIN ZIP CODE 78701

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



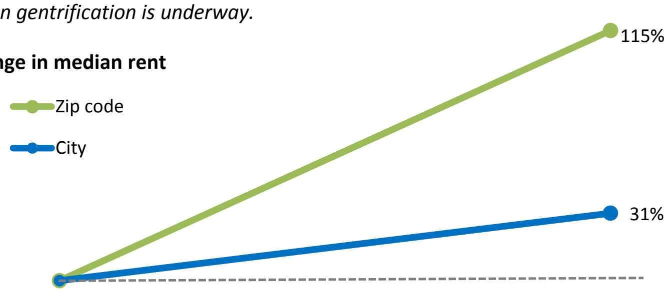
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

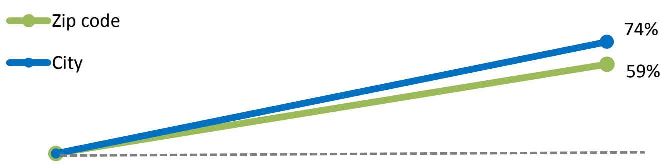
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $338,300

Median Rent $1,590

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **7%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **7%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	0%	7%
	Artists & Musicians *(earning about $31,000 per year)*	1%	12%
	Teachers *(earning about $48,000 per year)*	7%	29%
	Tech sector professionals *(earning about $84,000 per year)*	30%	90%

Compared to the city overall, this ZIP code has…

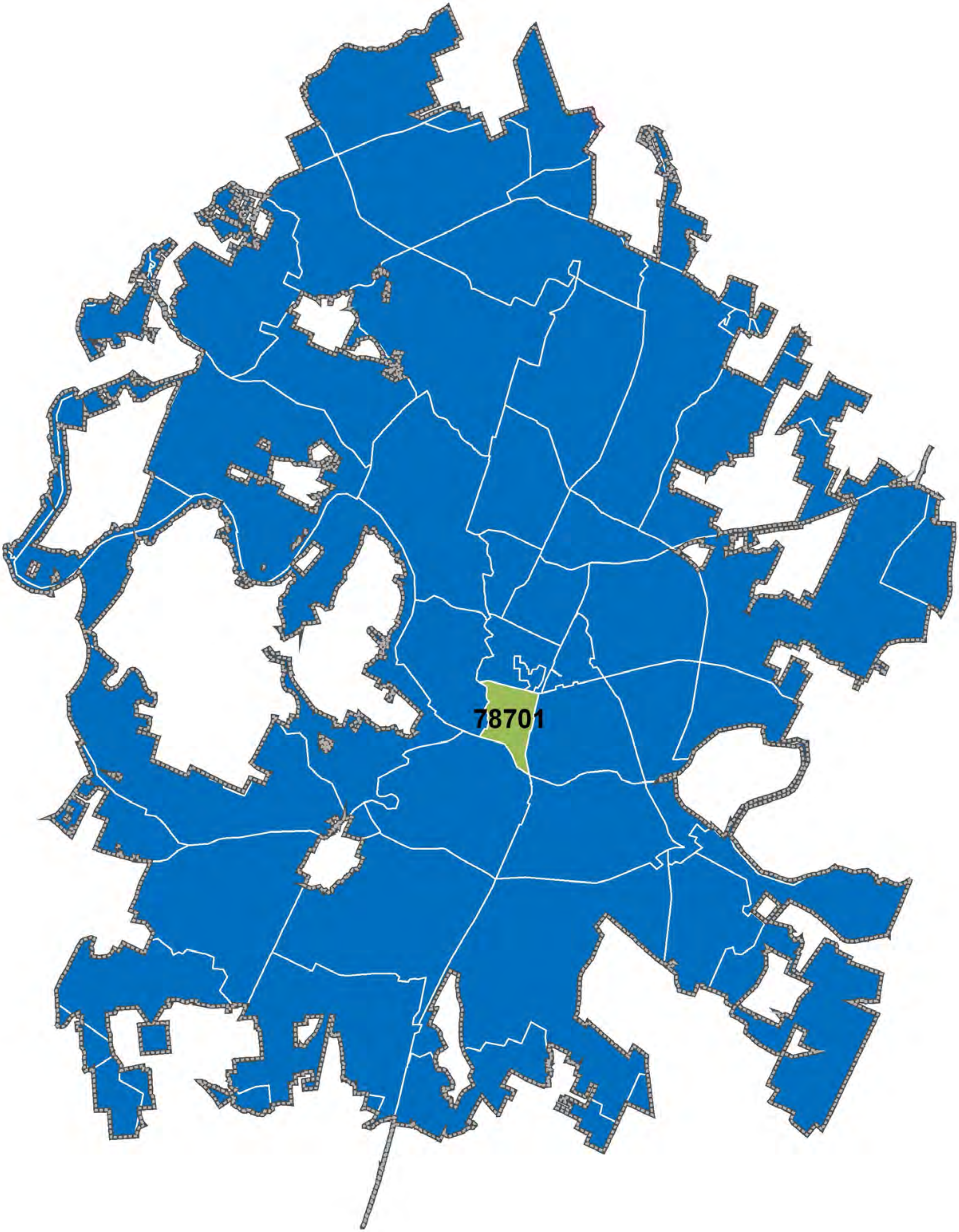
- ✔ **LOWER** than average proportion of rent-restricted units
- ✔ **LOWER** than average proportion of Housing Choice Voucher holders
- ✔ **HIGHER** than average proportion of rental units in poor condition
- ✔ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

97% of ZIP code residents live within a quarter mile of a transit stop

$433 is the average monthly transportation cost for residents of this ZIP code

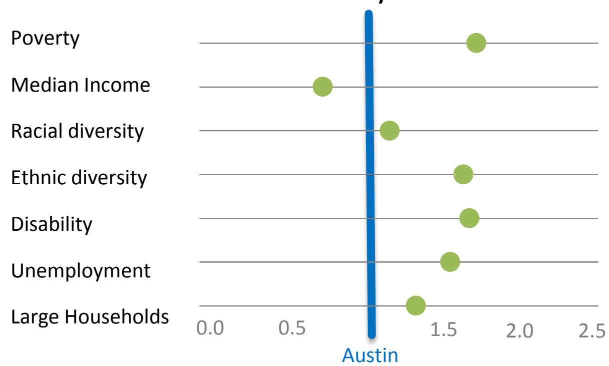
23% of housing + transportation costs in this ZIP code are from transportation costs


78701

AUSTIN ZIP CODE 78702

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



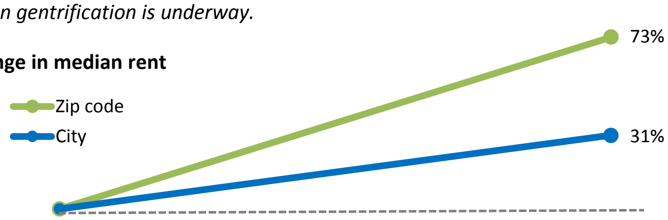
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
LOW INCOME households

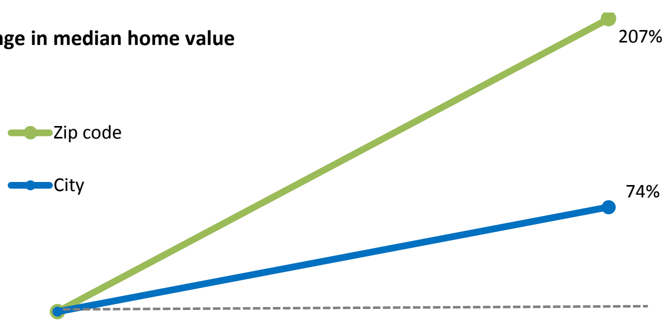
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value:	**$175,400**
Median Rent	**$766**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **21%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **41%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**0%**	**39%**
Artists & Musicians *(earning about $31,000 per year)*	**2%**	**51%**
Teachers *(earning about $48,000 per year)*	**15%**	**80%**
Tech sector professionals *(earning about $84,000 per year)*	**67%**	**99%**

Compared to the city overall, this ZIP code has...

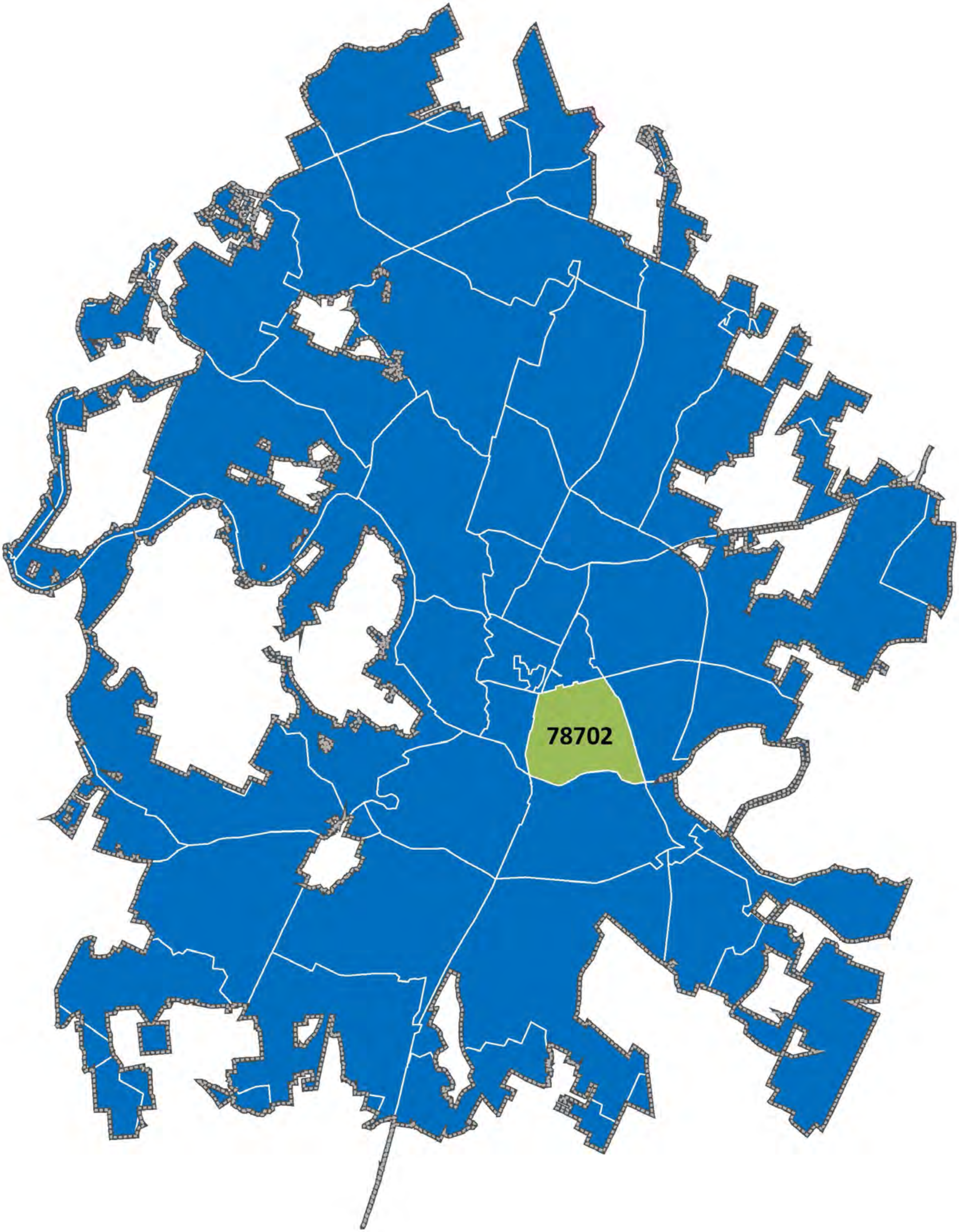
- **HIGHER** than average proportion of rent-restricted units
- **HIGHER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

96% of ZIP code residents live within a quarter mile of a transit stop

$590 is the average monthly transportation cost for residents of this ZIP code

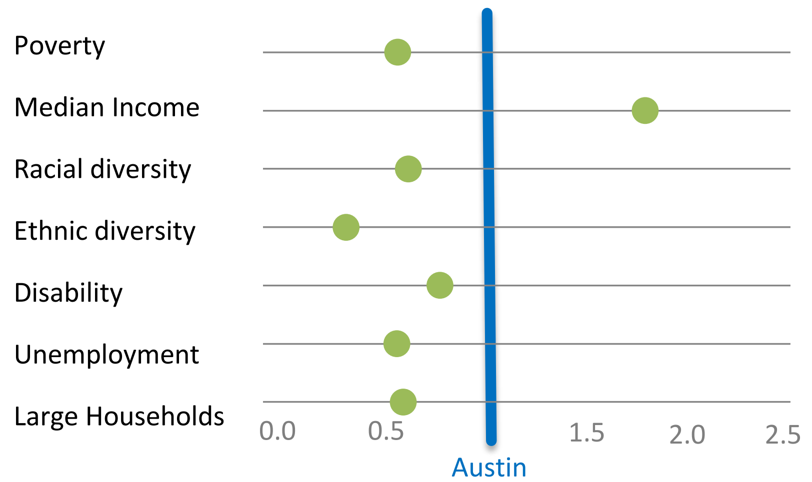
39% of housing + transportation costs in this ZIP code are from transportation costs


78702

AUSTIN ZIP CODE 78703

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



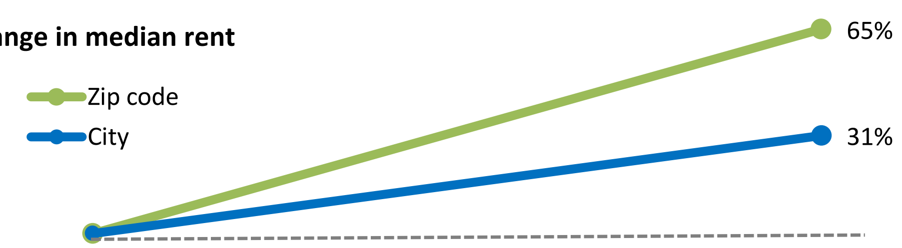
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of HIGH INCOME households

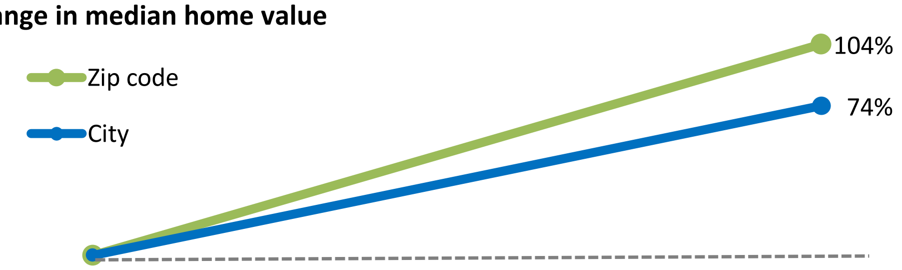
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$621,900**

Median Rent **$1,183**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **VS.** **3%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **VS.** **11%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	8%
Artists & Musicians *(earning about $31,000 per year)*	0%	25%
Teachers *(earning about $48,000 per year)*	2%	51%
Tech sector professionals *(earning about $84,000 per year)*	13%	92%

Compared to the city overall, this ZIP code has…

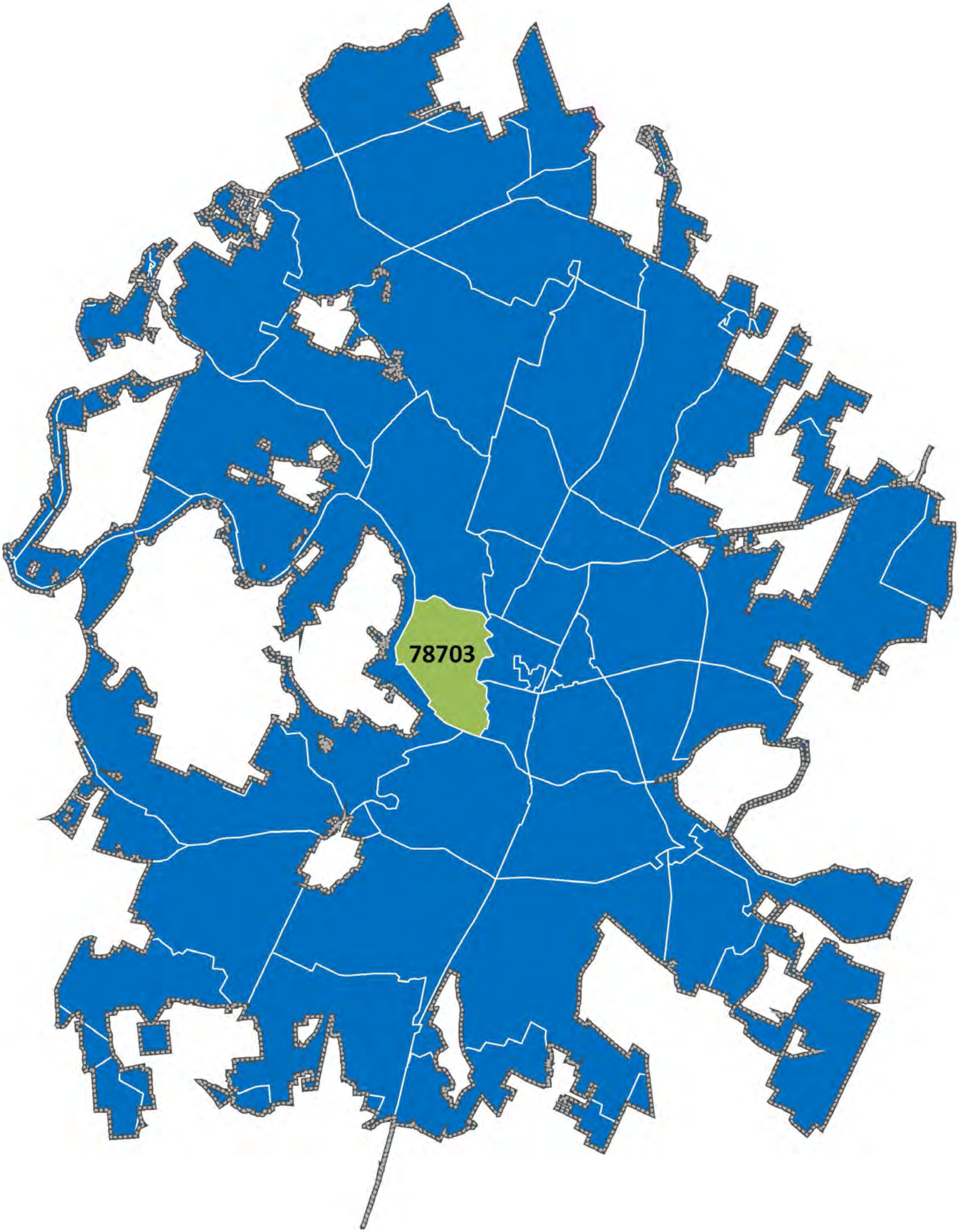
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

67% of ZIP code residents live within a quarter mile of a transit stop

$629 is the average monthly transportation cost for residents of this ZIP code

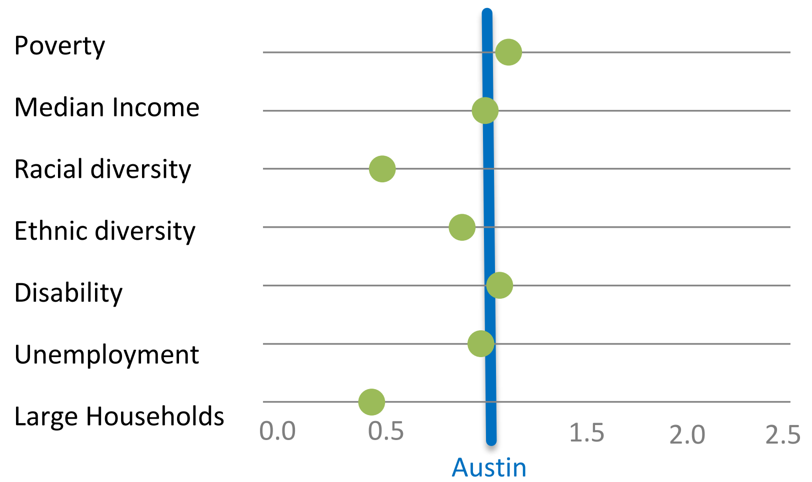
25% of housing + transportation costs in this ZIP code are from transportation costs


78703

AUSTIN ZIP CODE 78704

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



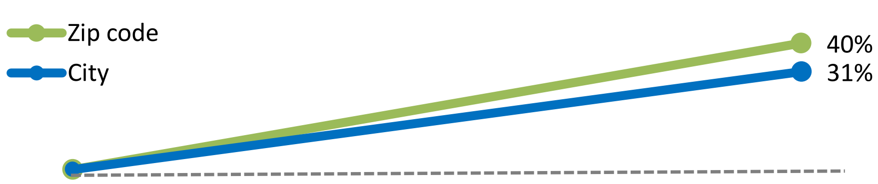
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

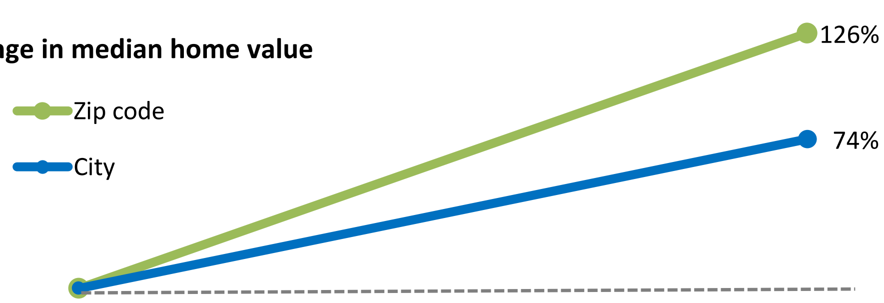
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$338,200**
Median Rent **$940**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **13%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **12%** of rental units in this ZIP code are affordable to them

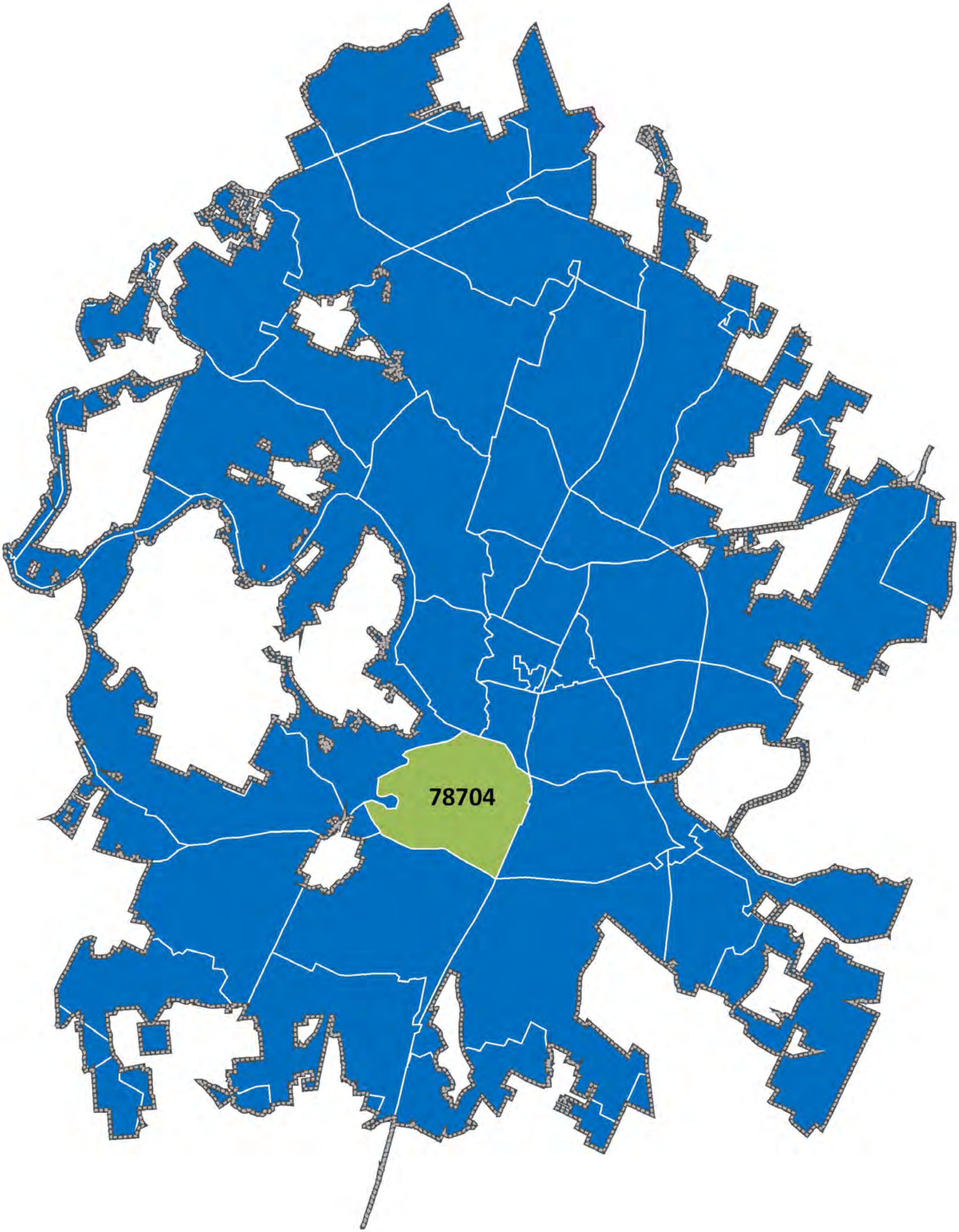
Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	11%
Artists & Musicians *(earning about $31,000 per year)*	2%	26%
Teachers *(earning about $48,000 per year)*	13%	76%
Tech sector professionals *(earning about $84,000 per year)*	33%	99%

Compared to the city overall, this ZIP code has…

- **HIGHER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

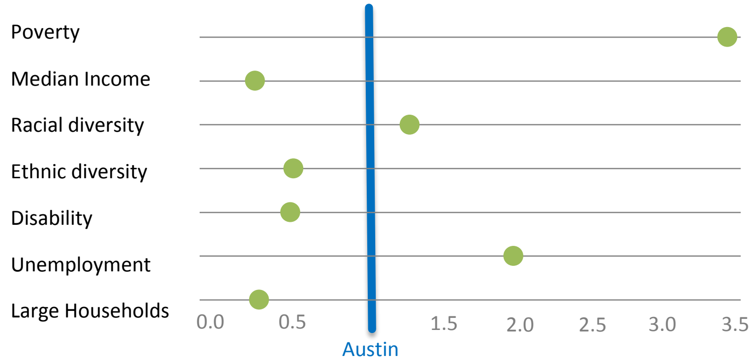
76% of ZIP code residents live within a quarter mile of a transit stop
$629 is the average monthly transportation cost for residents of this ZIP code
33% of housing + transportation costs in this ZIP code are from transportation costs


78704

AUSTIN ZIP CODE 78705

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



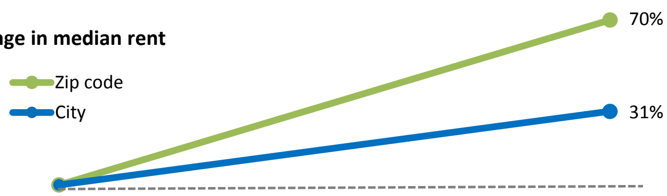
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of LOW INCOME households

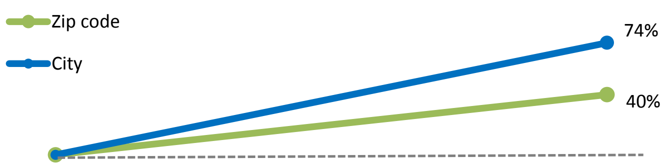
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $292,500

Median Rent $1,088

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **39%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **8%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	1%	6%
Artists & Musicians *(earning about $31,000 per year)*	10%	23%
Teachers *(earning about $48,000 per year)*	38%	57%
Tech sector professionals *(earning about $84,000 per year)*	79%	94%

Compared to the city overall, this ZIP code has…

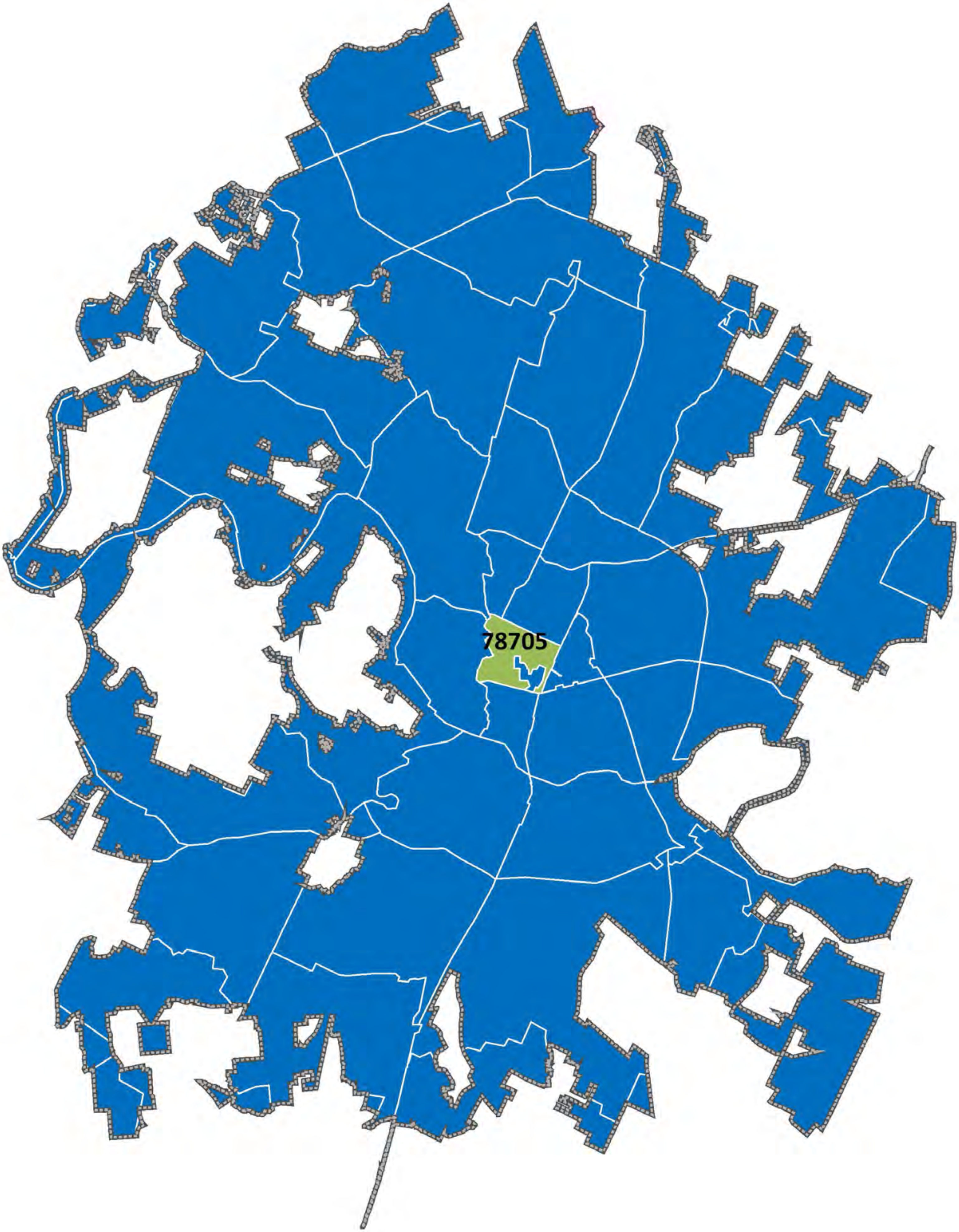
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

100% of ZIP code residents live within a quarter mile of a transit stop

$511 is the average monthly transportation cost for residents of this ZIP code

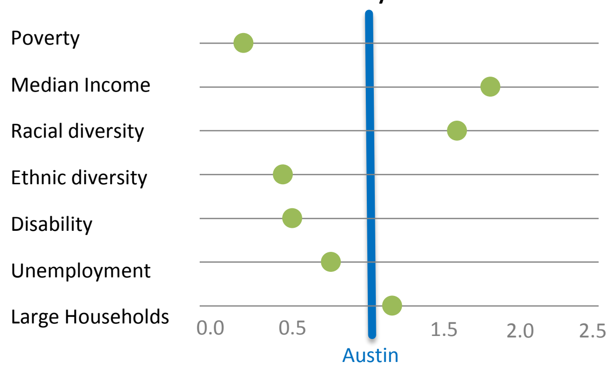
30% of housing + transportation costs in this ZIP code are from transportation costs


78705

AUSTIN ZIP CODE 78717

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



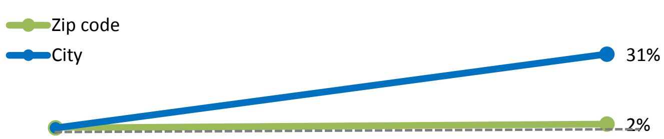
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
HIGH INCOME households

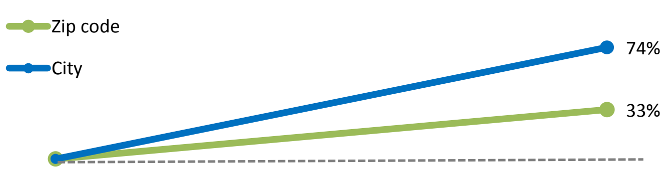
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$243,200**
Median Rent **$1,018**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **7%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **1%** of rental units in this ZIP code are affordable to them

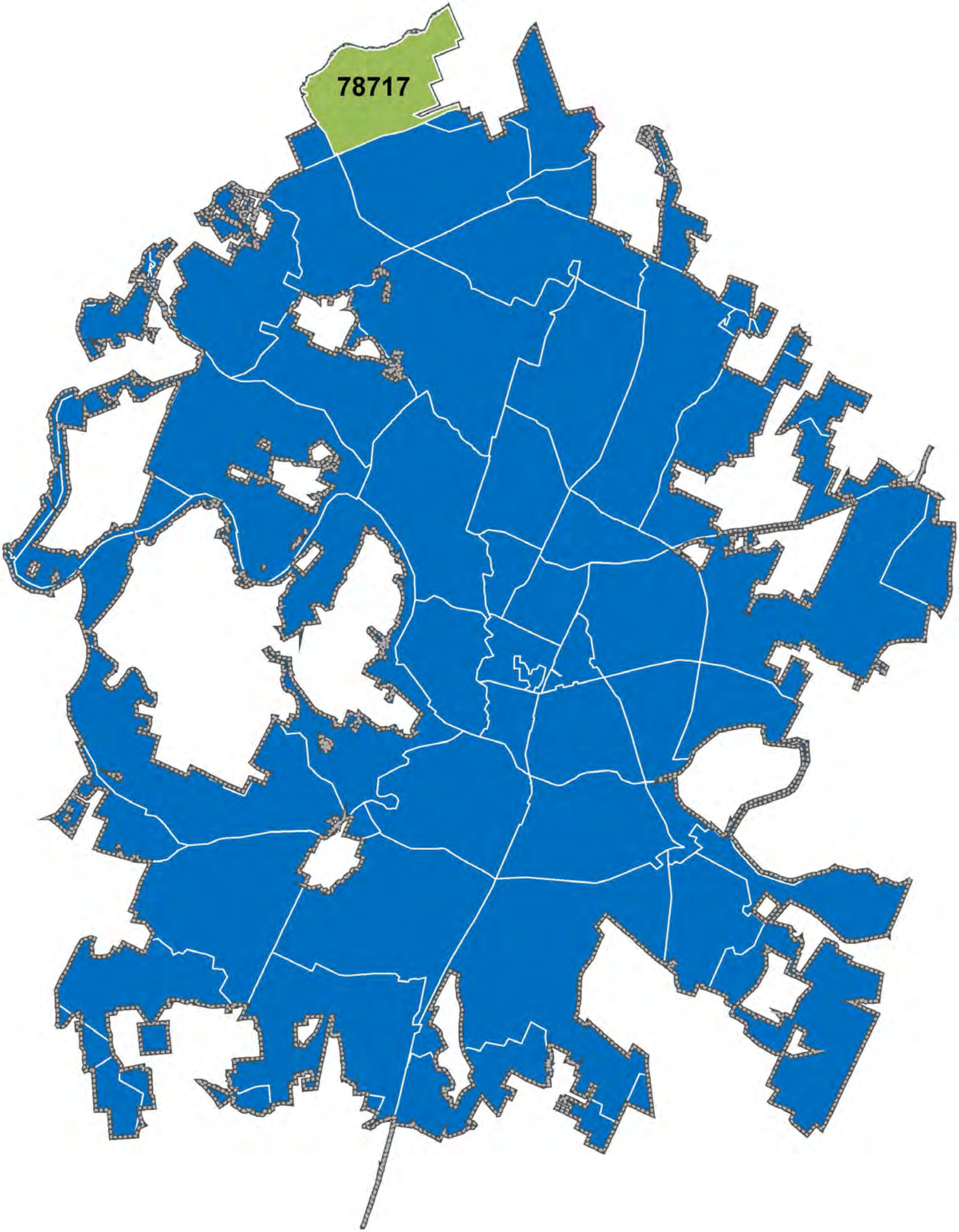
Odds that workers can afford to…	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**0%**	**1%**
Artists & Musicians *(earning about $31,000 per year)*	**0%**	**9%**
Teachers *(earning about $48,000 per year)*	**6%**	**70%**
Tech sector professionals *(earning about $84,000 per year)*	**67%**	**98%**

Compared to the city overall, this ZIP code has…

- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

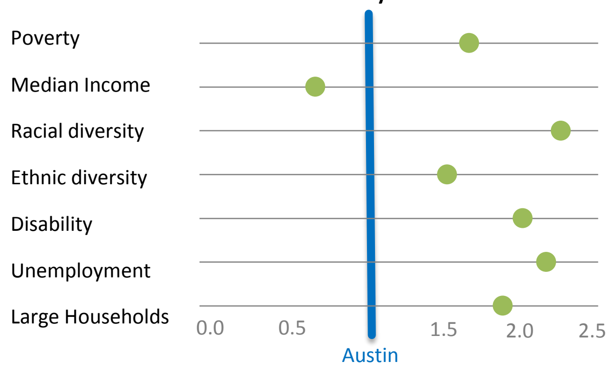
3% of ZIP code residents live within a quarter mile of a transit stop
$708 is the average monthly transportation cost for residents of this ZIP code
47% of housing + transportation costs in this ZIP code are from transportation costs


78717

AUSTIN ZIP CODE 78721

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



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

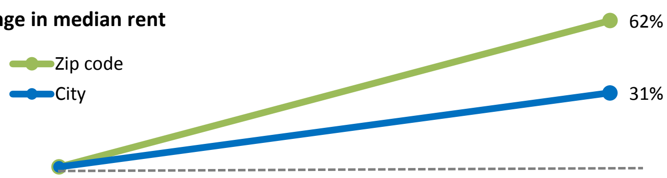
No, there is an overrepresentation of

LOW INCOME households

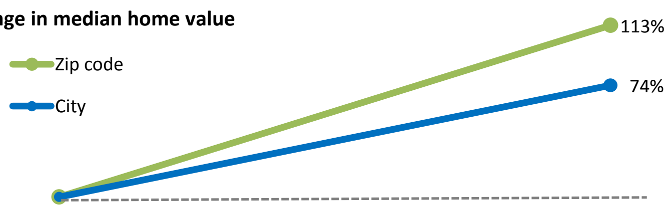
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $121,000

Median Rent $870

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **61%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **26%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		**Buy**	**Rent**
	Retail and service workers *(earning about $24,000 per year)*	**12%**	**25%**
	Artists & Musicians *(earning about $31,000 per year)*	**22%**	**39%**
	Teachers *(earning about $48,000 per year)*	**57%**	**84%**
	Tech sector professionals *(earning about $84,000 per year)*	**95%**	**100%**

Compared to the city overall, this ZIP code has…

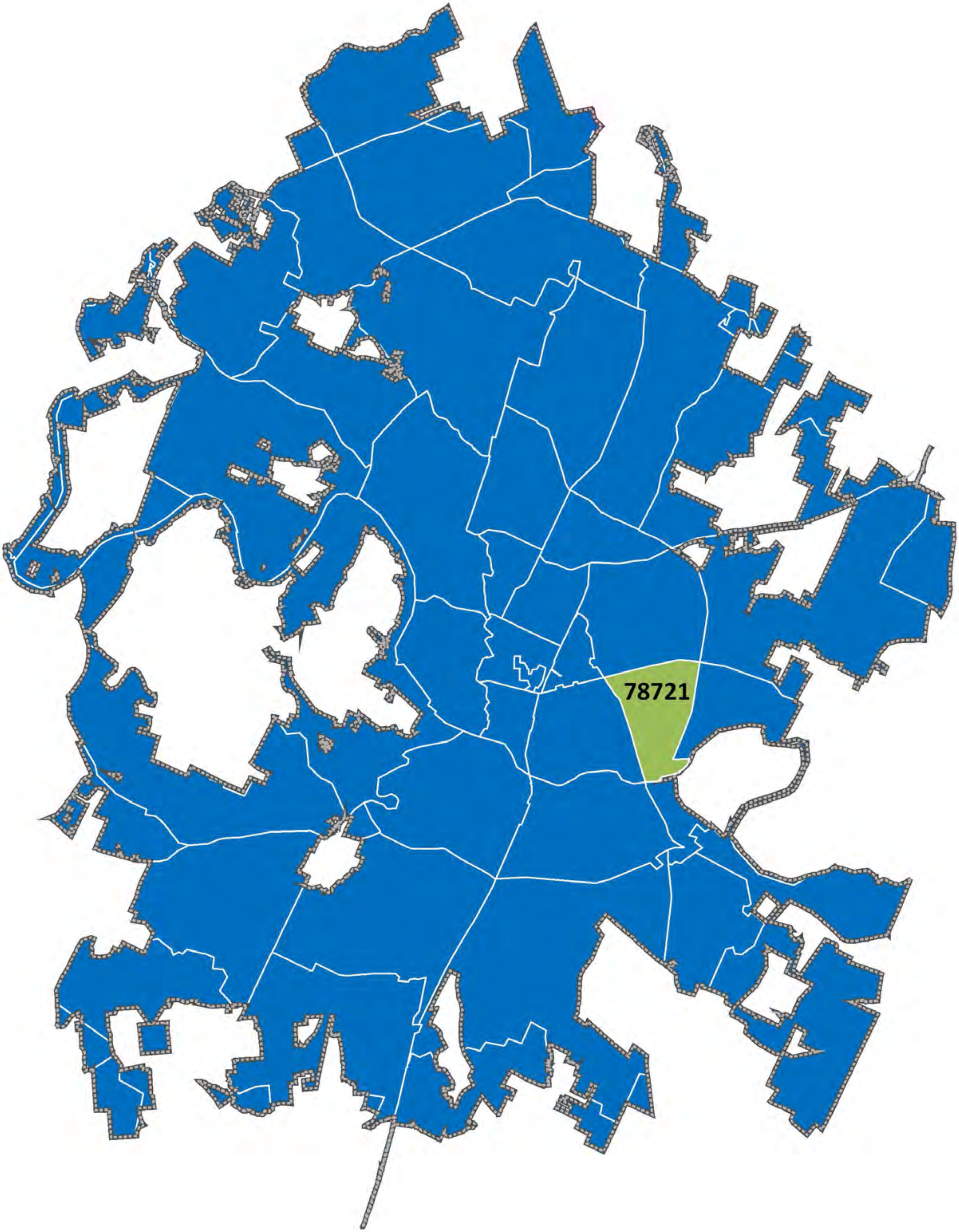
- ✔ **HIGHER** than average proportion of rent-restricted units
- ✔ **HIGHER** than average proportion of Housing Choice Voucher holders
- ✔ **HIGHER** than average proportion of rental units in poor condition
- ✔ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

87% of ZIP code residents live within a quarter mile of a transit stop

$668 is the average monthly transportation cost for residents of this ZIP code

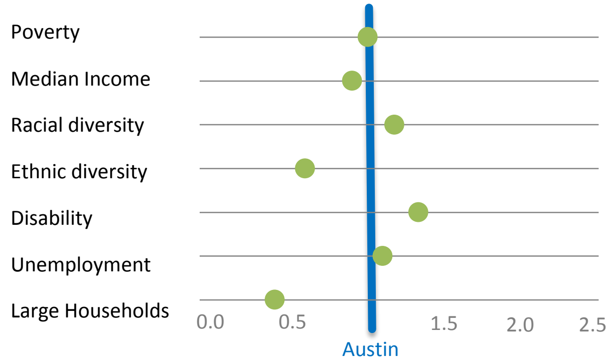
40% of housing + transportation costs in this ZIP code are from transportation costs


78721

AUSTIN ZIP CODE 78722

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



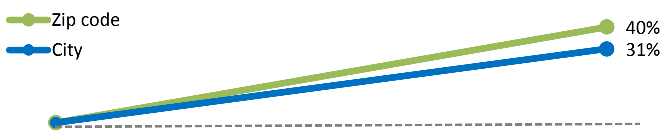
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

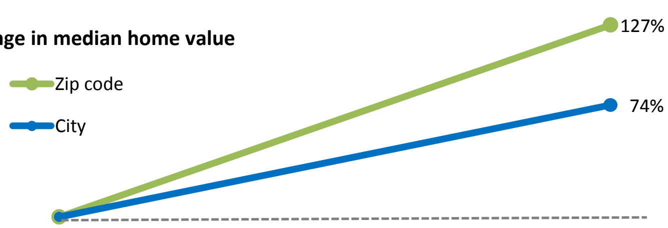
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $265,100

Median Rent $930

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **VS.** **7%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **VS.** **11%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	0%	8%
	Artists & Musicians *(earning about $31,000 per year)*	1%	31%
	Teachers *(earning about $48,000 per year)*	6%	65%
	Tech sector professionals *(earning about $84,000 per year)*	37%	97%

Compared to the city overall, this ZIP code has…

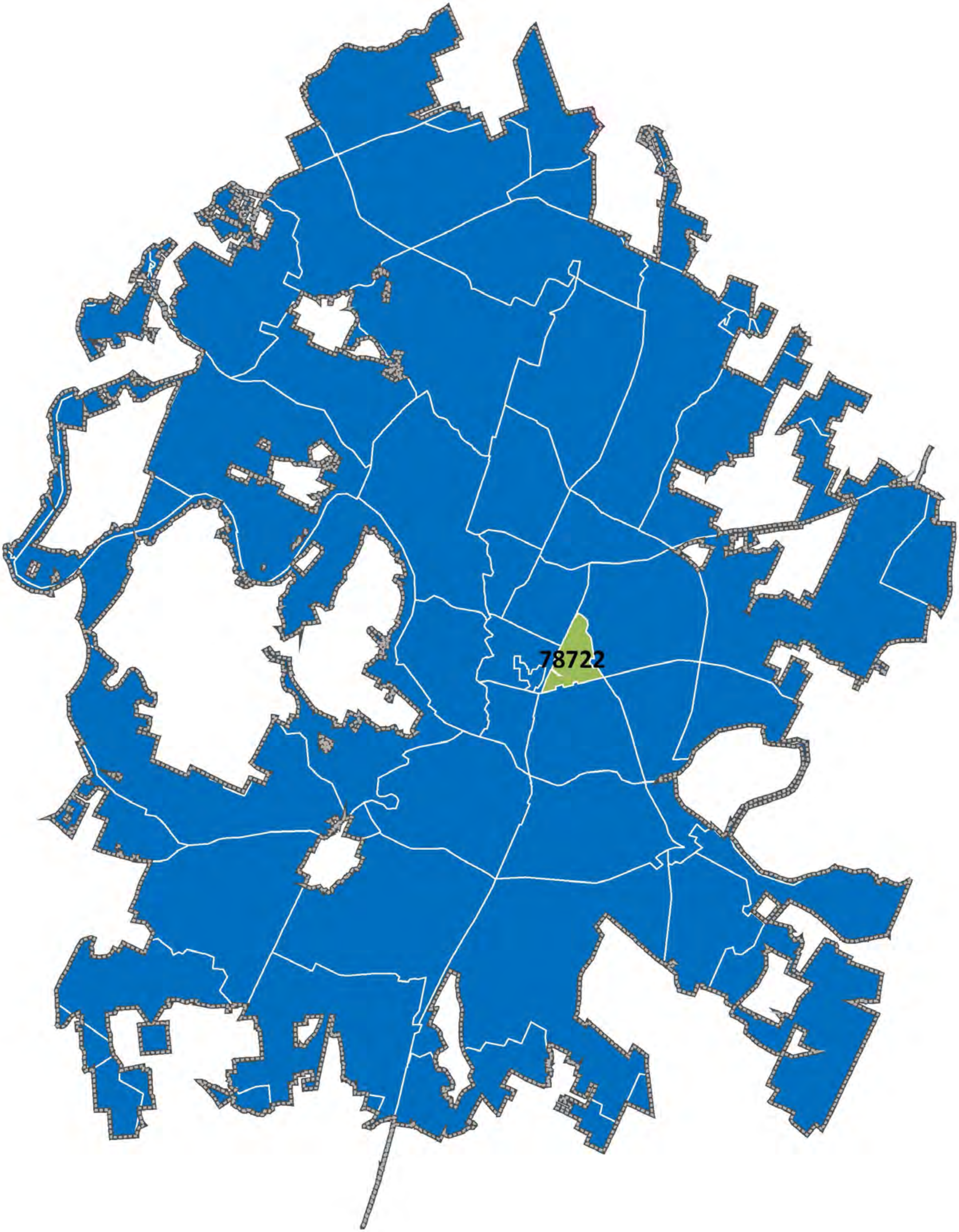
- **HIGHER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

98% of ZIP code residents live within a quarter mile of a transit stop

$590 is the average monthly transportation cost for residents of this ZIP code

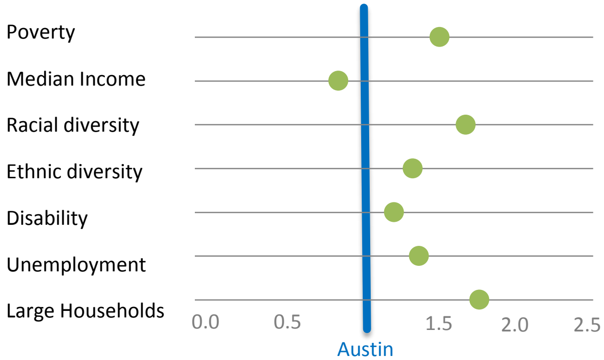
33% of housing + transportation costs in this ZIP code are from transportation costs


78722

AUSTIN ZIP CODE 78723

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



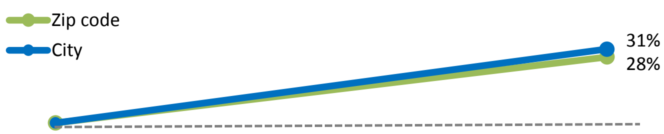
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

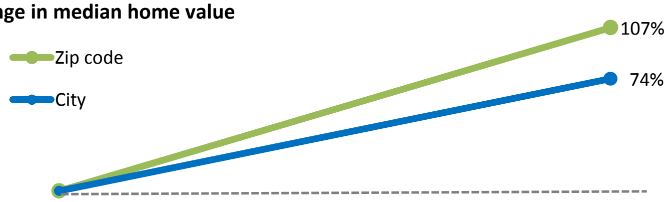
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $176,500
Median Rent $817

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 vs. 33% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 vs. 22% of rental units in this ZIP code are affordable to them

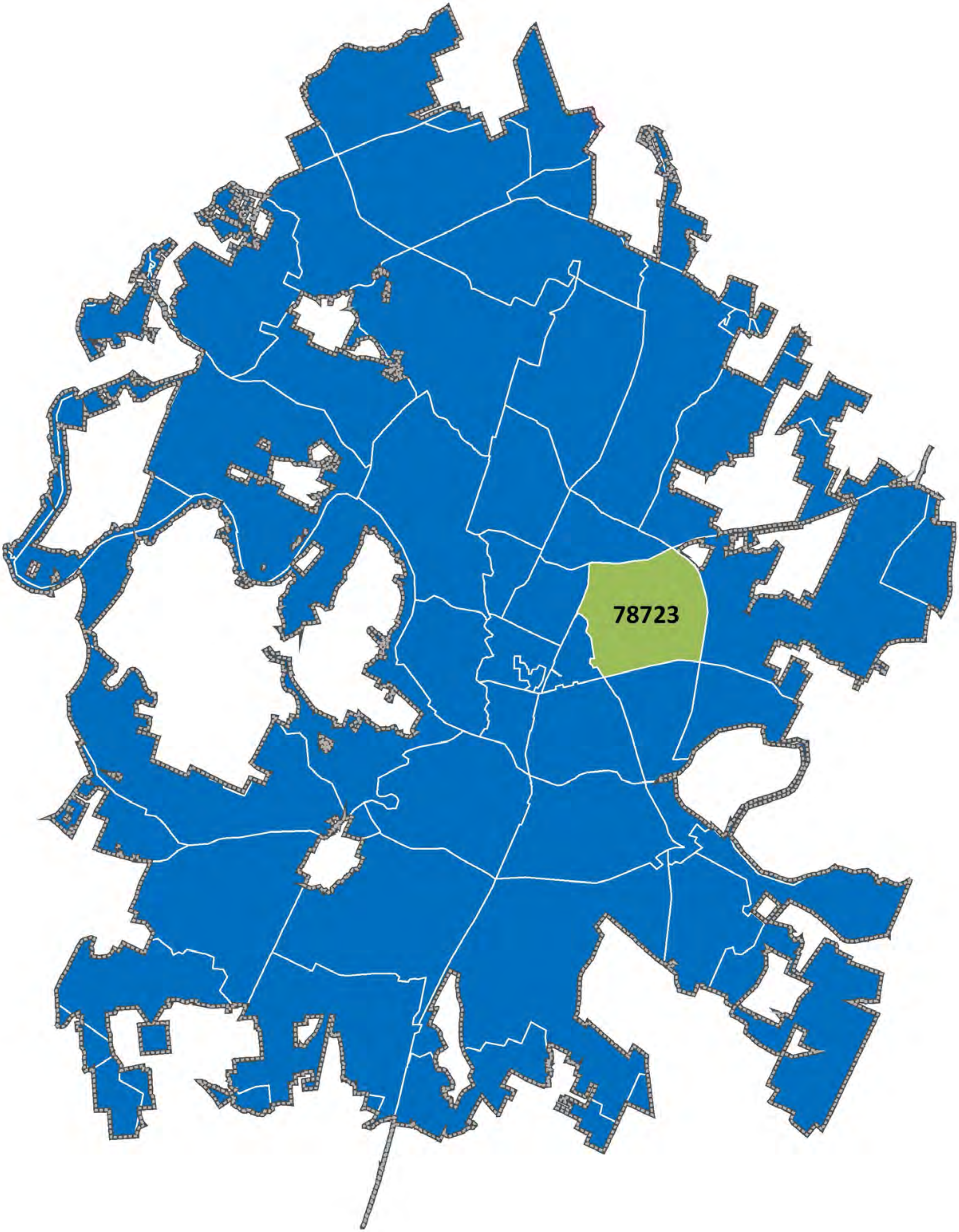
Odds that workers can afford to...		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	1%	18%
	Artists & Musicians *(earning about $31,000 per year)*	4%	44%
	Teachers *(earning about $48,000 per year)*	28%	82%
	Tech sector professionals *(earning about $84,000 per year)*	83%	99%

Compared to the city overall, this ZIP code has...

- **HIGHER** than average proportion of rent-restricted units
- **HIGHER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

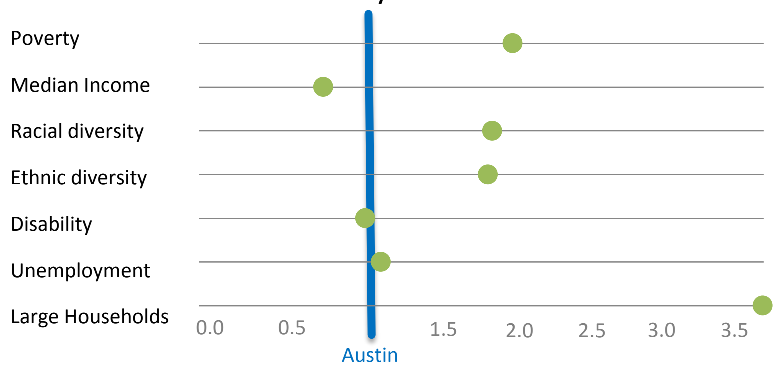
84% of ZIP code residents live within a quarter mile of a transit stop
$668 is the average monthly transportation cost for residents of this ZIP code
43% of housing + transportation costs in this ZIP code are from transportation costs


78723

AUSTIN ZIP CODE 78724

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



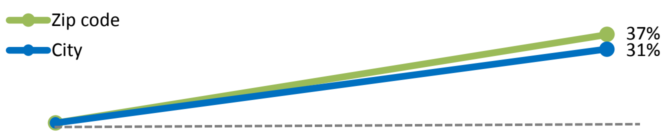
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of LOW INCOME households

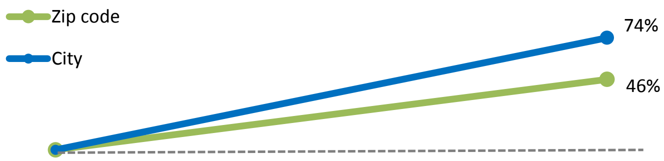
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $105,700

Median Rent $962

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **85%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **16%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	28%	15%
Artists & Musicians *(earning about $31,000 per year)*	42%	22%
Teachers *(earning about $48,000 per year)*	84%	78%
Tech sector professionals *(earning about $84,000 per year)*	96%	100%

Compared to the city overall, this ZIP code has…

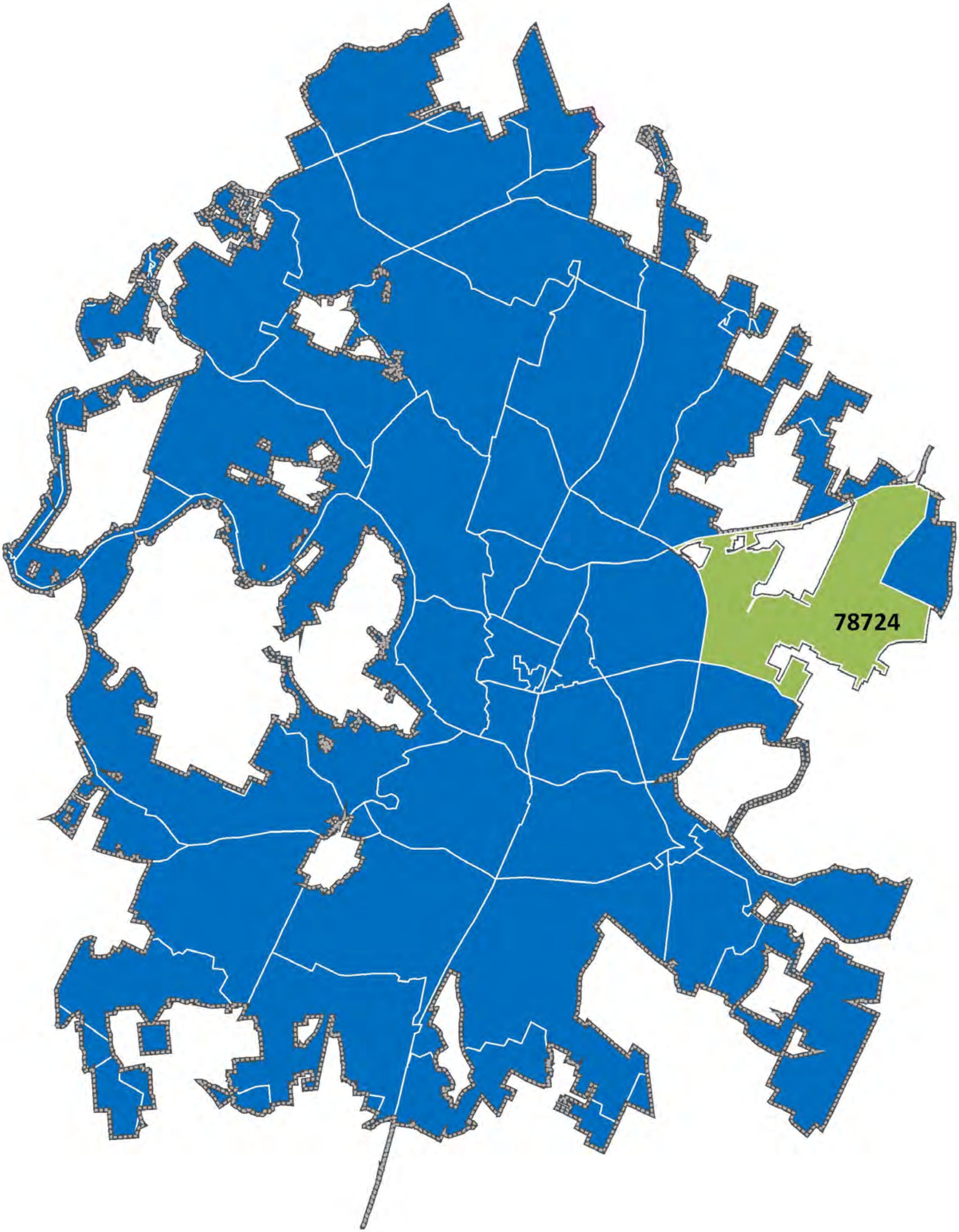
- **HIGHER** than average proportion of rent-restricted units
- **HIGHER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

21% of ZIP code residents live within a quarter mile of a transit stop

$786 is the average monthly transportation cost for residents of this ZIP code

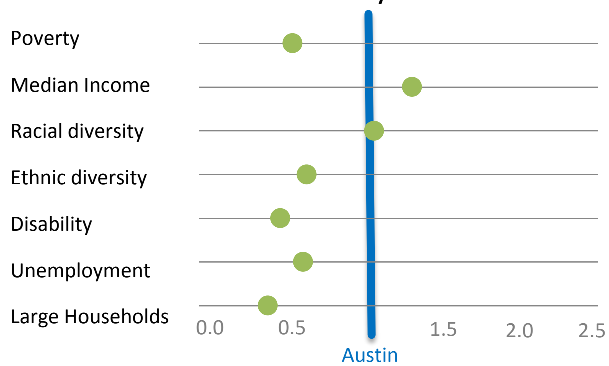
40% of housing + transportation costs in this ZIP code are from transportation costs


78724

AUSTIN ZIP CODE 78726

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



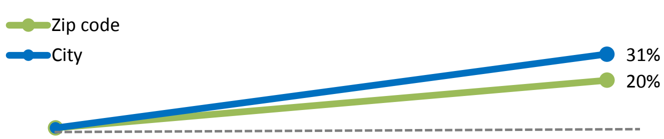
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

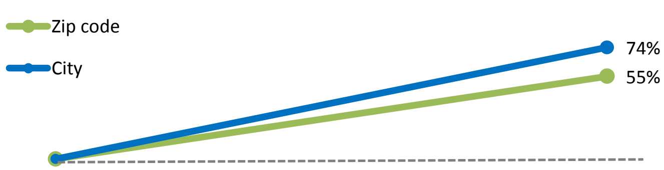
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $349,900

Median Rent $1,050

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 vs. 0% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 vs. 1% of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	0%
Artists & Musicians *(earning about $31,000 per year)*	0%	8%
Teachers *(earning about $48,000 per year)*	0%	70%
Tech sector professionals *(earning about $84,000 per year)*	17%	99%

Compared to the city overall, this ZIP code has…

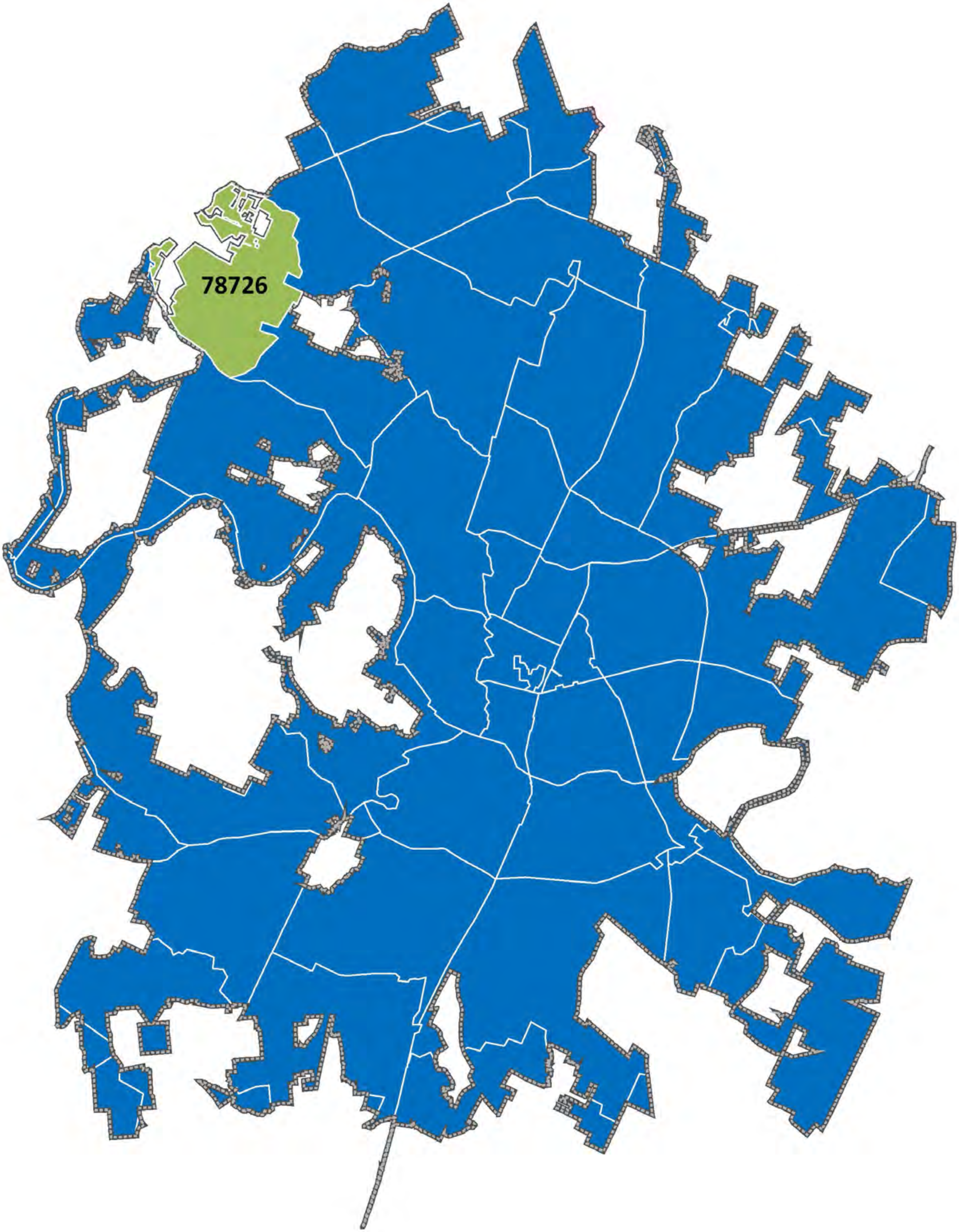
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

2% of ZIP code residents live within a quarter mile of a transit stop

$786 is the average monthly transportation cost for residents of this ZIP code

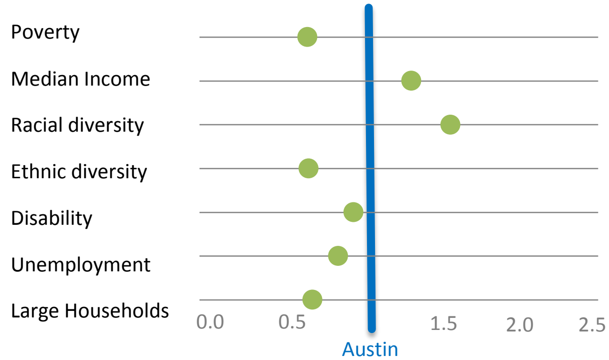
40% of housing + transportation costs in this ZIP code are from transportation costs


78726

AUSTIN ZIP CODE 78727

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



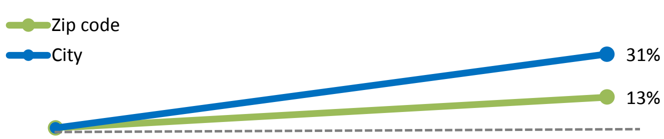
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

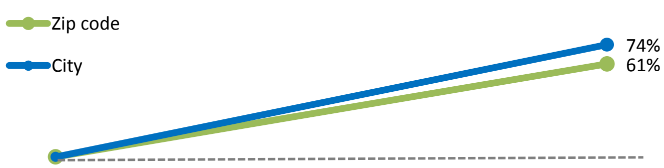
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $198,500

Median Rent $1,050

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **32%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **2%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	0%	1%
	Artists & Musicians *(earning about $31,000 per year)*	1%	11%
	Teachers *(earning about $48,000 per year)*	29%	67%
	Tech sector professionals *(earning about $84,000 per year)*	90%	99%

Compared to the city overall, this ZIP code has…

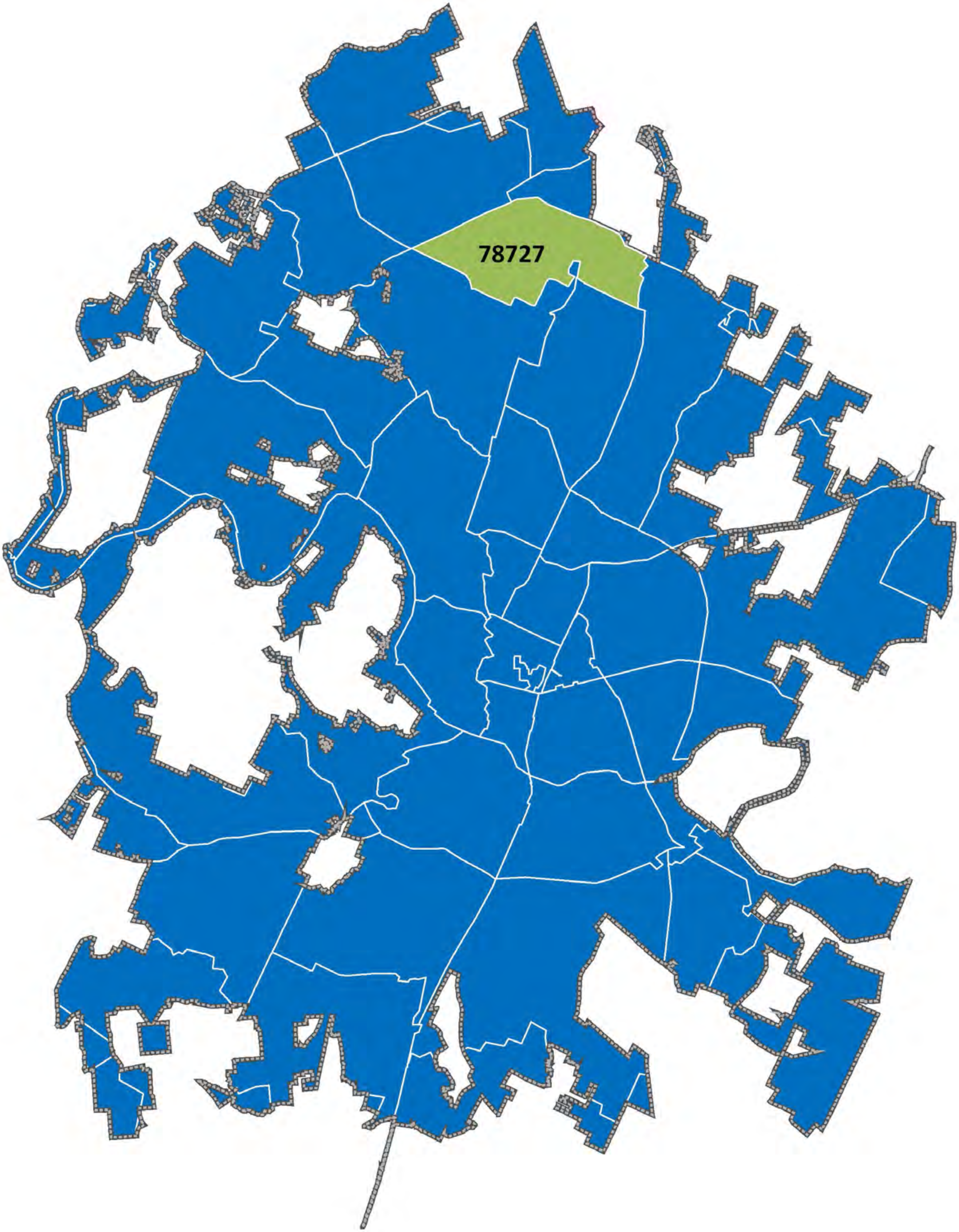
- ✓ **LOWER** than average proportion of rent-restricted units
- ✓ **LOWER** than average proportion of Housing Choice Voucher holders
- ✓ **LOWER** than average proportion of rental units in poor condition
- ✓ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

24% of ZIP code residents live within a quarter mile of a transit stop

$708 is the average monthly transportation cost for residents of this ZIP code

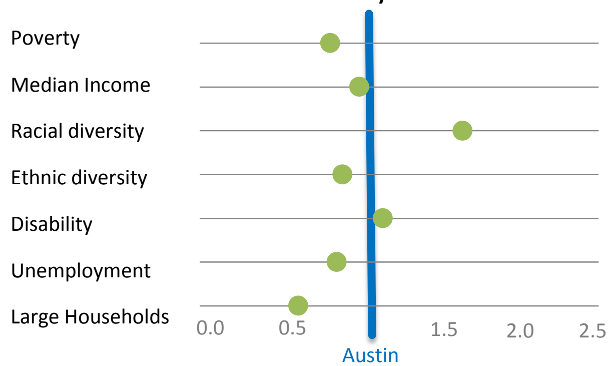
41% of housing + transportation costs in this ZIP code are from transportation costs


78727

AUSTIN ZIP CODE 78728

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



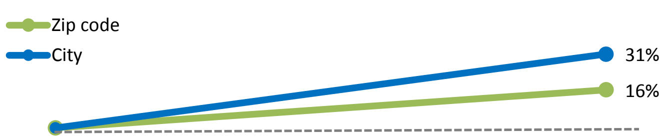
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

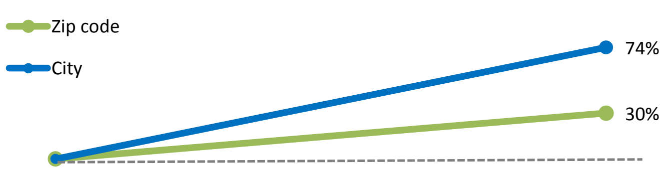
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value:	**$168,600**
Median Rent	**$901**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **46%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **4%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**0%**	**2%**
Artists & Musicians *(earning about $31,000 per year)*	**1%**	**24%**
Teachers *(earning about $48,000 per year)*	**35%**	**83%**
Tech sector professionals *(earning about $84,000 per year)*	**100%**	**99%**

Compared to the city overall, this ZIP code has…

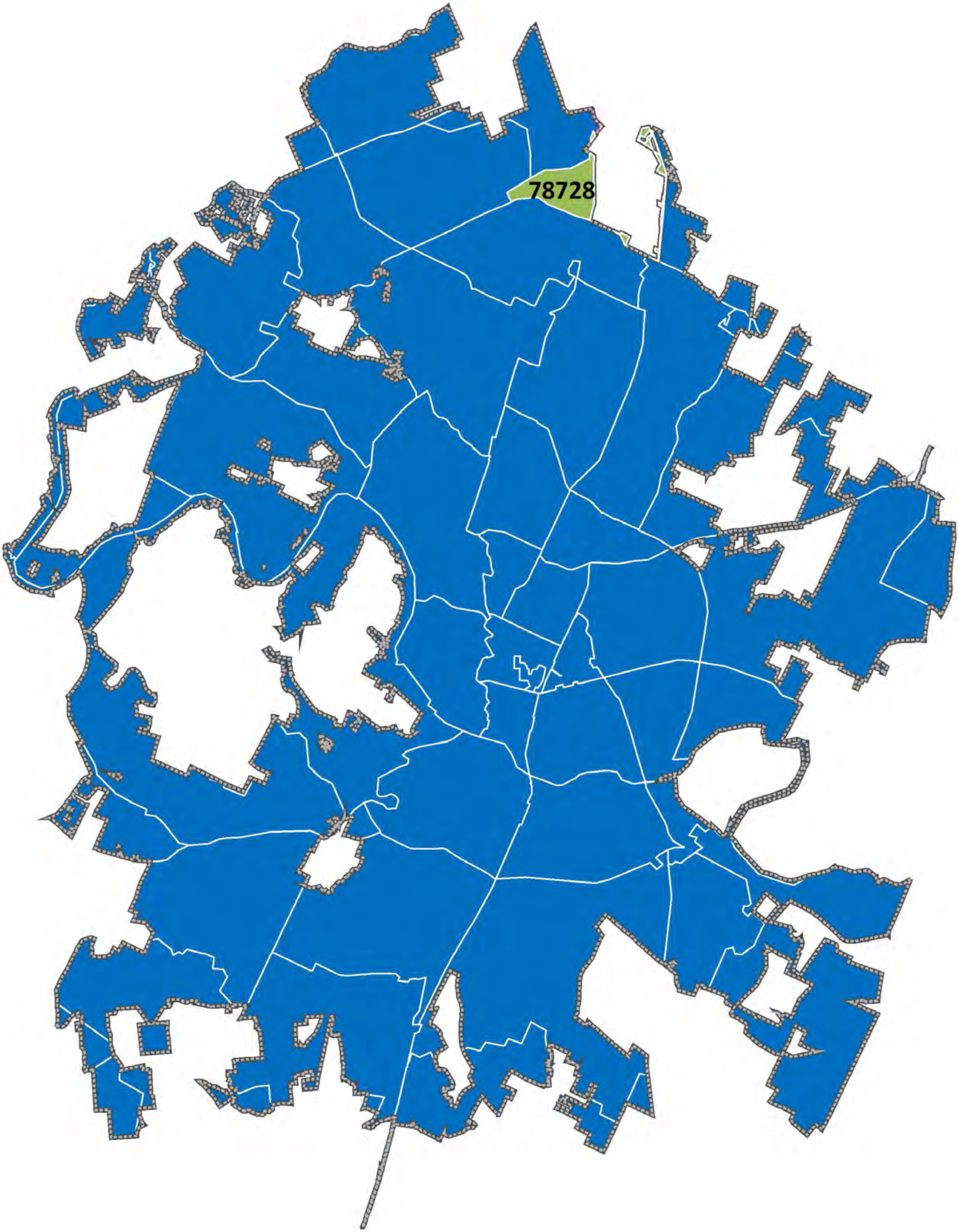
- ✓ **LOWER** than average proportion of rent-restricted units
- ✓ **LOWER** than average proportion of Housing Choice Voucher holders
- ✓ **LOWER** than average proportion of rental units in poor condition
- ✓ **LOWER** than average rate of housing development (2000 and 2012)

Transportation

28% of ZIP code residents live within a quarter mile of a transit stop

$668 is the average monthly transportation cost for residents of this ZIP code

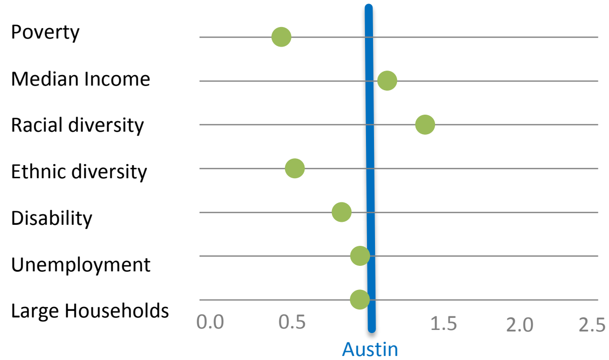
40% of housing + transportation costs in this ZIP code are from transportation costs


78728

AUSTIN ZIP CODE 78729

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



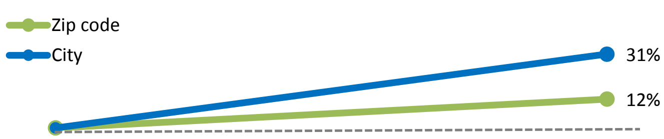
Income balance: does this ZIP code have a healthy mix of incomes?

This zip code is mostly MIDDLE INCOME households

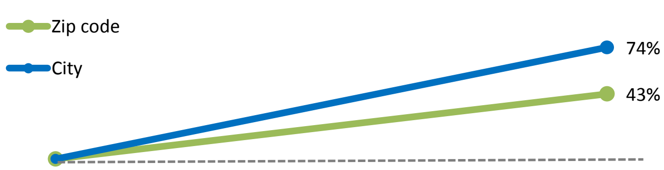
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $192,300

Median Rent $1,008

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **26%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **3%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	2%
Artists & Musicians *(earning about $31,000 per year)*	1%	17%
Teachers *(earning about $48,000 per year)*	22%	73%
Tech sector professionals *(earning about $84,000 per year)*	96%	100%

Compared to the city overall, this ZIP code has...

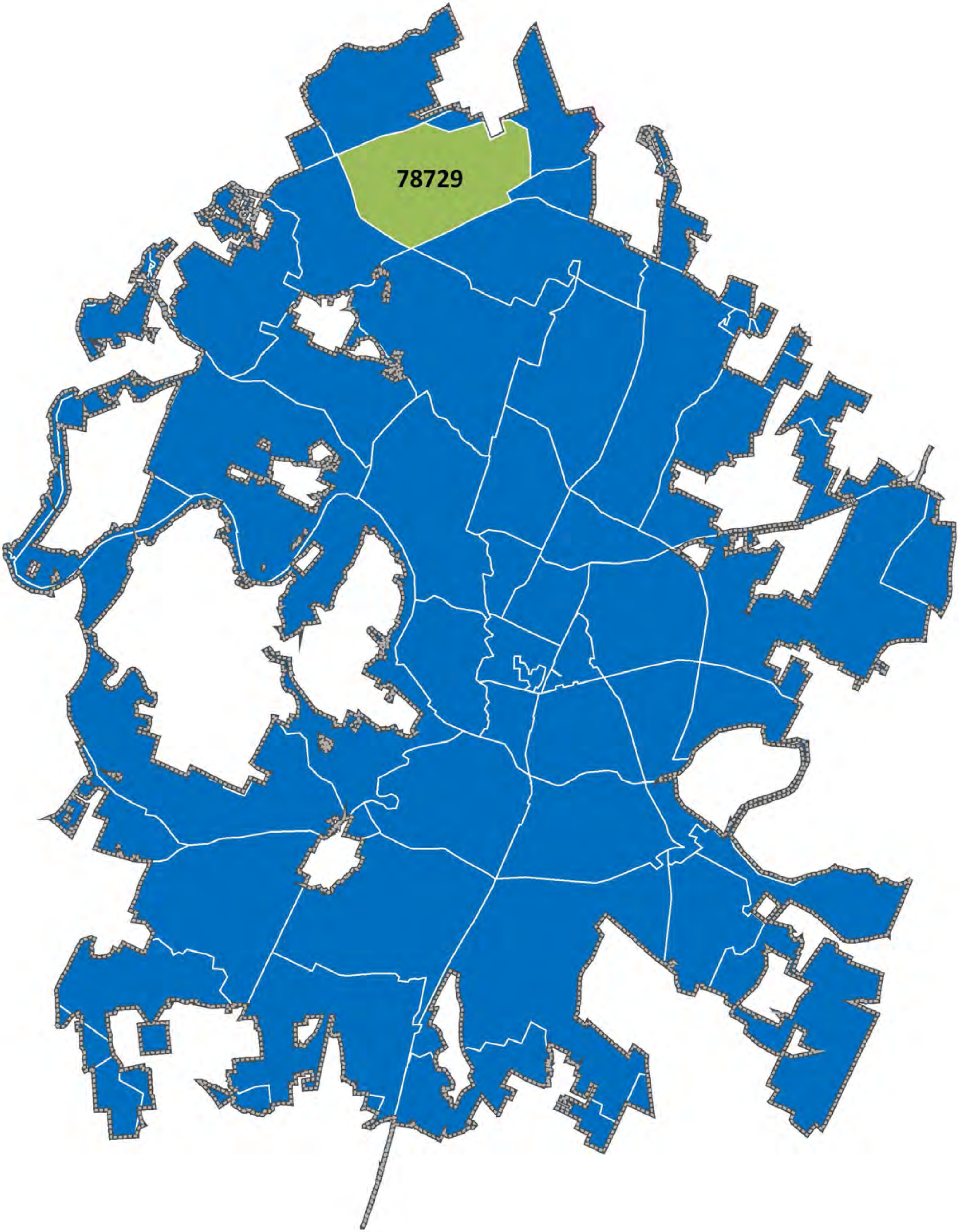
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

13% of ZIP code residents live within a quarter mile of a transit stop

$747 is the average monthly transportation cost for residents of this ZIP code

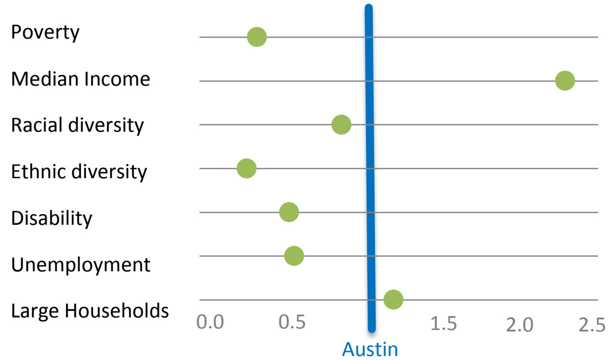
37% of housing + transportation costs in this ZIP code are from transportation costs


78729

AUSTIN ZIP CODE 78730

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



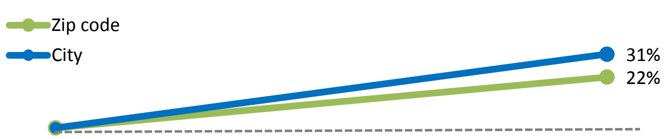
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
HIGH INCOME households

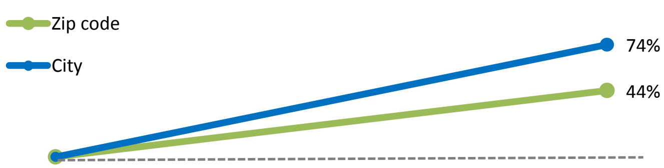
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value:	**$570,400**
Median Rent	**$1,106**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **19%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **0%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**0%**	**0%**
Artists & Musicians *(earning about $31,000 per year)*	**1%**	**3%**
Teachers *(earning about $48,000 per year)*	**17%**	**64%**
Tech sector professionals *(earning about $84,000 per year)*	**25%**	**99%**

Compared to the city overall, this ZIP code has...

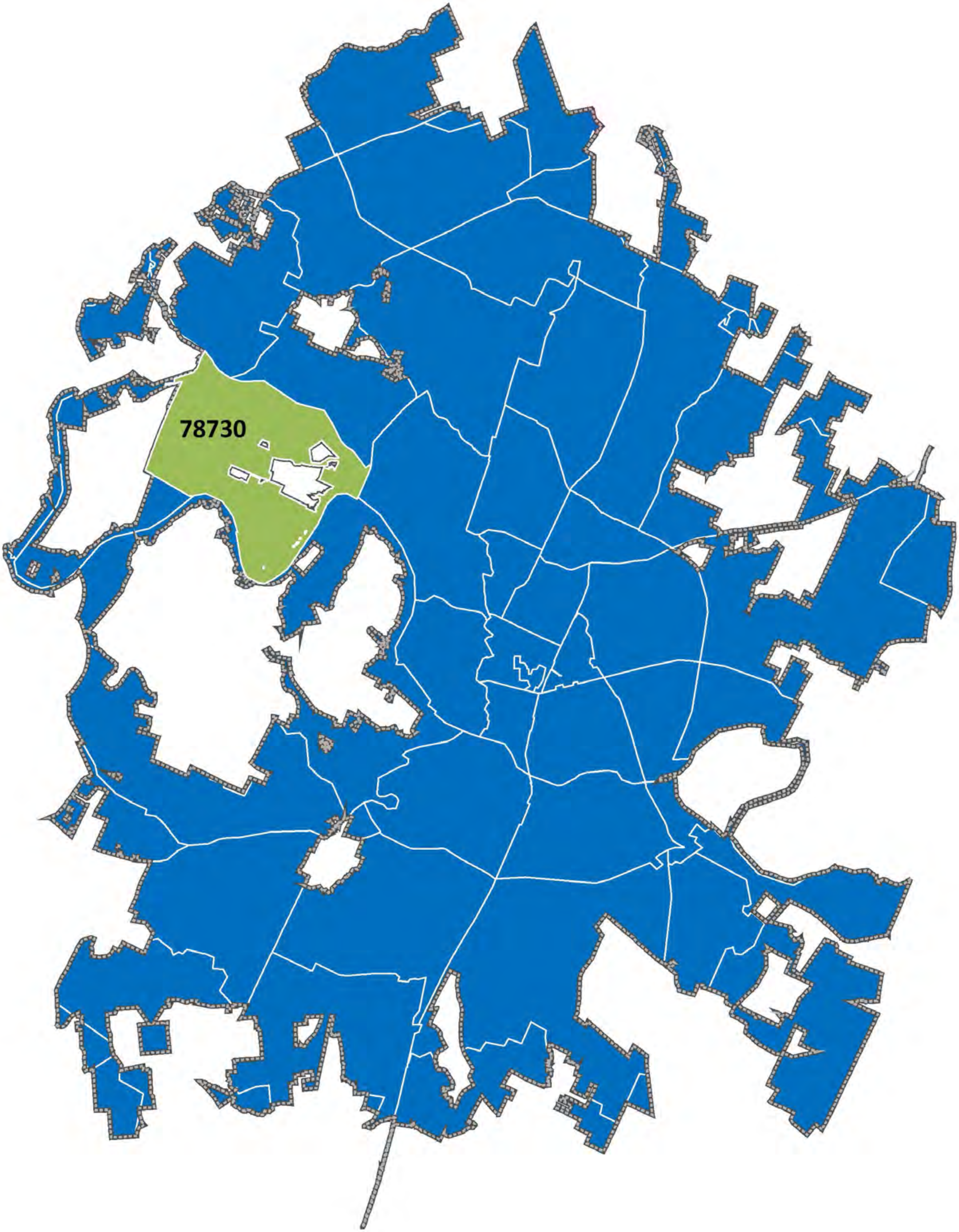
- ✓ **LOWER** than average proportion of rent-restricted units
- ✓ **LOWER** than average proportion of Housing Choice Voucher holders
- ✓ **LOWER** than average proportion of rental units in poor condition
- ✓ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

2% of ZIP code residents live within a quarter mile of a transit stop

$786 is the average monthly transportation cost for residents of this ZIP code

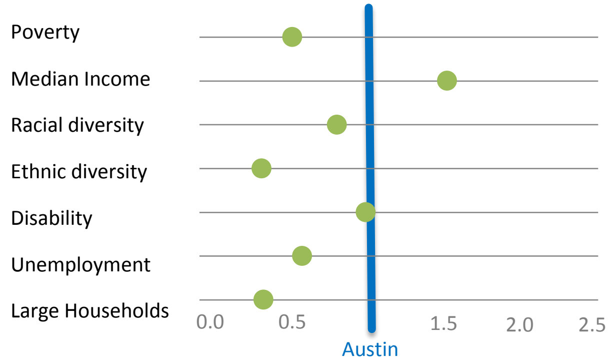
34% of housing + transportation costs in this ZIP code are from transportation costs


78730

AUSTIN ZIP CODE 78731

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



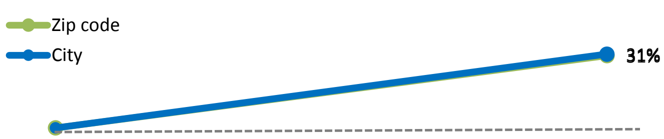
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

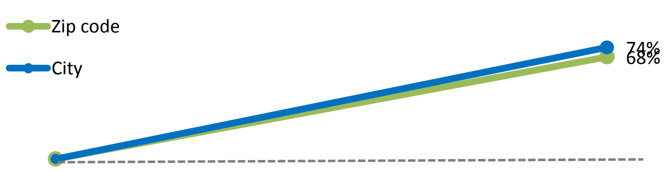
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $436,800

Median Rent $1,016

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **13%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **4%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	2%
Artists & Musicians *(earning about $31,000 per year)*	2%	24%
Teachers *(earning about $48,000 per year)*	12%	67%
Tech sector professionals *(earning about $84,000 per year)*	26%	97%

Compared to the city overall, this ZIP code has...

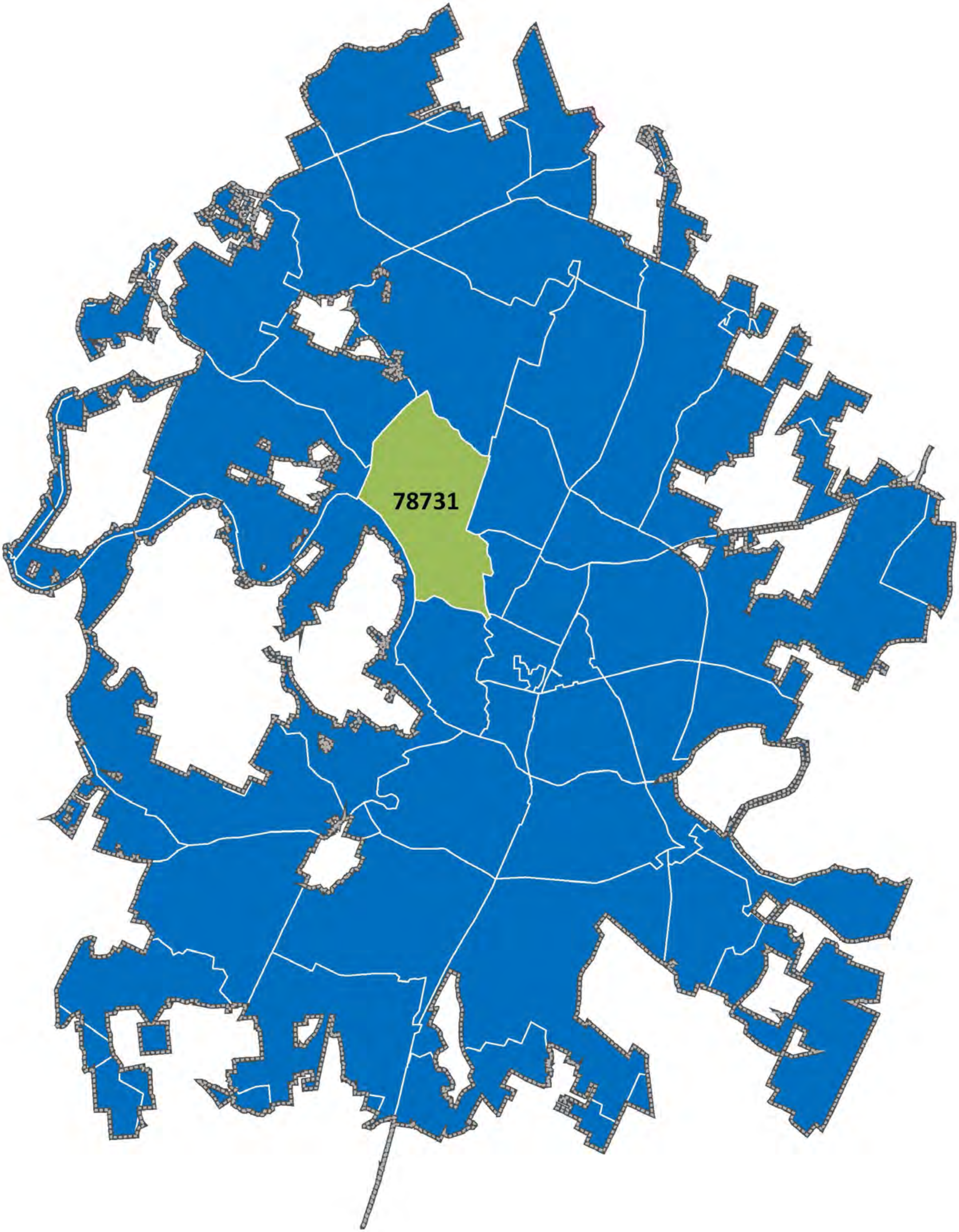
- ✓ **LOWER** than average proportion of rent-restricted units
- ✓ **LOWER** than average proportion of Housing Choice Voucher holders
- ✓ **LOWER** than average proportion of rental units in poor condition
- ✓ **LOWER** than average rate of housing development (2000 and 2012)

Transportation

44% of ZIP code residents live within a quarter mile of a transit stop

$747 is the average monthly transportation cost for residents of this ZIP code

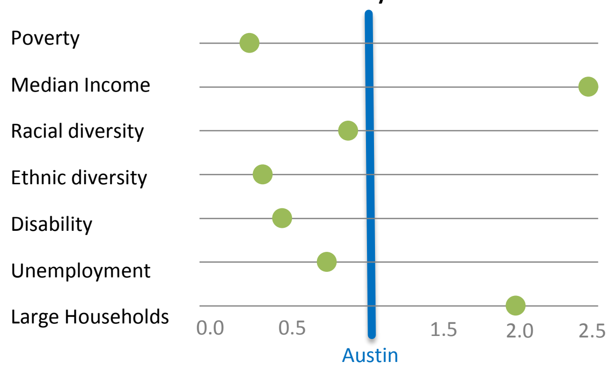
32% of housing + transportation costs in this ZIP code are from transportation costs


78731

AUSTIN ZIP CODE 78732

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



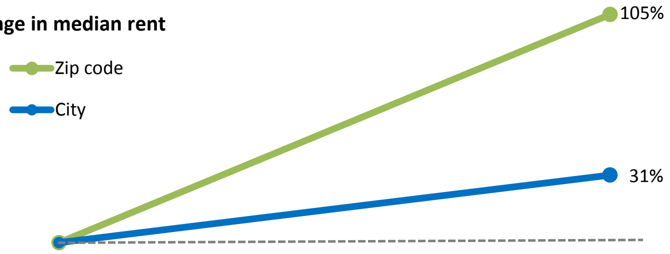
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
HIGH INCOME households

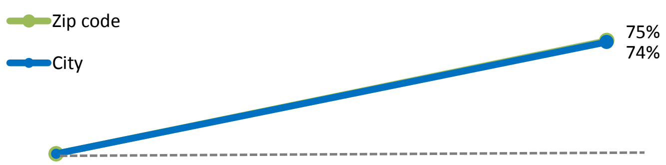
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$388,600**
Median Rent **$1,688**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **0%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **0%** of rental units in this ZIP code are affordable to them

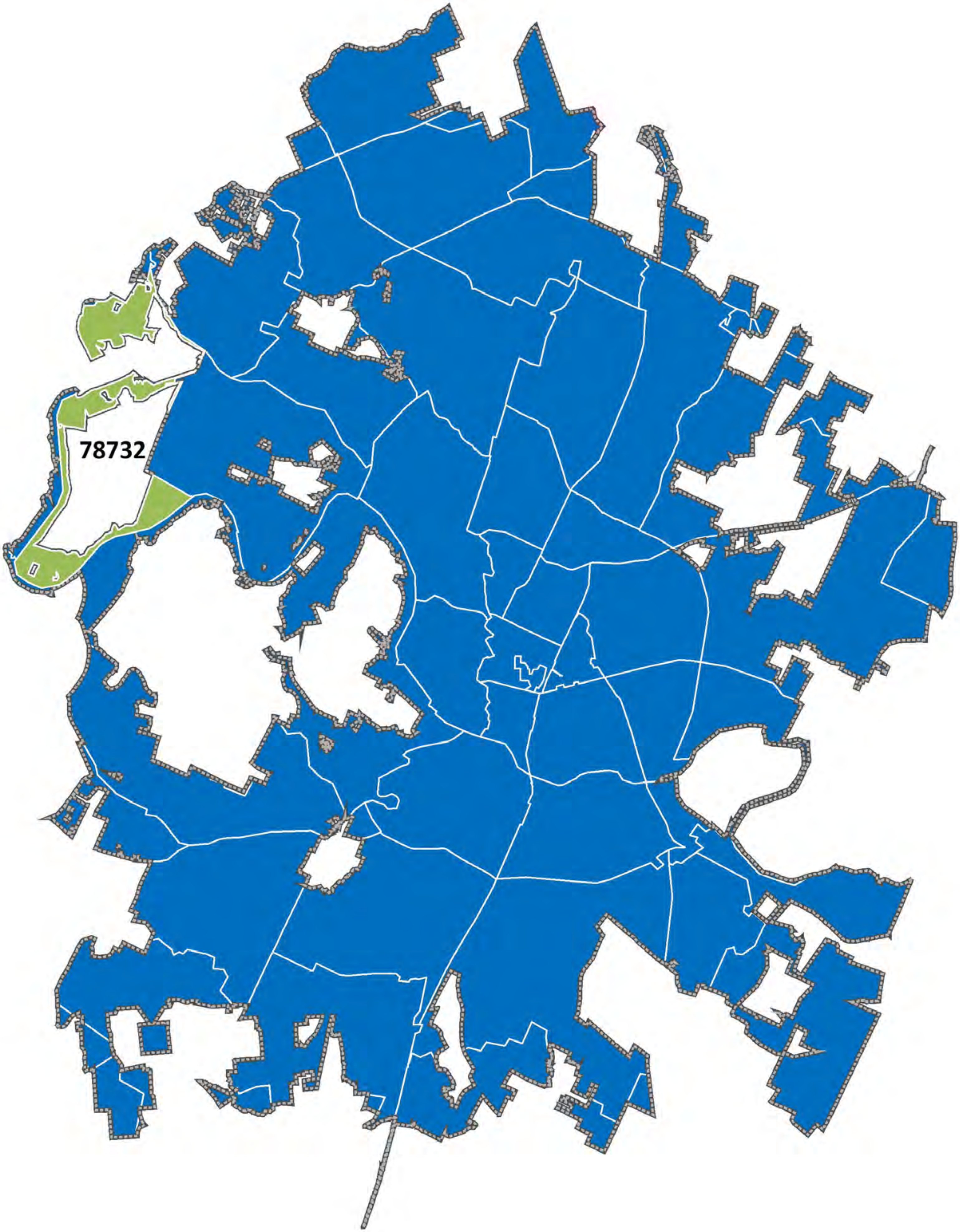
Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	0%
Artists & Musicians *(earning about $31,000 per year)*	0%	0%
Teachers *(earning about $48,000 per year)*	0%	26%
Tech sector professionals *(earning about $84,000 per year)*	15%	80%

Compared to the city overall, this ZIP code has…

- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

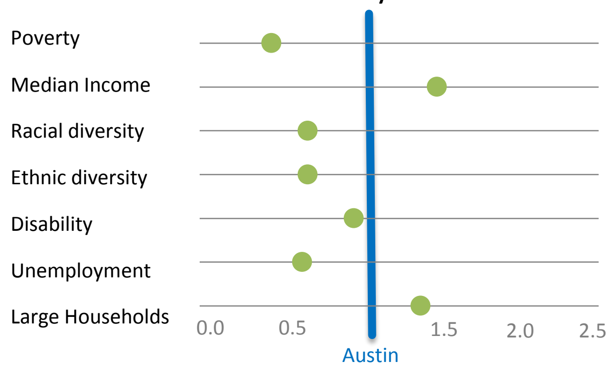
0% of ZIP code residents live within a quarter mile of a transit stop
$786 is the average monthly transportation cost for residents of this ZIP code
33% of housing + transportation costs in this ZIP code are from transportation costs


78732

AUSTIN ZIP CODE 78735

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



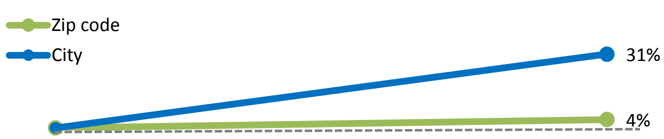
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

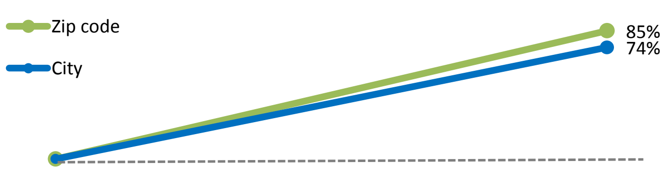
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value:	**$379,900**
Median Rent	**$1,122**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **8%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **4%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...		**Buy**	**Rent**
	Retail and service workers *(earning about $24,000 per year)*	**2%**	**4%**
	Artists & Musicians *(earning about $31,000 per year)*	**2%**	**7%**
	Teachers *(earning about $48,000 per year)*	**5%**	**62%**
	Tech sector professionals *(earning about $84,000 per year)*	**23%**	**97%**

Compared to the city overall, this ZIP code has...

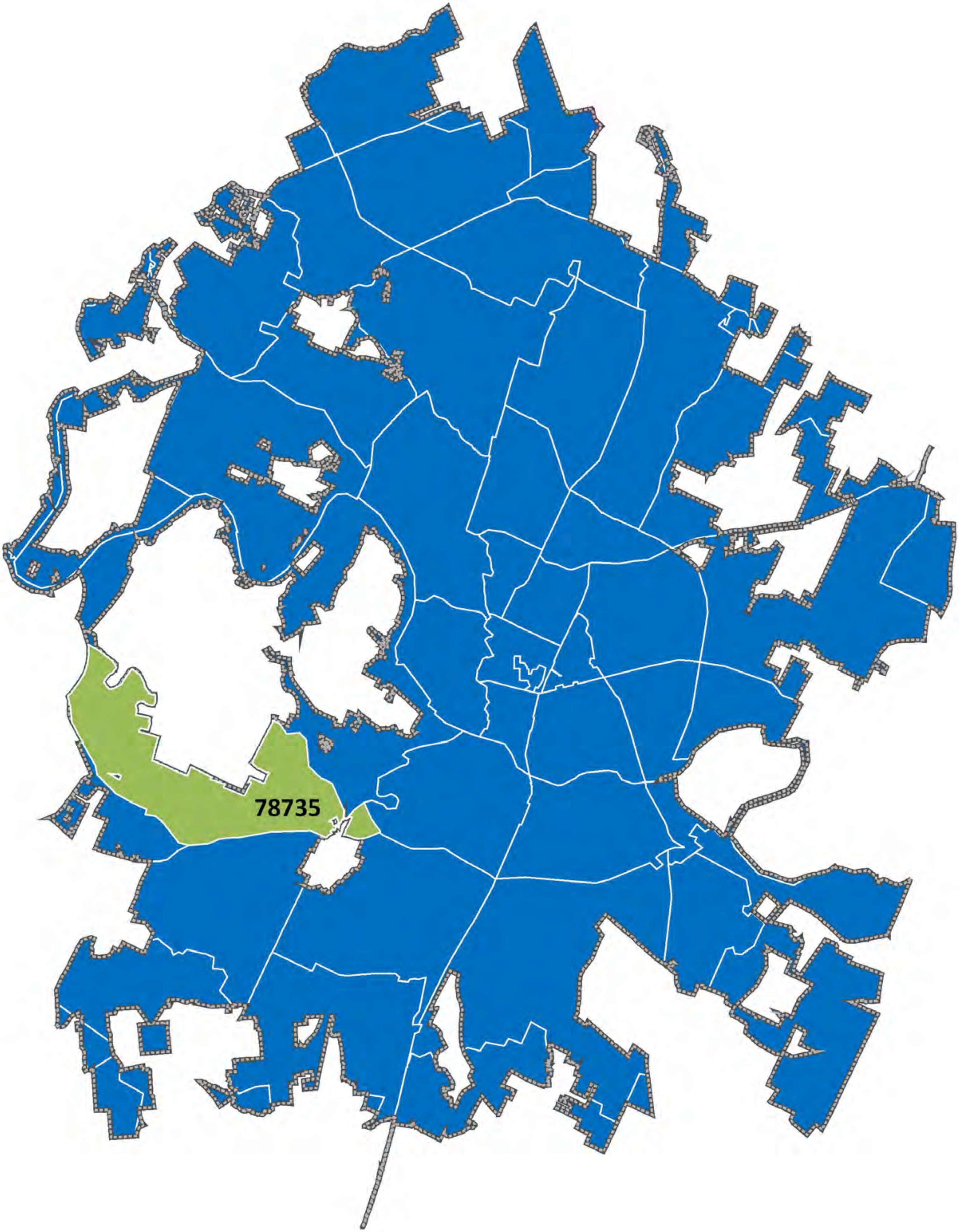
- ✔ **LOWER** than average proportion of rent-restricted units
- ✔ **LOWER** than average proportion of Housing Choice Voucher holders
- ✔ **LOWER** than average proportion of rental units in poor condition
- ✔ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

9% of ZIP code residents live within a quarter mile of a transit stop

$747 is the average monthly transportation cost for residents of this ZIP code

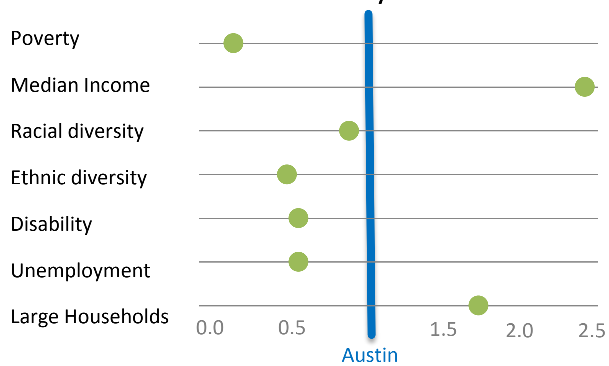
38% of housing + transportation costs in this ZIP code are from transportation costs


78735

AUSTIN ZIP CODE 78739

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



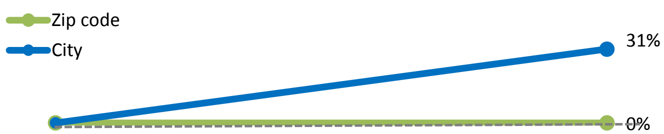
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
HIGH INCOME households

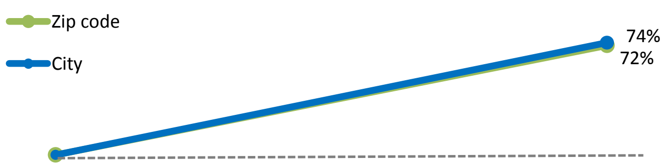
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$350,500**
Median Rent **$2,000**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **0%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **0%** of rental units in this ZIP code are affordable to them

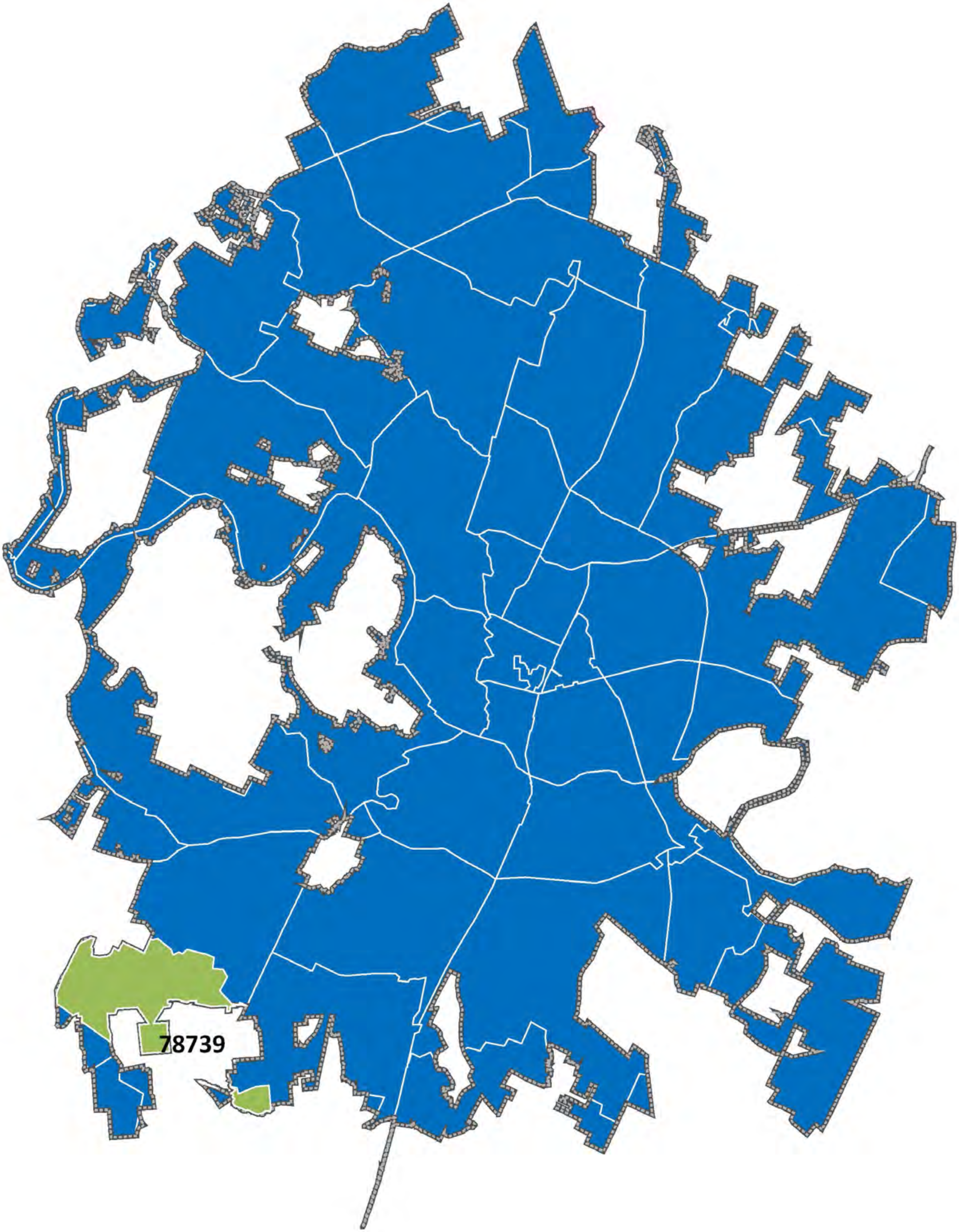
Odds that workers can afford to…	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**0%**	**0%**
Artists & Musicians *(earning about $31,000 per year)*	**0%**	**0%**
Teachers *(earning about $48,000 per year)*	**0%**	**8%**
Tech sector professionals *(earning about $84,000 per year)*	**11%**	**71%**

Compared to the city overall, this ZIP code has…

- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

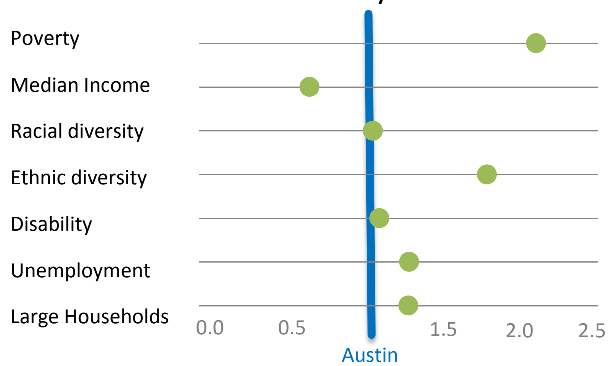
8% of ZIP code residents live within a quarter mile of a transit stop
$786 is the average monthly transportation cost for residents of this ZIP code
34% of housing + transportation costs in this ZIP code are from transportation costs


78739

AUSTIN ZIP CODE 78741

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



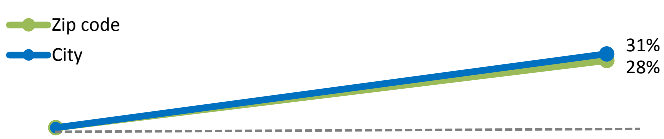
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
LOW INCOME households

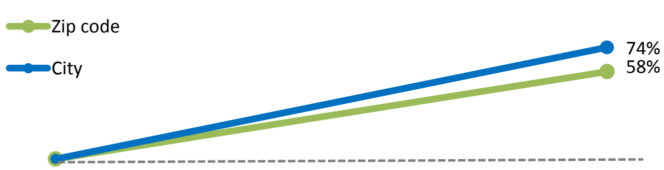
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$120,200**
Median Rent **$835**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **76%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **15%** of rental units in this ZIP code are affordable to them

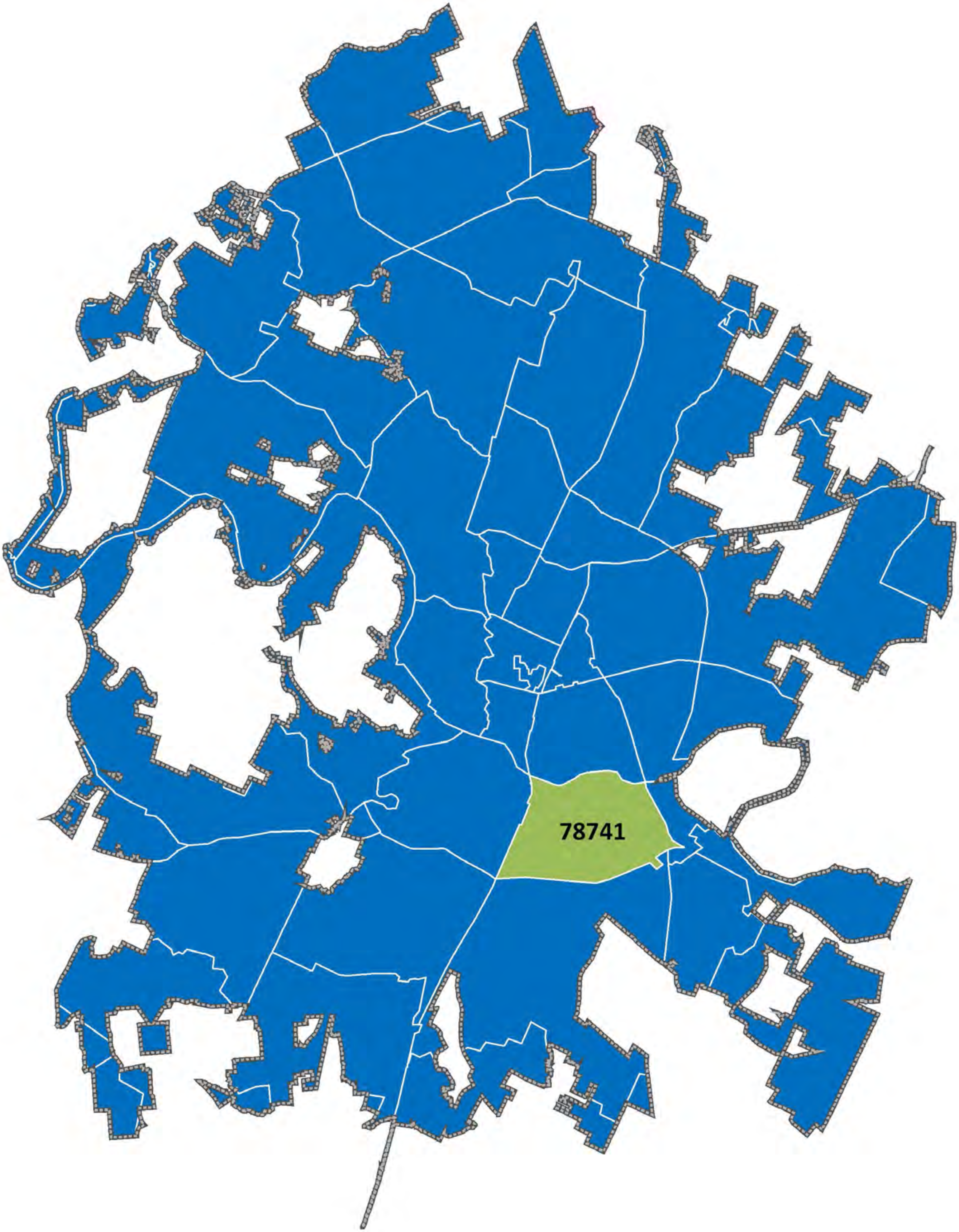
Odds that workers can afford to…		**Buy**	**Rent**
	Retail and service workers *(earning about $24,000 per year)*	**28%**	**11%**
	Artists & Musicians *(earning about $31,000 per year)*	**39%**	**40%**
	Teachers *(earning about $48,000 per year)*	**76%**	**86%**
	Tech sector professionals *(earning about $84,000 per year)*	**93%**	**100%**

Compared to the city overall, this ZIP code has…

- ✓ **HIGHER** than average proportion of rent-restricted units
- ✓ **HIGHER** than average proportion of Housing Choice Voucher holders
- ✓ **LOWER** than average proportion of rental units in poor condition
- ✓ **LOWER** than average rate of housing development (2000 and 2012)

Transportation

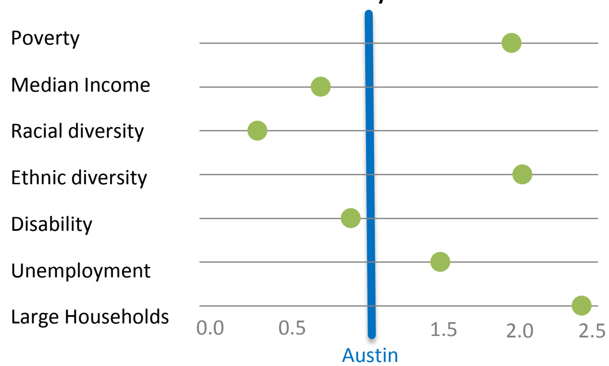
80% of ZIP code residents live within a quarter mile of a transit stop
$668 is the average monthly transportation cost for residents of this ZIP code
43% of housing + transportation costs in this ZIP code are from transportation costs


78741

AUSTIN ZIP CODE 78742

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



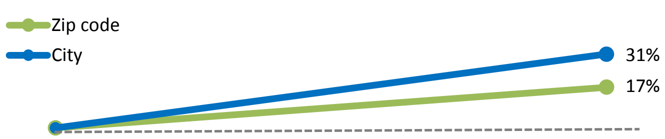
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of LOW INCOME households

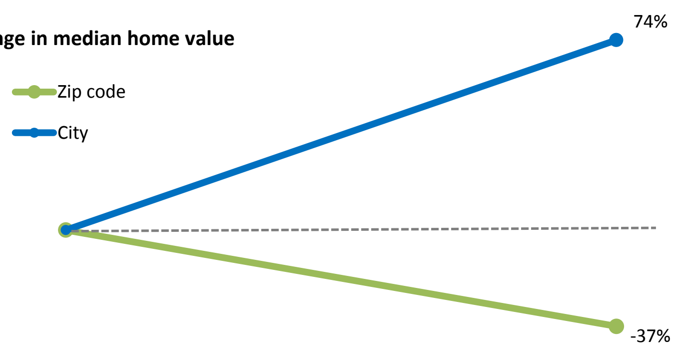
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value:	**$54,400**
Median Rent	**$639**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **N/A** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **40%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**N/A**	**23%**
Artists & Musicians *(earning about $31,000 per year)*	**N/A**	**76%**
Teachers *(earning about $48,000 per year)*	**N/A**	**100%**
Tech sector professionals *(earning about $84,000 per year)*	**N/A**	**100%**

Compared to the city overall, this ZIP code has…

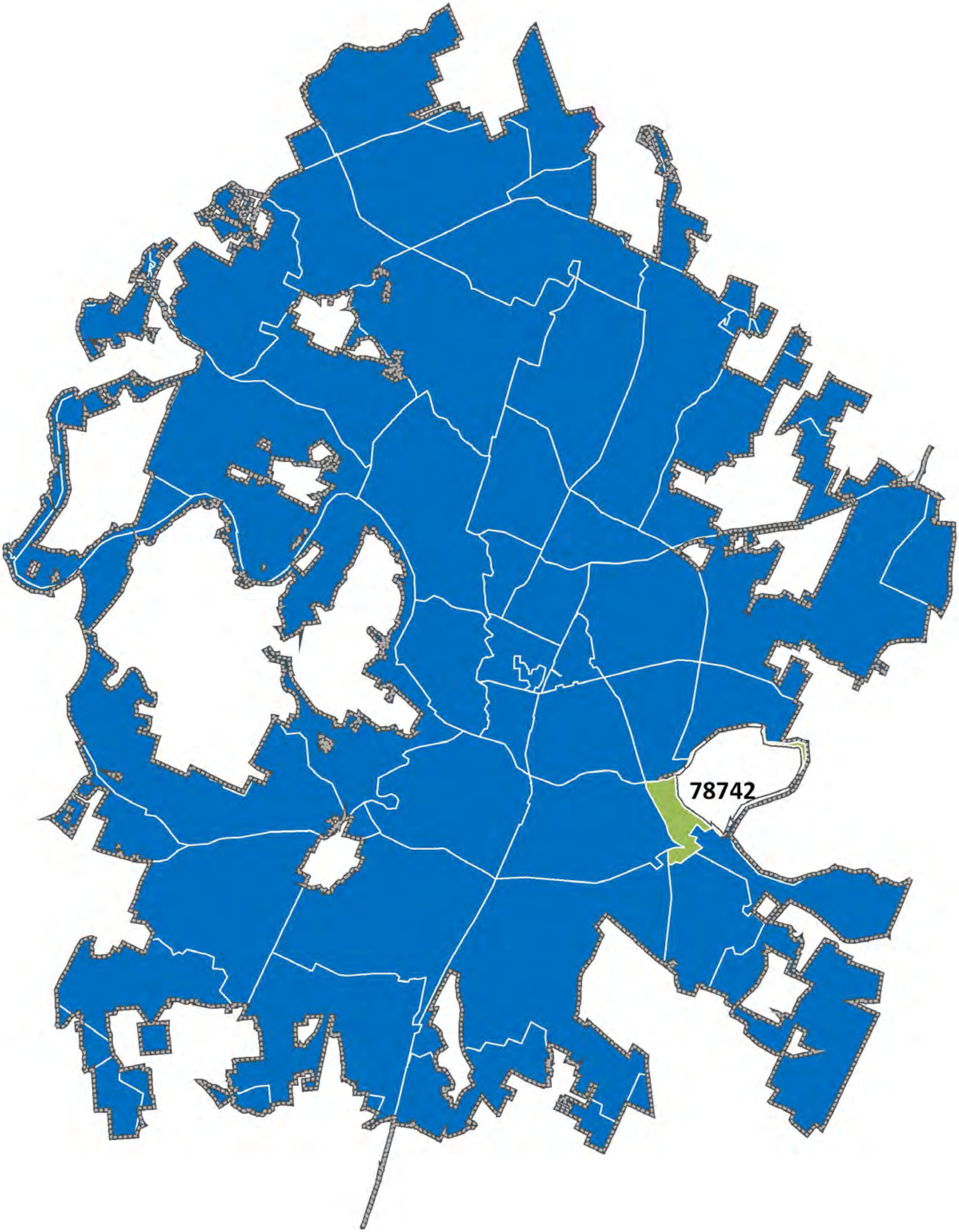
- **LOWER** than average proportion of rent-restricted units
- **HIGHER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

3% of ZIP code residents live within a quarter mile of a transit stop

$747 is the average monthly transportation cost for residents of this ZIP code

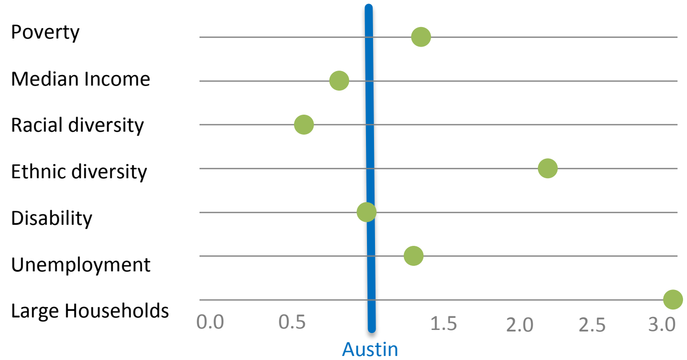
43% of housing + transportation costs in this ZIP code are from transportation costs


78742

AUSTIN ZIP CODE 78744

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



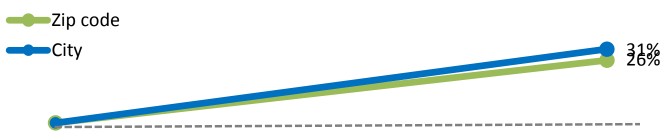
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of LOW INCOME households

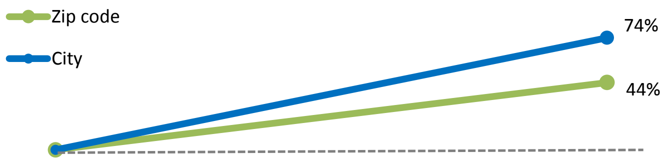
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$108,100**
Median Rent **$946**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **VS.** **93%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **VS.** **7%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	13%	6%
	Artists & Musicians *(earning about $31,000 per year)*	33%	22%
	Teachers *(earning about $48,000 per year)*	87%	81%
	Tech sector professionals *(earning about $84,000 per year)*	100%	100%

Compared to the city overall, this ZIP code has…

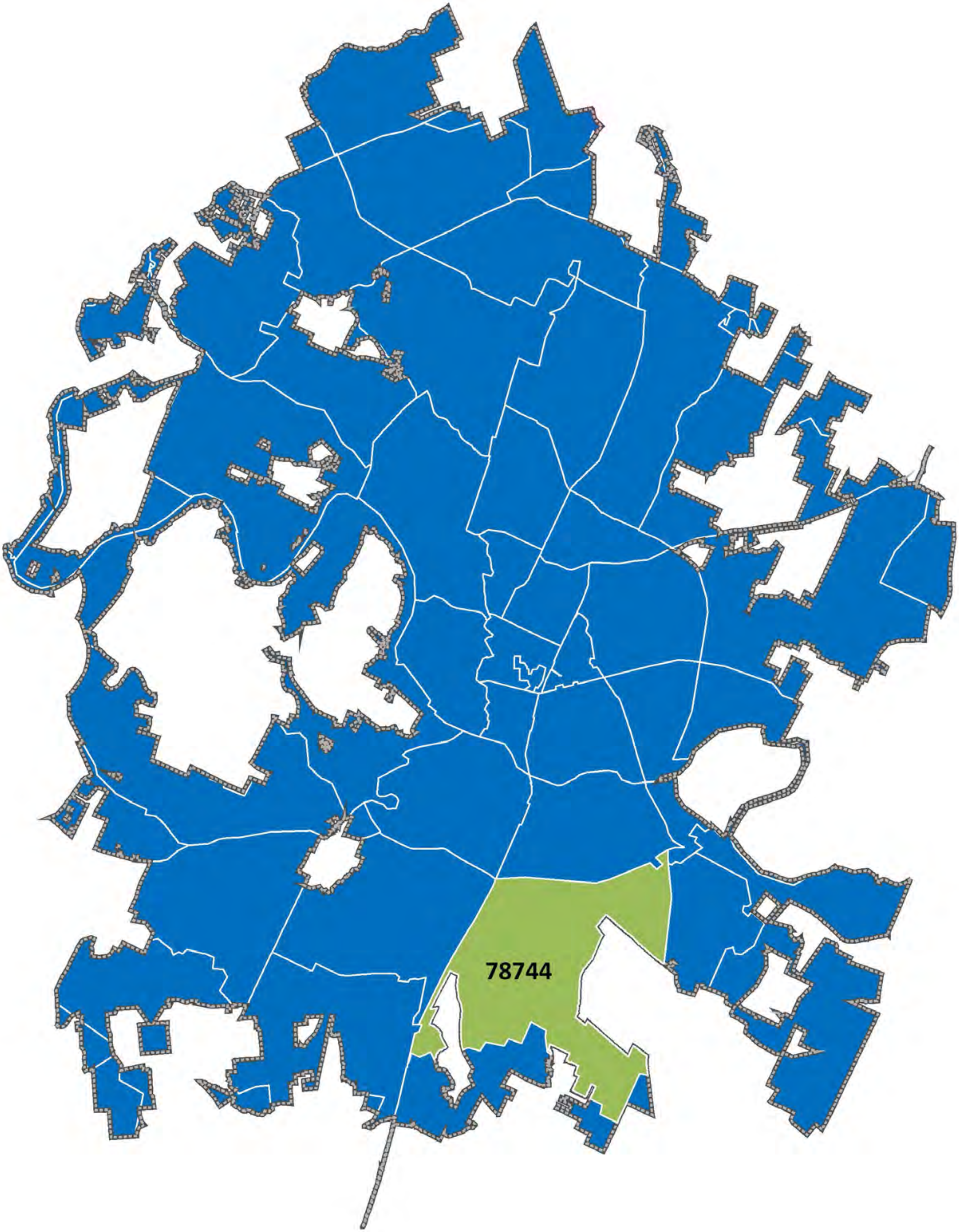
- ✓ **HIGHER** than average proportion of rent-restricted units
- ✓ **HIGHER** than average proportion of Housing Choice Voucher holders
- ✓ **HIGHER** than average proportion of rental units in poor condition
- ✓ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

63% of ZIP code residents live within a quarter mile of a transit stop

$708 is the average monthly transportation cost for residents of this ZIP code

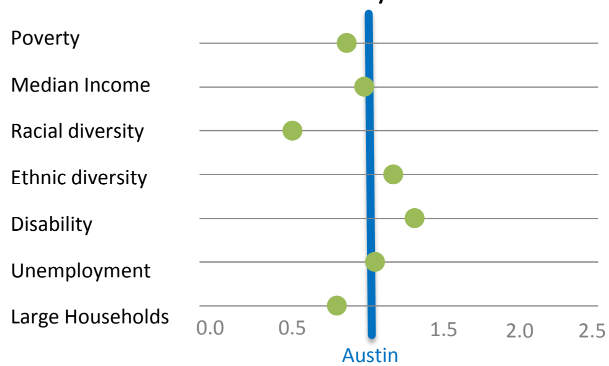
40% of housing + transportation costs in this ZIP code are from transportation costs


78744

AUSTIN ZIP CODE 78745

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



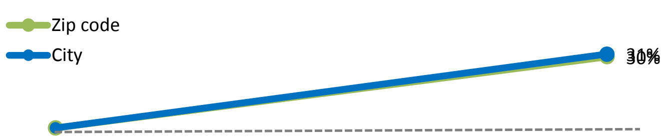
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

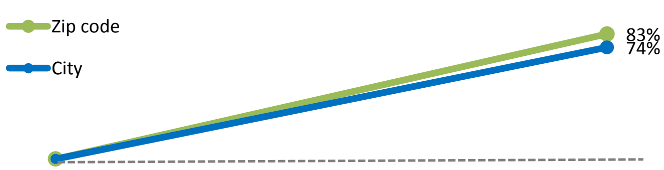
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $166,200

Median Rent $990

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **33%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **8%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	1%	6%
Artists & Musicians *(earning about $31,000 per year)*	3%	24%
Teachers *(earning about $48,000 per year)*	29%	72%
Tech sector professionals *(earning about $84,000 per year)*	96%	99%

Compared to the city overall, this ZIP code has...

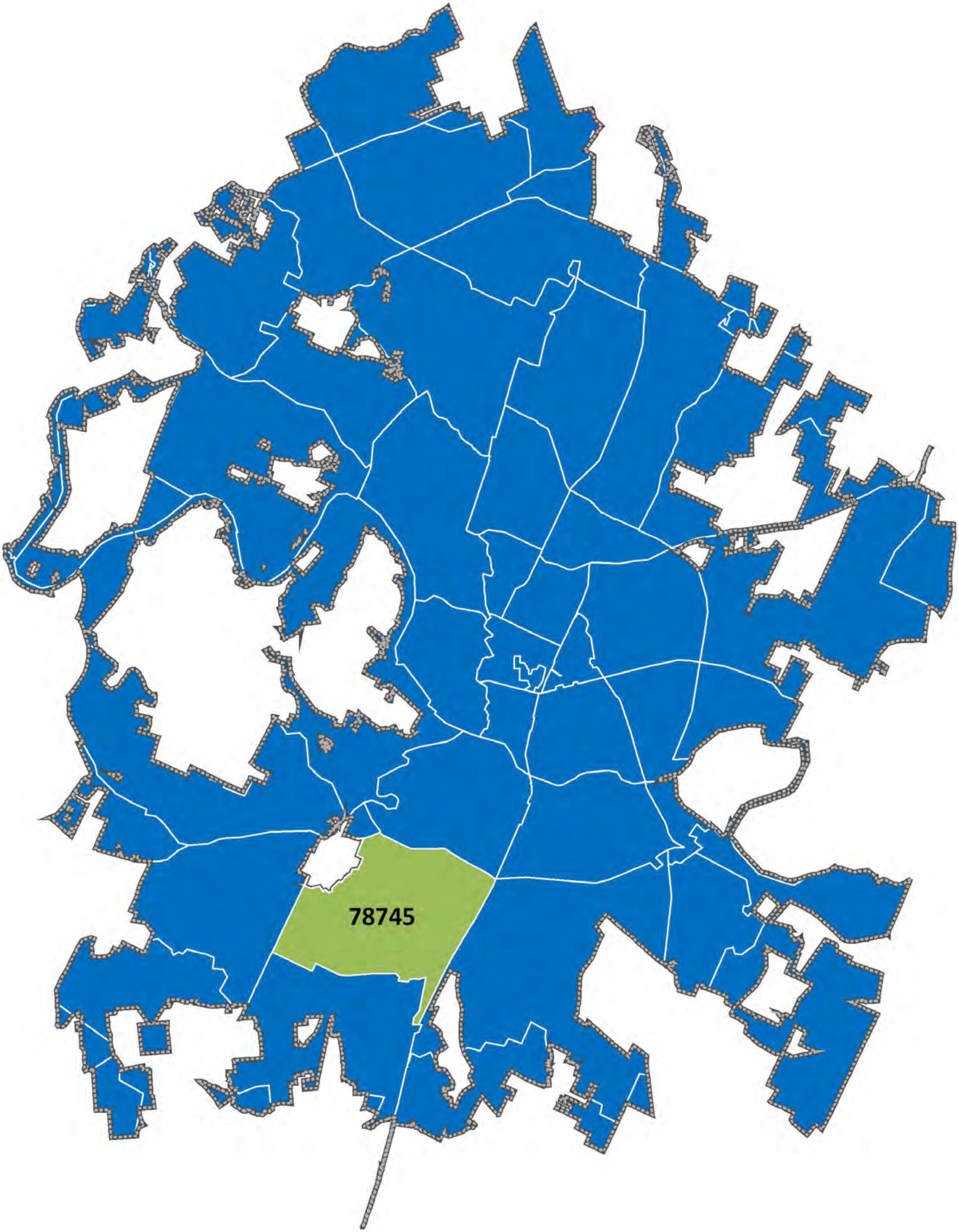
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

76% of ZIP code residents live within a quarter mile of a transit stop

$668 is the average monthly transportation cost for residents of this ZIP code

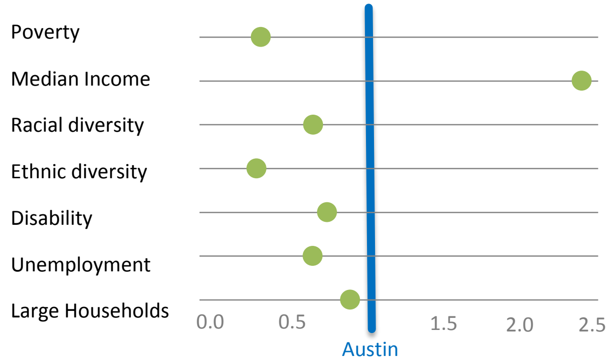
35% of housing + transportation costs in this ZIP code are from transportation costs


78745

AUSTIN ZIP CODE 78746

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



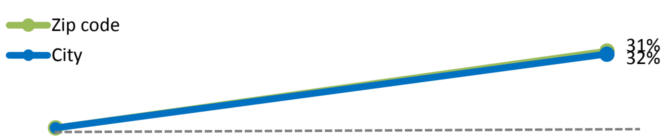
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of HIGH INCOME households

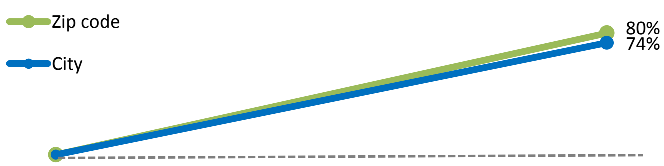
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $619,900

Median Rent $1,221

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 vs. 1% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 vs. 4% of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	4%
Artists & Musicians *(earning about $31,000 per year)*	0%	8%
Teachers *(earning about $48,000 per year)*	1%	48%
Tech sector professionals *(earning about $84,000 per year)*	6%	94%

Compared to the city overall, this ZIP code has…

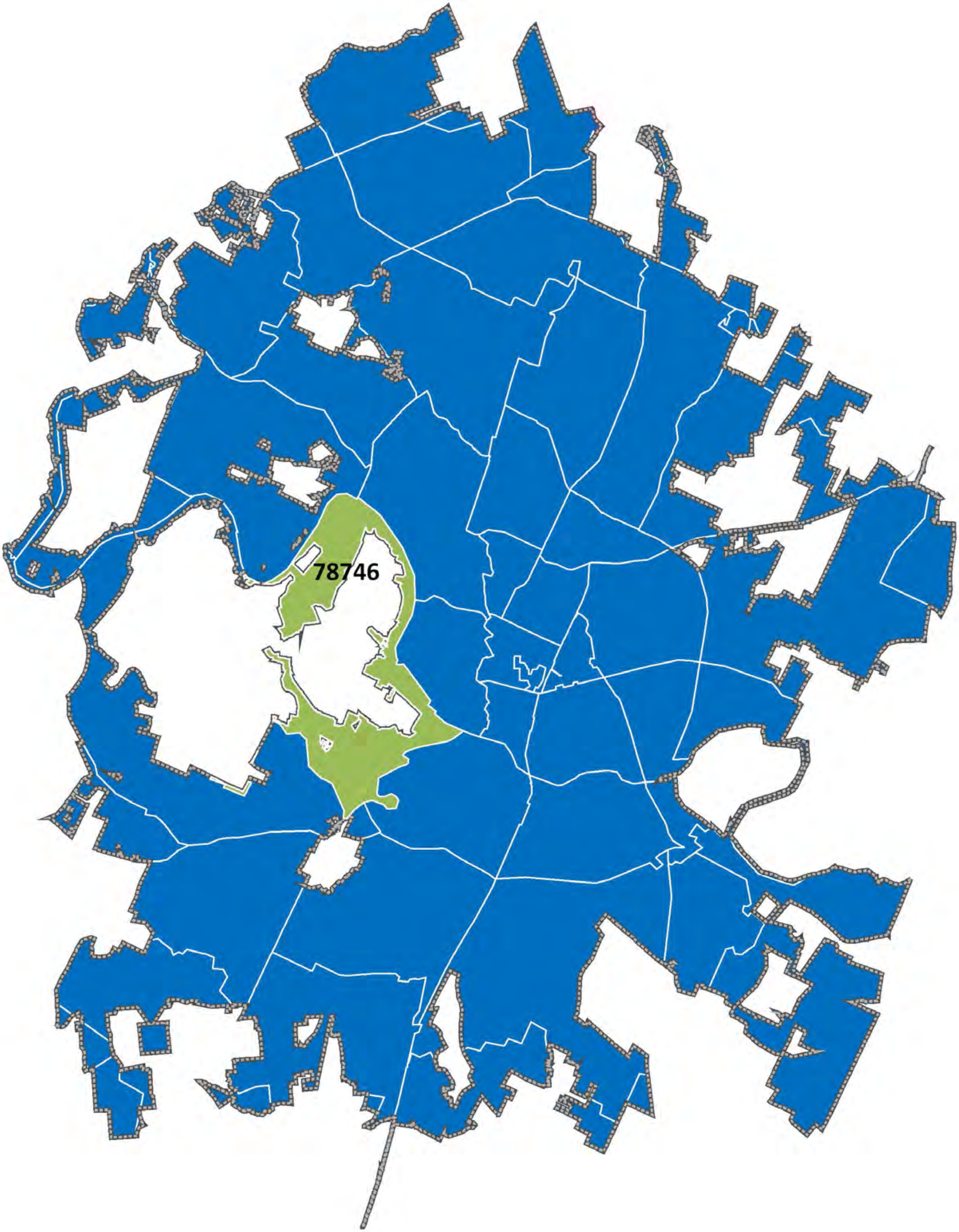
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

14% of ZIP code residents live within a quarter mile of a transit stop

$786 is the average monthly transportation cost for residents of this ZIP code

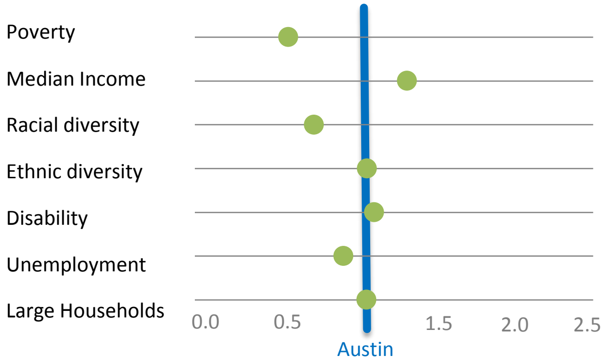
29% of housing + transportation costs in this ZIP code are from transportation costs


78746

AUSTIN ZIP CODE 78748

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



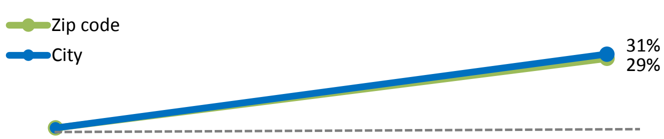
Income balance: does this ZIP code have a healthy mix of incomes?

This zip code is mostly MIDDLE INCOME households

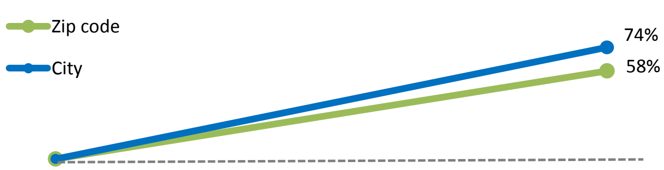
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $185,500

Median Rent $1,095

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** 29% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** 4% of rental units in this ZIP code are affordable to them

Odds that workers can afford to...		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	0%	4%
	Artists & Musicians *(earning about $31,000 per year)*	0%	12%
	Teachers *(earning about $48,000 per year)*	22%	63%
	Tech sector professionals *(earning about $84,000 per year)*	92%	100%

Compared to the city overall, this ZIP code has...

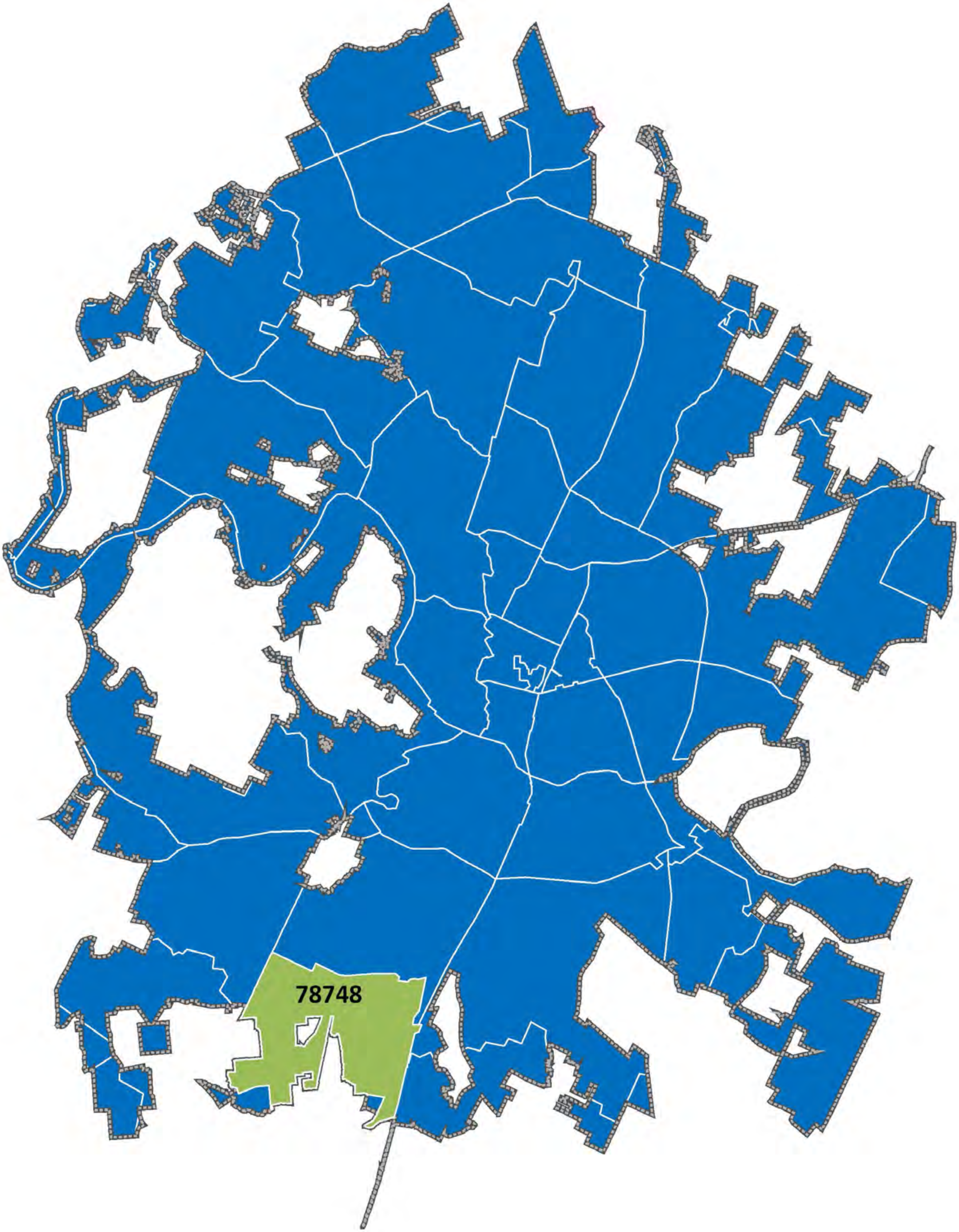
- ✔ **LOWER** than average proportion of rent-restricted units
- ✔ **HIGHER** than average proportion of Housing Choice Voucher holders
- ✔ **LOWER** than average proportion of rental units in poor condition
- ✔ **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

40% of ZIP code residents live within a quarter mile of a transit stop

$747 is the average monthly transportation cost for residents of this ZIP code

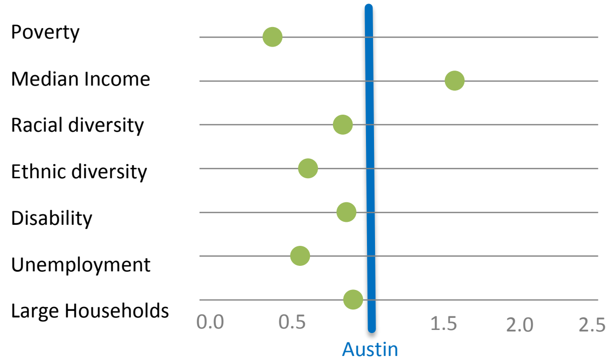
44% of housing + transportation costs in this ZIP code are from transportation costs


78748

AUSTIN ZIP CODE 78749

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



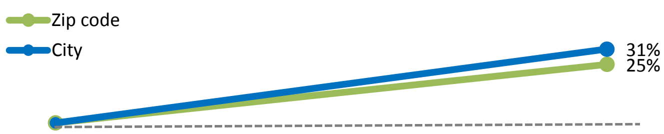
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

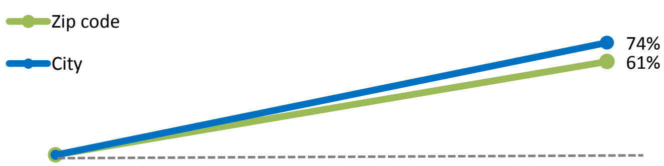
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $233,900
Median Rent $1,150

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 vs. 5% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 vs. 1% of rental units in this ZIP code are affordable to them

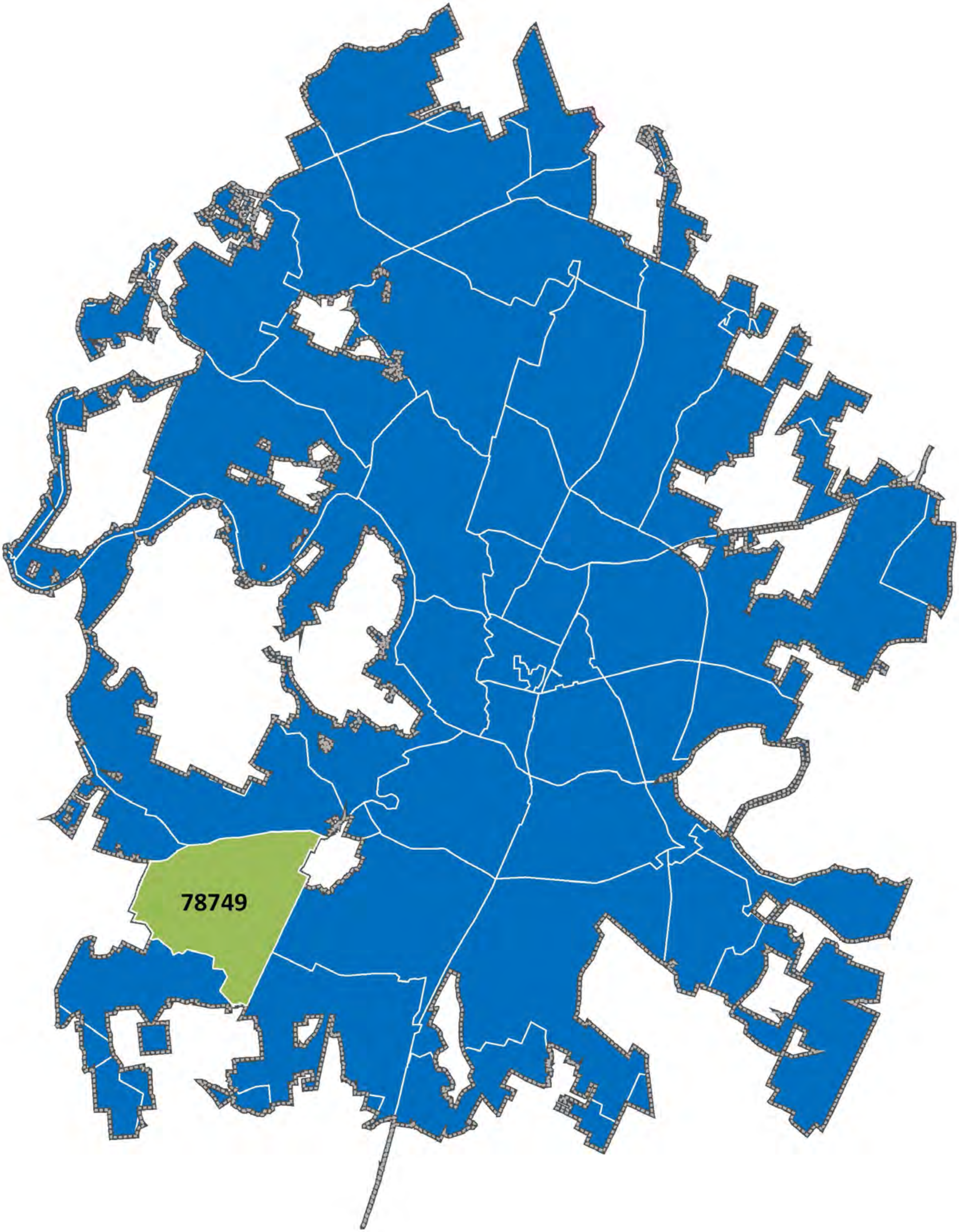
Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	0%	1%
Artists & Musicians *(earning about $31,000 per year)*	0%	6%
Teachers *(earning about $48,000 per year)*	3%	57%
Tech sector professionals *(earning about $84,000 per year)*	70%	97%

Compared to the city overall, this ZIP code has…

- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

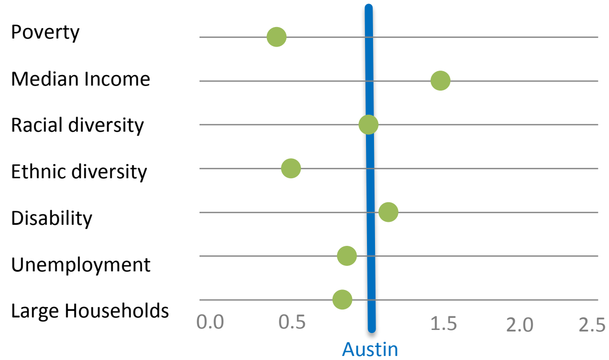
37% of ZIP code residents live within a quarter mile of a transit stop
$708 is the average monthly transportation cost for residents of this ZIP code
40% of housing + transportation costs in this ZIP code are from transportation costs


78749

AUSTIN ZIP CODE 78750

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



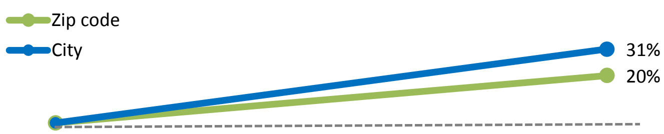
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

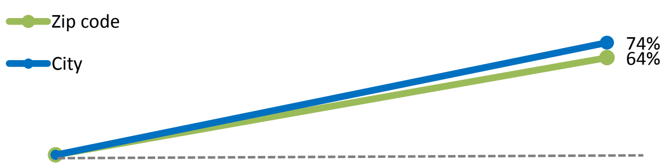
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$303,100**

Median Rent **$1,012**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **VS.** **19%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **VS.** **2%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		**Buy**	**Rent**
	Retail and service workers *(earning about $24,000 per year)*	**4%**	**1%**
	Artists & Musicians *(earning about $31,000 per year)*	**5%**	**15%**
	Teachers *(earning about $48,000 per year)*	**15%**	**70%**
	Tech sector professionals *(earning about $84,000 per year)*	**51%**	**99%**

Compared to the city overall, this ZIP code has…

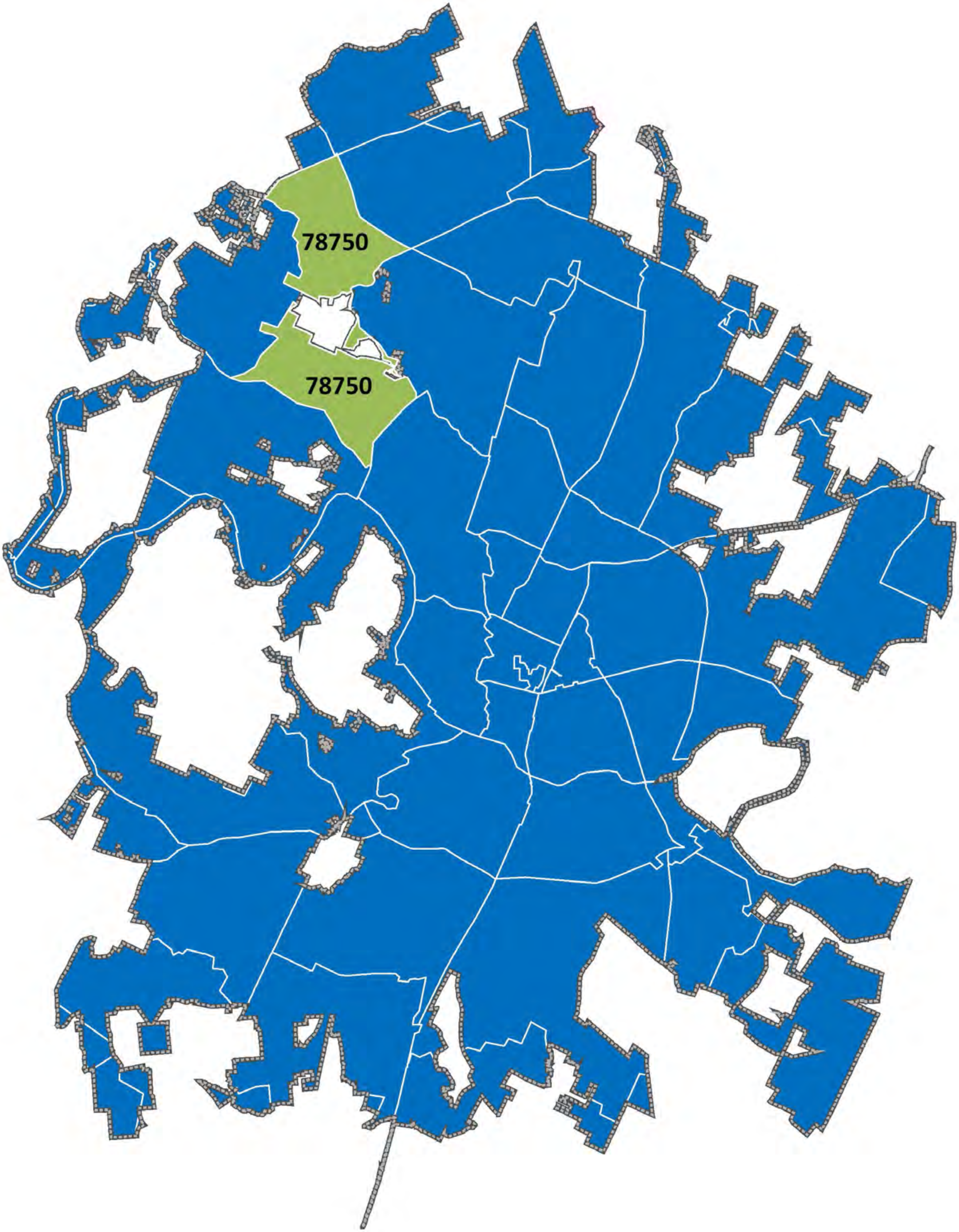
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

21% of ZIP code residents live within a quarter mile of a transit stop

$747 is the average monthly transportation cost for residents of this ZIP code

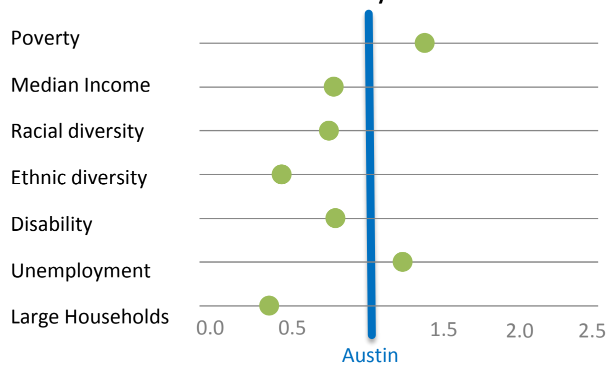
33% of housing + transportation costs in this ZIP code are from transportation costs


78750
78750

AUSTIN ZIP CODE 78751

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



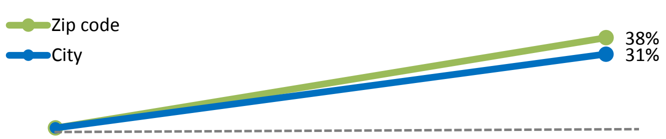
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of LOW INCOME households

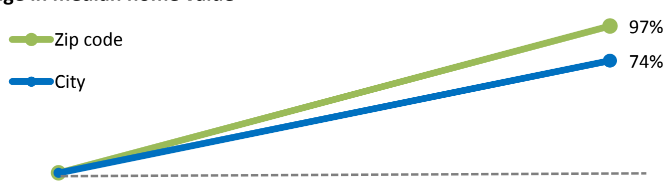
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $292,200

Median Rent $865

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 vs. 11% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 vs. 13% of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	Buy	Rent
 Retail and service workers *(earning about $24,000 per year)*	0%	9%
 Artists & Musicians *(earning about $31,000 per year)*	2%	38%
 Teachers *(earning about $48,000 per year)*	10%	68%
 Tech sector professionals *(earning about $84,000 per year)*	42%	97%

Compared to the city overall, this ZIP code has...

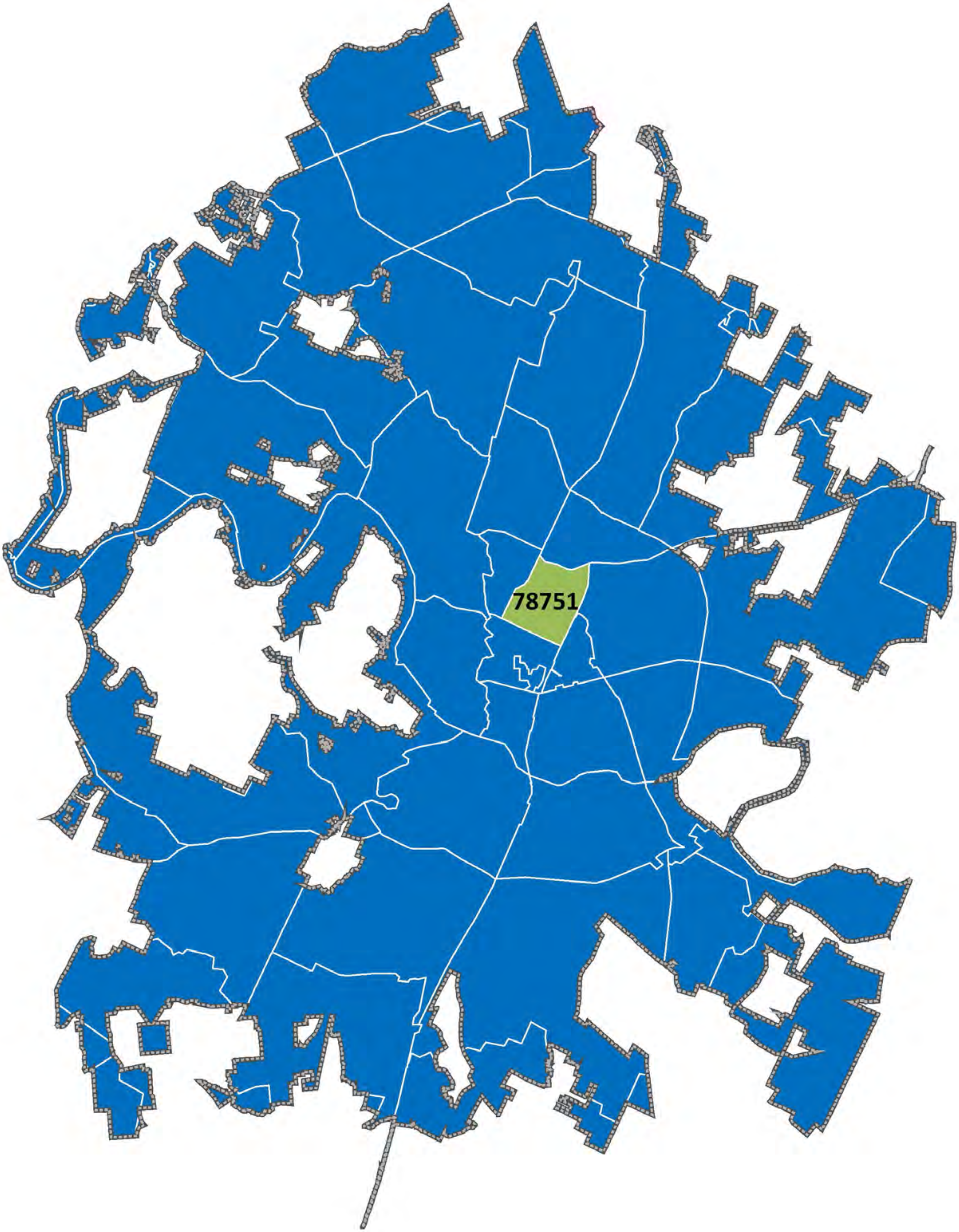
- ✓ **LOWER** than average proportion of rent-restricted units
- ✓ **LOWER** than average proportion of Housing Choice Voucher holders
- ✓ **LOWER** than average proportion of rental units in poor condition
- ✓ **LOWER** than average rate of housing development (2000 and 2012)

Transportation

98% of ZIP code residents live within a quarter mile of a transit stop

$550 is the average monthly transportation cost for residents of this ZIP code

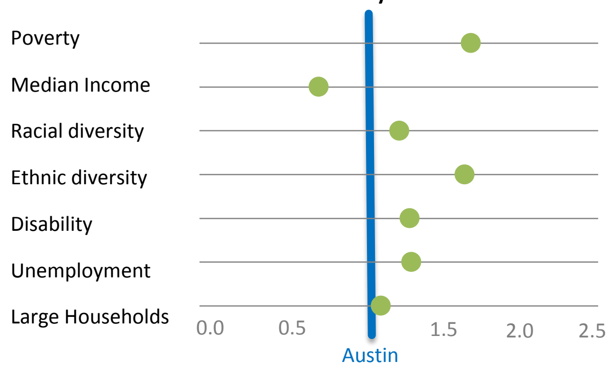
40% of housing + transportation costs in this ZIP code are from transportation costs


78751

AUSTIN ZIP CODE 78752

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



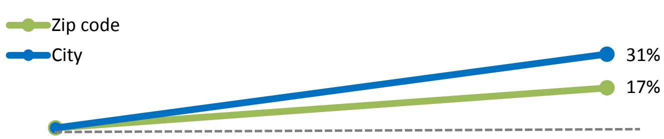
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
LOW INCOME households

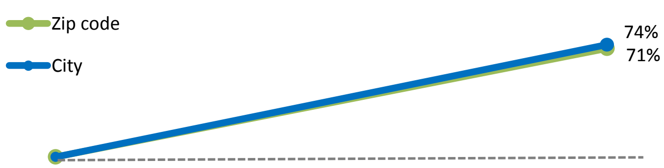
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$153,000**
Median Rent **$752**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **43%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **20%** of rental units in this ZIP code are affordable to them

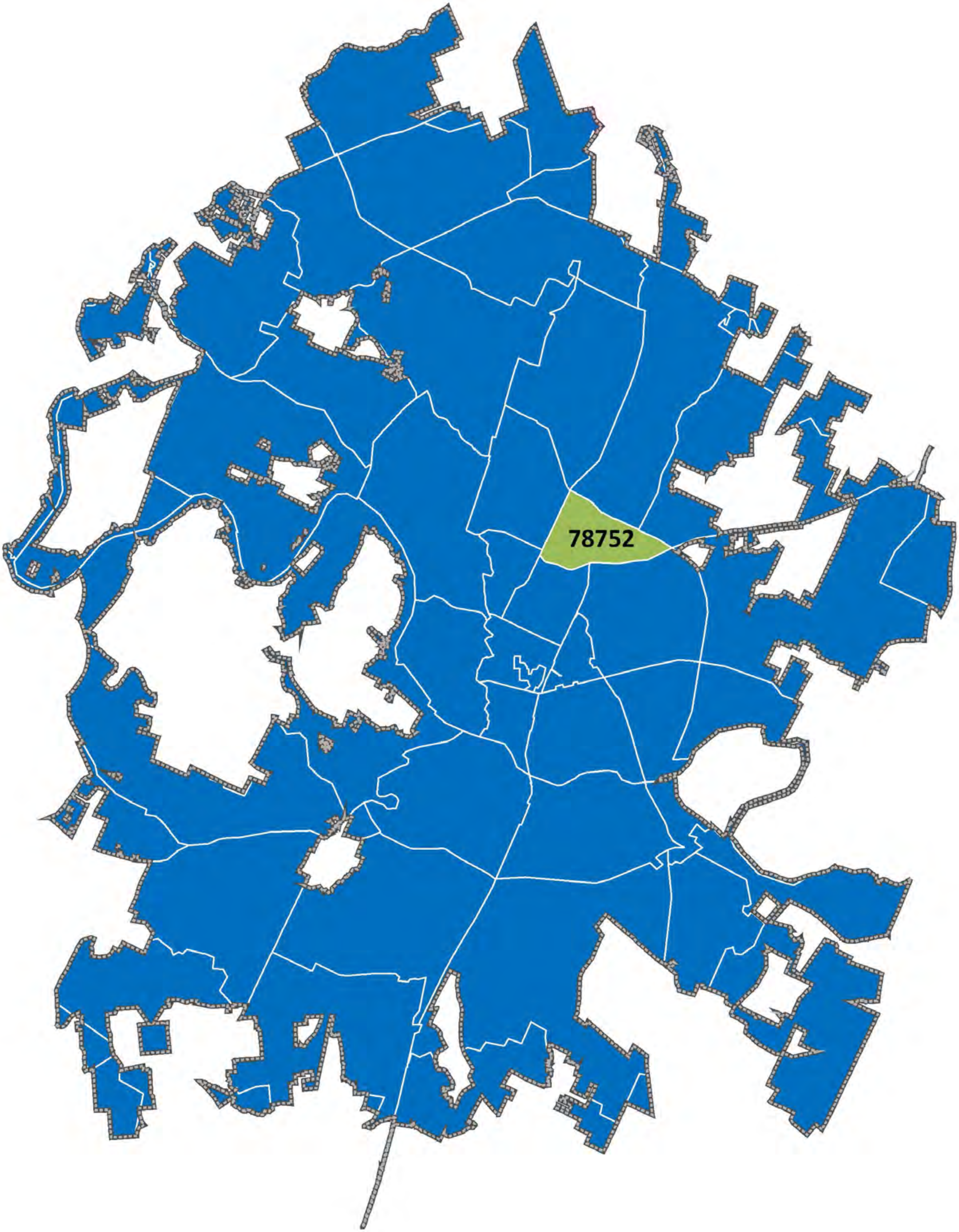
Odds that workers can afford to...		**Buy**	**Rent**
	Retail and service workers *(earning about $24,000 per year)*	**5%**	**14%**
	Artists & Musicians *(earning about $31,000 per year)*	**8%**	**55%**
	Teachers *(earning about $48,000 per year)*	**39%**	**92%**
	Tech sector professionals *(earning about $84,000 per year)*	**86%**	**100%**

Compared to the city overall, this ZIP code has...

- ✓ **LOWER** than average proportion of rent-restricted units
- ✓ **LOWER** than average proportion of Housing Choice Voucher holders
- ✓ **HIGHER** than average proportion of rental units in poor condition
- ✓ **LOWER** than average rate of housing development (2000 and 2012)

Transportation

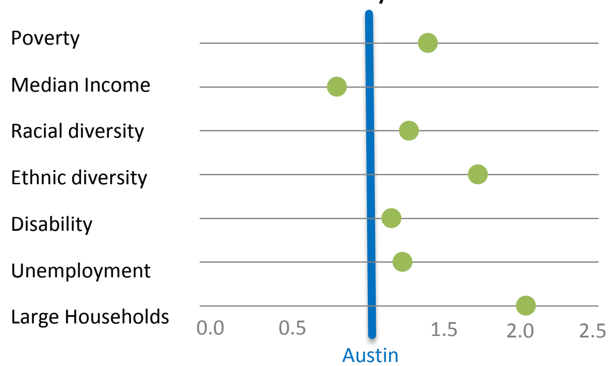
80% of ZIP code residents live within a quarter mile of a transit stop
$629 is the average monthly transportation cost for residents of this ZIP code
37% of housing + transportation costs in this ZIP code are from transportation costs


78752

AUSTIN ZIP CODE 78753

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



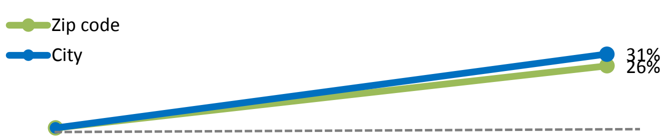
Income balance: does this ZIP code have a healthy mix of incomes?

No, there is an overrepresentation of
LOW INCOME households

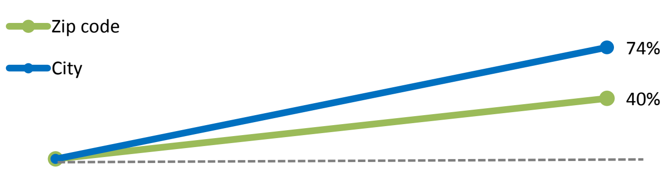
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value:	**$134,900**
Median Rent	**$826**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **78%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **14%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**8%**	**11%**
Artists & Musicians *(earning about $31,000 per year)*	**24%**	**40%**
Teachers *(earning about $48,000 per year)*	**75%**	**89%**
Tech sector professionals *(earning about $84,000 per year)*	**98%**	**100%**

Compared to the city overall, this ZIP code has…

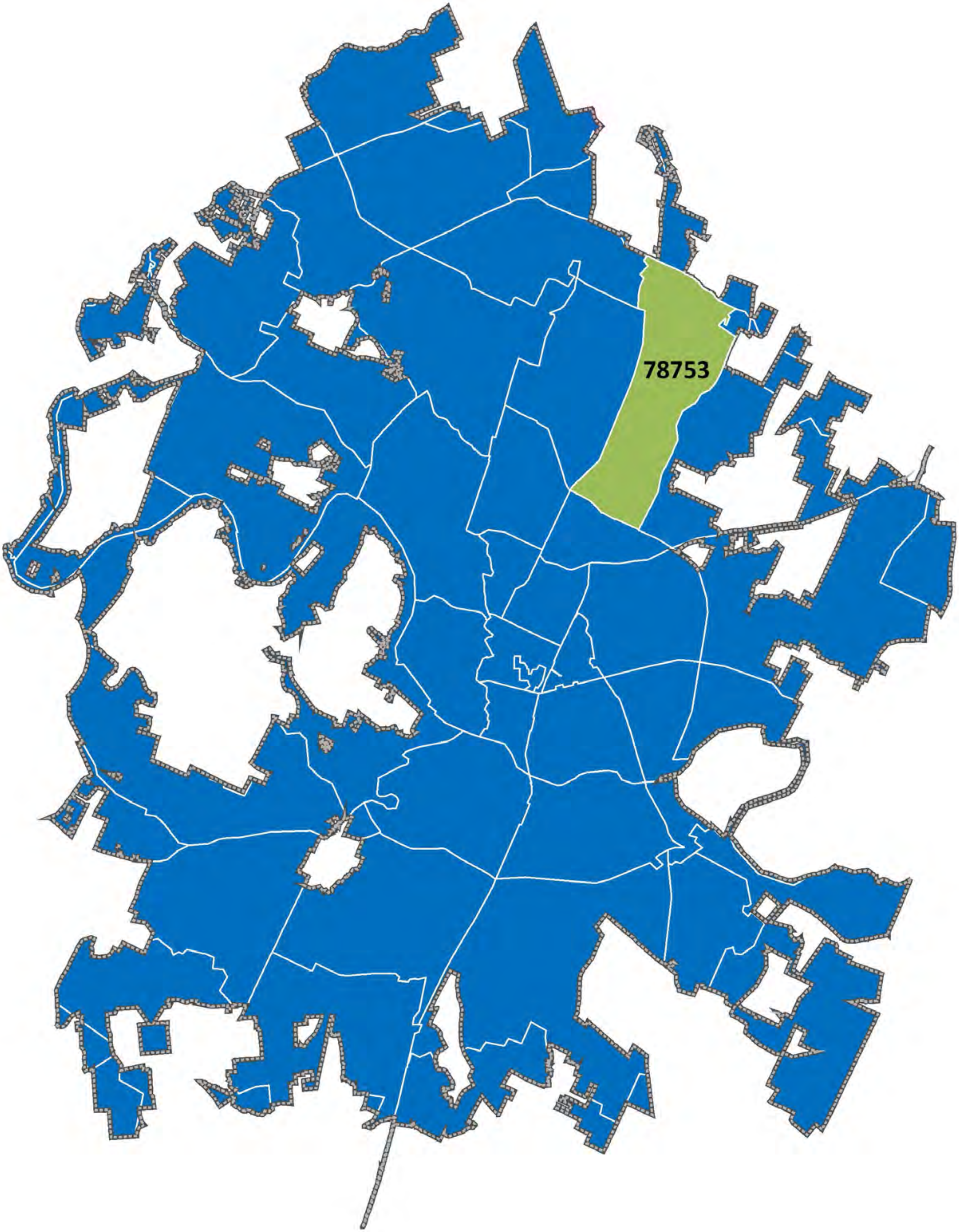
- ✔ **HIGHER** than average proportion of rent-restricted units
- ✔ **HIGHER** than average proportion of Housing Choice Voucher holders
- ✔ **HIGHER** than average proportion of rental units in poor condition
- ✔ **LOWER** than average rate of housing development (2000 and 2012)

Transportation

59% of ZIP code residents live within a quarter mile of a transit stop

$708 is the average monthly transportation cost for residents of this ZIP code

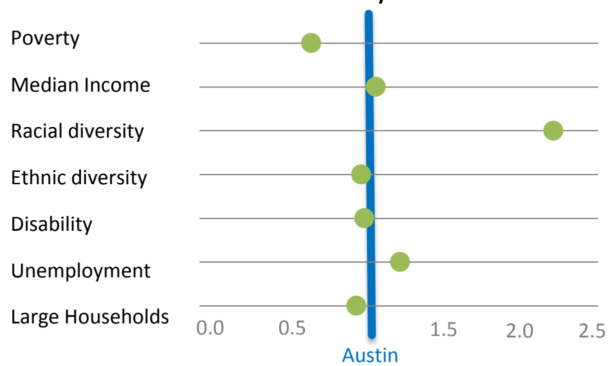
44% of housing + transportation costs in this ZIP code are from transportation costs


78753

AUSTIN ZIP CODE 78754

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



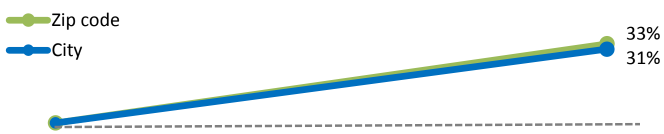
Income balance: does this ZIP code have a healthy mix of incomes?

This zip code is mostly MIDDLE INCOME households

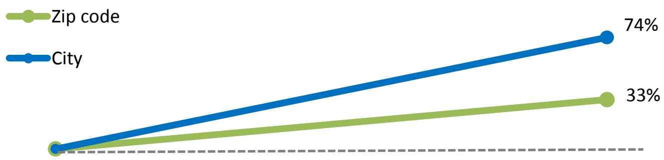
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $167,600

Median Rent $969

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **70%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **4%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	**Buy**	**Rent**
Retail and service workers *(earning about $24,000 per year)*	**1%**	**1%**
Artists & Musicians *(earning about $31,000 per year)*	**4%**	**22%**
Teachers *(earning about $48,000 per year)*	**59%**	**74%**
Tech sector professionals *(earning about $84,000 per year)*	**100%**	**100%**

Compared to the city overall, this ZIP code has...

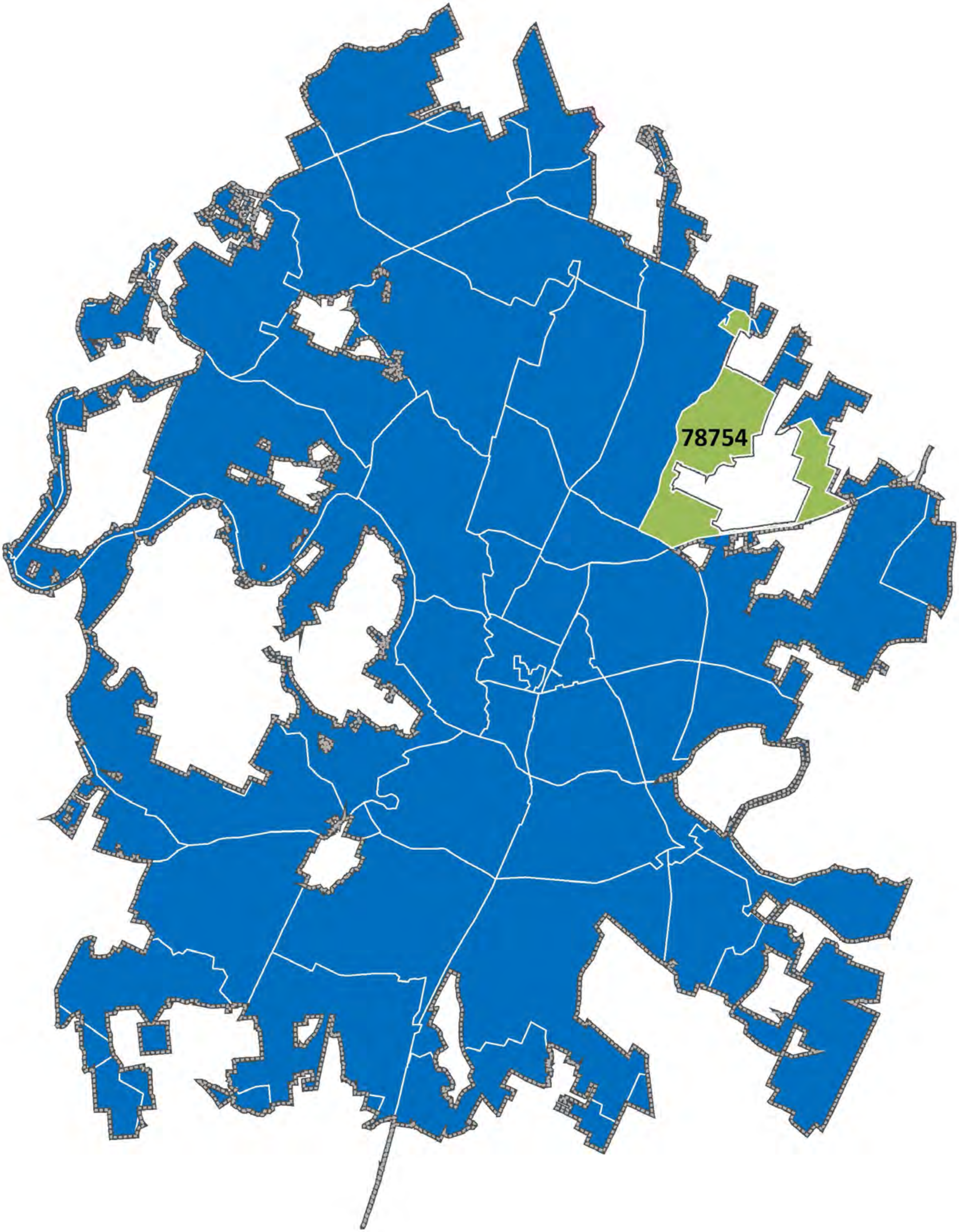
- **LOWER** than average proportion of rent-restricted units
- **HIGHER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **HIGHER** than average rate of housing development (2000 and 2012)

Transportation

19% of ZIP code residents live within a quarter mile of a transit stop

$708 is the average monthly transportation cost for residents of this ZIP code

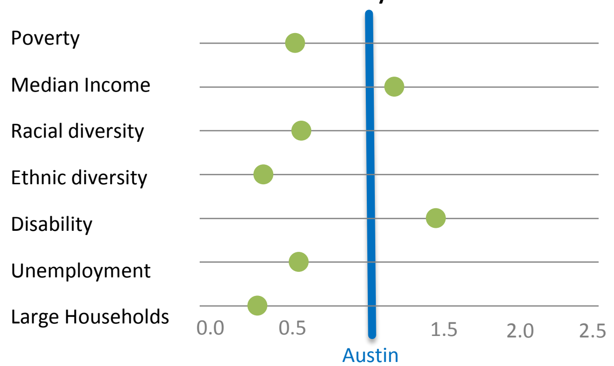
41% of housing + transportation costs in this ZIP code are from transportation costs


78754

AUSTIN ZIP CODE 78756

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



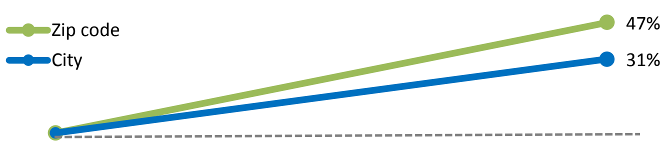
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

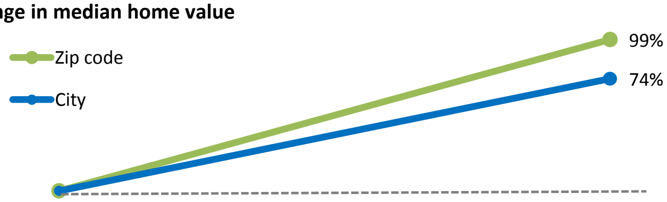
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $342,300
Median Rent $888

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** 20% of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** 17% of rental units in this ZIP code are affordable to them

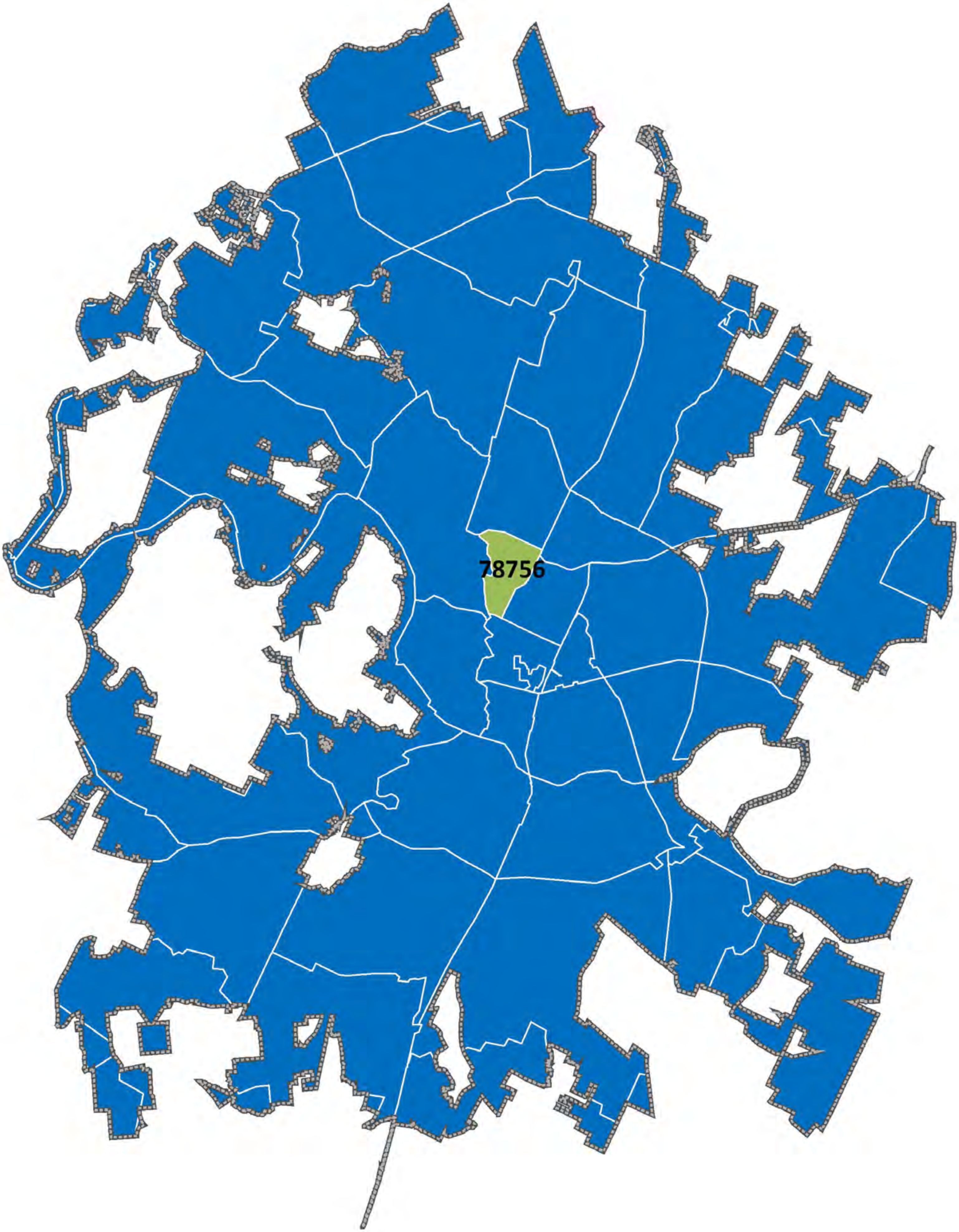
Odds that workers can afford to…	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	2%	13%
Artists & Musicians *(earning about $31,000 per year)*	3%	34%
Teachers *(earning about $48,000 per year)*	19%	76%
Tech sector professionals *(earning about $84,000 per year)*	37%	99%

Compared to the city overall, this ZIP code has…

- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

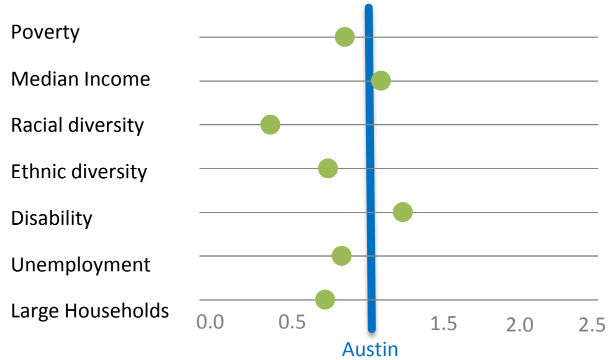
90% of ZIP code residents live within a quarter mile of a transit stop
$550 is the average monthly transportation cost for residents of this ZIP code
40% of housing + transportation costs in this ZIP code are from transportation costs


78756

AUSTIN ZIP CODE 78757

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



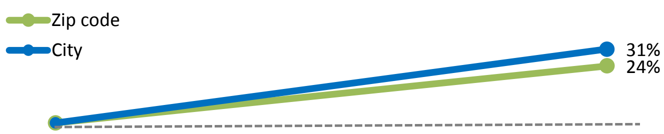
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

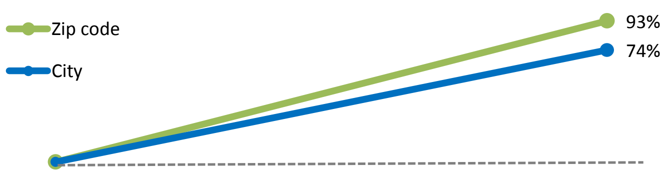
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: **$253,300**

Median Rent **$895**

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **vs.** **21%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **vs.** **8%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to…		Buy	Rent
	Retail and service workers *(earning about $24,000 per year)*	**2%**	**6%**
	Artists & Musicians *(earning about $31,000 per year)*	**8%**	**32%**
	Teachers *(earning about $48,000 per year)*	**21%**	**75%**
	Tech sector professionals *(earning about $84,000 per year)*	**56%**	**100%**

Compared to the city overall, this ZIP code has…

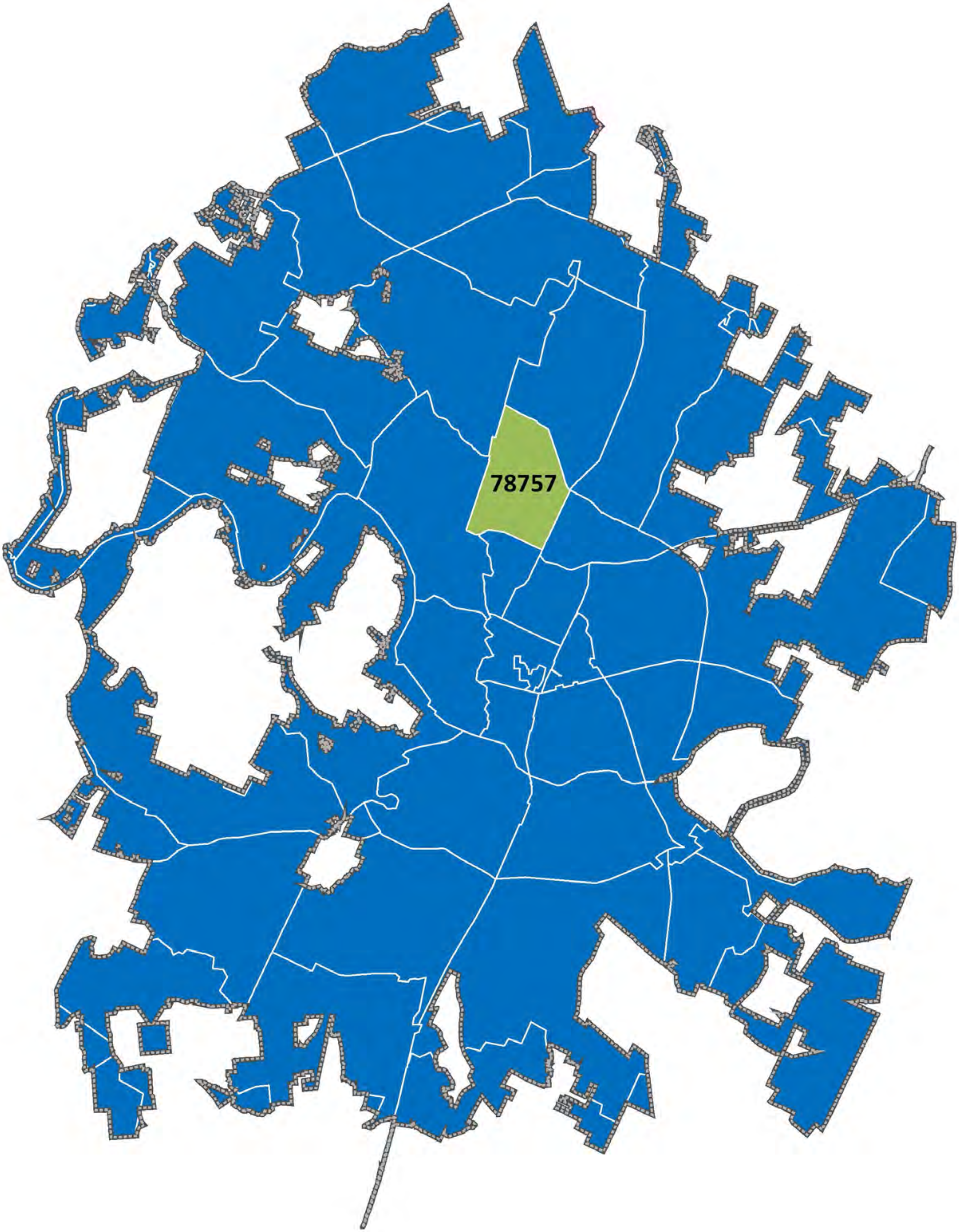
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

79% of ZIP code residents live within a quarter mile of a transit stop

$590 is the average monthly transportation cost for residents of this ZIP code

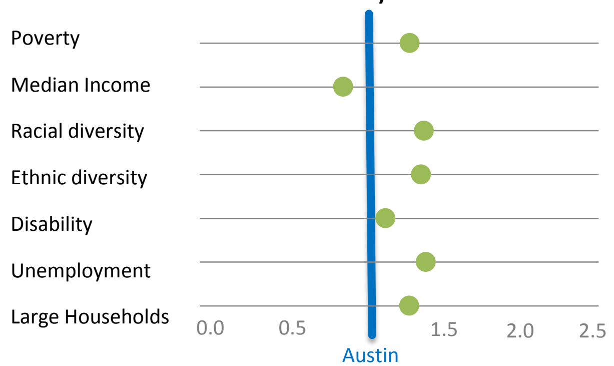
36% of housing + transportation costs in this ZIP code are from transportation costs


78757

AUSTIN ZIP CODE 78758

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



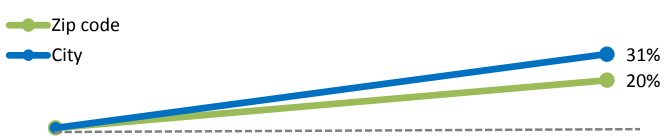
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

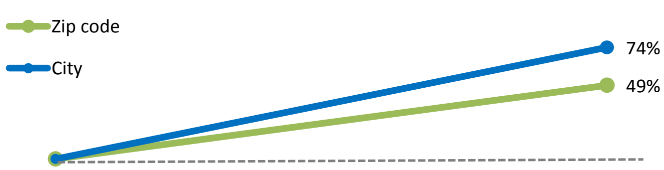
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $144,200

Median Rent $898

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **VS.** **71%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **VS.** **11%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	Buy	Rent
 Retail and service workers *(earning about $24,000 per year)*	13%	8%
 Artists & Musicians *(earning about $31,000 per year)*	23%	32%
 Teachers *(earning about $48,000 per year)*	69%	83%
 Tech sector professionals *(earning about $84,000 per year)*	99%	99%

Compared to the city overall, this ZIP code has...

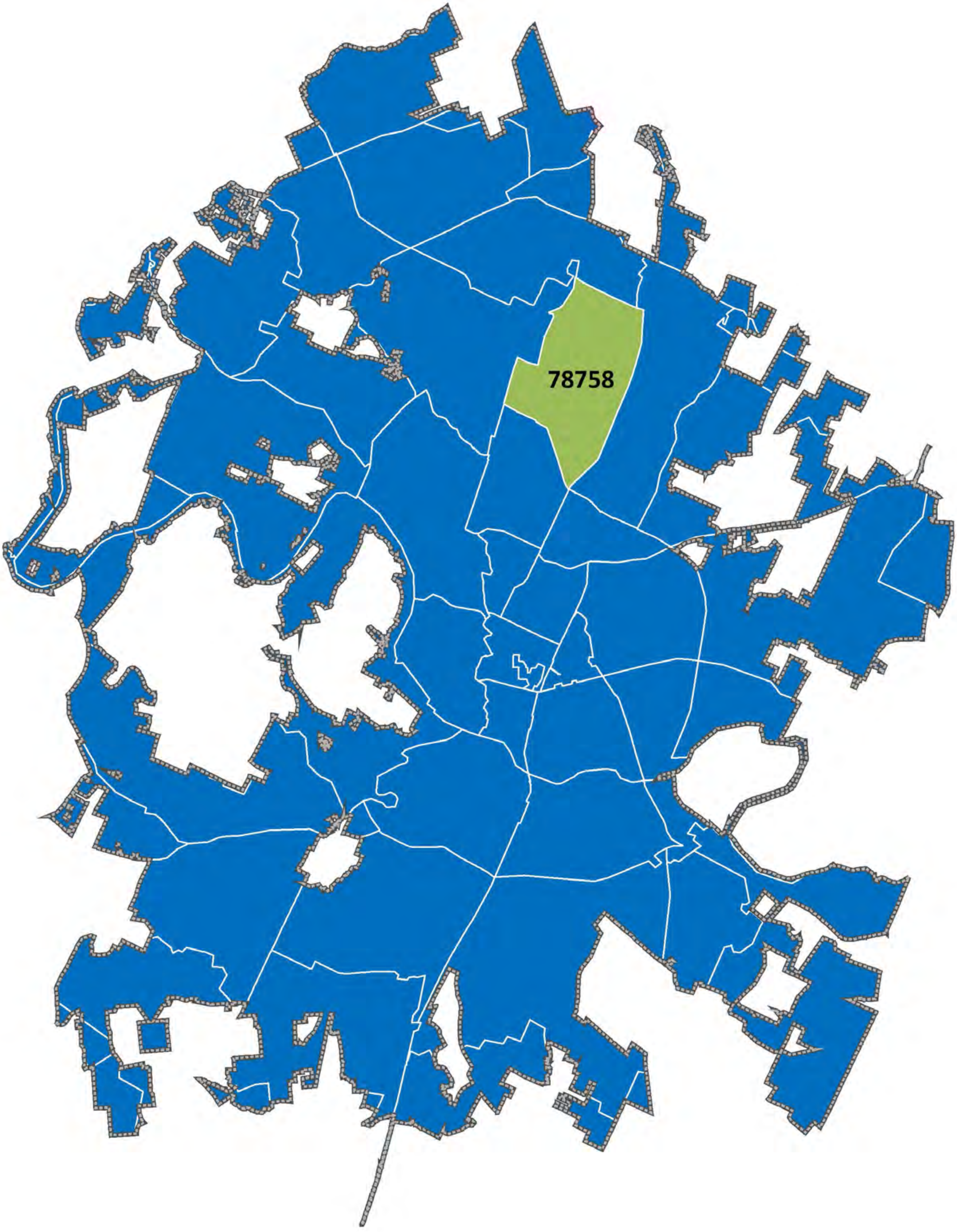
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **HIGHER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

75% of ZIP code residents live within a quarter mile of a transit stop

$668 is the average monthly transportation cost for residents of this ZIP code

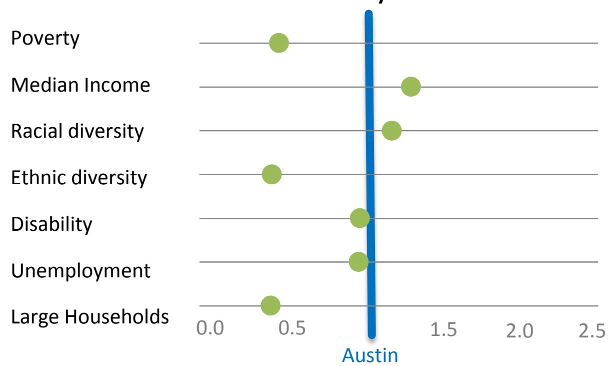
40% of housing + transportation costs in this ZIP code are from transportation costs


78758

AUSTIN ZIP CODE 78759

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



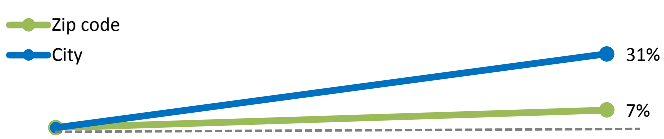
Income balance: does this ZIP code have a healthy mix of incomes?

Yes, this zip code is MIXED INCOME

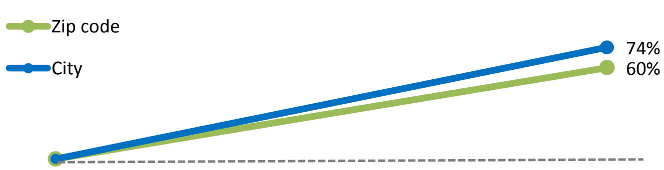
Is this ZIP code at risk of gentrification?

Sharp increases in rent and/or home values, relative to the city overall may mean gentrification is underway.

change in median rent



change in median home value



Housing Affordability

Median Home Value: $307,800

Median Rent $962

Homeownership for residents earning less than $50,000

29% of owners city-wide earn less than $50,000 **VS.** **13%** of homes for-sale in this ZIP code are affordable to them

Rentals for residents earning less than $25,000

33% of renters city-wide earn less than $25,000 **VS.** **3%** of rental units in this ZIP code are affordable to them

Odds that workers can afford to...	Buy	Rent
Retail and service workers *(earning about $24,000 per year)*	2%	2%
Artists & Musicians *(earning about $31,000 per year)*	3%	18%
Teachers *(earning about $48,000 per year)*	13%	75%
Tech sector professionals *(earning about $84,000 per year)*	45%	99%

Compared to the city overall, this ZIP code has...

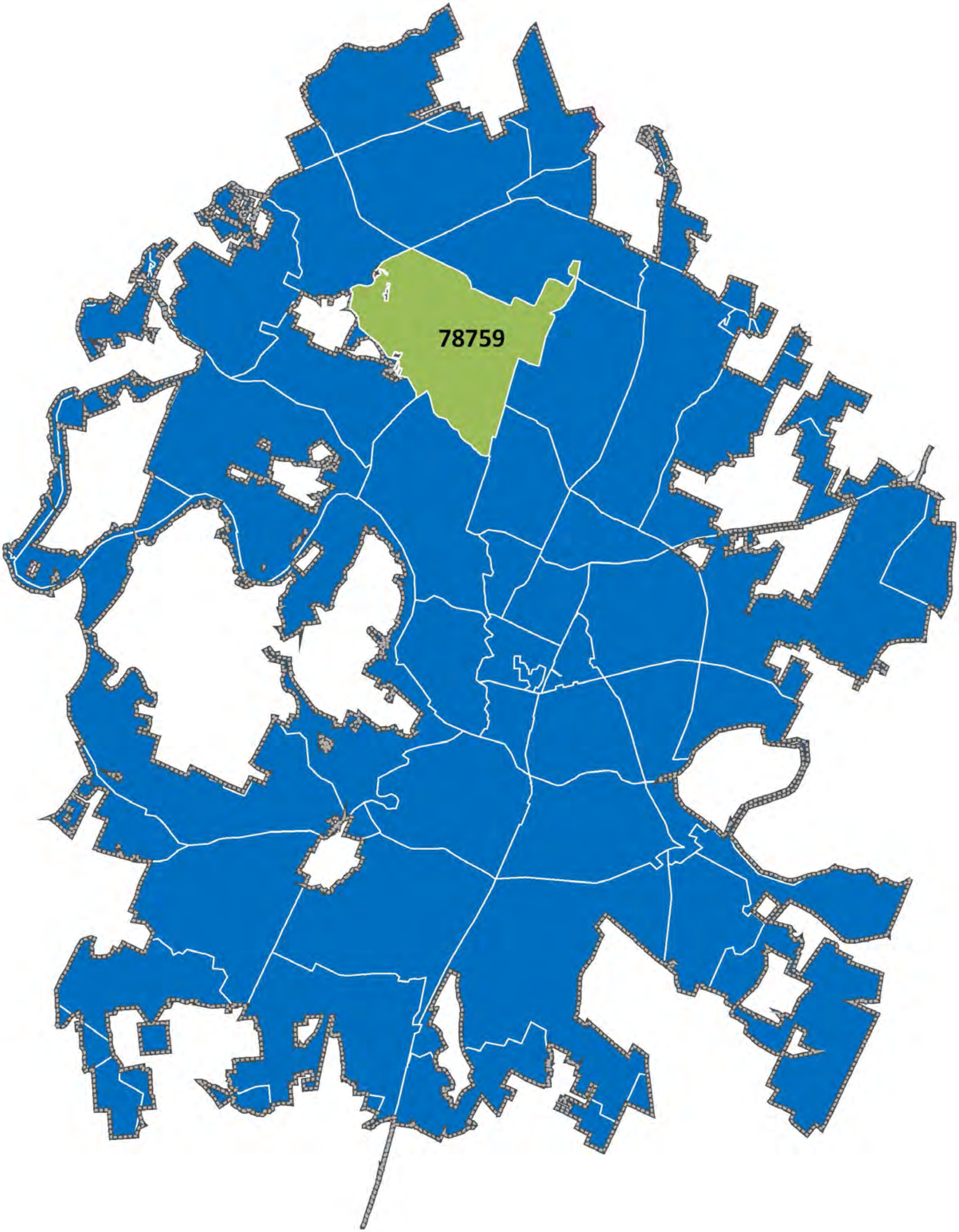
- **LOWER** than average proportion of rent-restricted units
- **LOWER** than average proportion of Housing Choice Voucher holders
- **LOWER** than average proportion of rental units in poor condition
- **LOWER** than average rate of housing development (2000 and 2012)

Transportation

28% of ZIP code residents live within a quarter mile of a transit stop

$629 is the average monthly transportation cost for residents of this ZIP code

40% of housing + transportation costs in this ZIP code are from transportation costs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Appendix IB: Taking Action: Preservation of Affordable Housing in the City of Austin

Taking Action:

Preservation of Affordable Housing in the City of Austin

July 2014

HousingWorks
AUSTIN

CITY OF AUSTIN
FOUNDED 1839

Prepared by:
HousingWorks Austin

Prepared for:
Austin Housing Finance Corporation
City of Austin

Executive Summary

As demonstrated by the 2014 Comprehensive Housing Market Analysis, completed by BBC Research & Consulting, Austin has an enormous need for affordable housing. The city has approximately 18,500 units of subsidized rental housing but needs an additional 48,000 rental units affordable to people earning $25,000 per year or less. In order to address this gap, the city will need to employ a multi-tiered strategy – one component of which will be preserving existing affordable stock.

Preservation of existing affordable housing stock is important because it is cost efficient, environmentally responsible, and it aligns with local planning initiatives. Preservation is closely tied to the Imagine Austin Comprehensive Plan's call for "complete communities" – inclusion of a wide range of housing types and price points in all parts of town.

Above: Preservation of existing affordable housing stock is important because it is cost efficient, environmentally responsible, and it aligns with local planning initiatives.

In this report, HousingWorks identifies the universe of both subsidized and nonsubsidized affordable rental stock and maps the location of those units. There is a significant amount of affordability that is embedded in private, market rate rental properties that are well-located, with proximity to public transit, in high opportunity areas.

HousingWorks' preservation strategy is closely aligned with University of Texas professor Elizabeth Mueller's "Green and Inclusive Corridors" project. Through her research, Dr. Mueller is narrowing the universe of buildings and corridors that should be prioritized for preservation.

In this report, HousingWorks recommends the following actions:

1. Adopt Homestead Preservation Districts and TIFs
2. Maximize Tax Incentives for Preservation
3. Develop a Preservation Strike Fund
4. Reconvene Stakeholder Group

Because Austin is experiencing the effects of a strong rental market (historically high occupancy coupled with high rental rates), the pressure on market rate affordable housing (in addition to the pressure on subsidized housing with expiring contracts), is enormous. It is critical for the City of Austin to take bold action and implement the detailed recommendations that follow.

Background and Introduction

Rental housing is a critical component of the housing stock. In fact, renters make up a disproportionate share of households in the City of Austin. Nearly 55% of the city's households are renters, compared to approximately 35% for the country as a whole. Austin has a higher proportion of renters than many peer cities, including Phoenix, AZ (47.1%), Denver, CO (52.5%), Charlotte, NC (45.7%), and Portland, OR (46.9%).[1] This makes rental housing a particularly important asset in our community.

While preservation is a term with multiple meanings, affordable housing preservation is typically a strategy to ensure that affordability restrictions (usually the result of some sort of federal, state, or local subsidy) are in place to ensure that units remain affordable over time. Like most major cities, though, Austin does not have a significant amount of federally subsidized housing stock. Rather, the bulk of the city's affordable housing is private, market rate affordable housing. As these properties have aged, sometimes falling into disrepair and/or suffering the consequences of undercapitalization, they have become "affordable."

In April 2007, the University of Texas School of Law Community Development Clinic released *Preserving Austin's Multifamily Rental Housing: A Toolkit*. This report was precipitated by the impending loss of a significant number of affordable apartment properties in central Austin, with major implications for central city schools and racial/ethnic and socio-economic diversity in the city's urban core. Older apartment complexes, many of which provided affordable housing to low-wage workers and low-income families, were being redeveloped into high-end rental complexes.

The 2007 report provided a variety of strategies to counteract this trend. Tools included public funding, private finance, tax tools, zoning and land use policies, and regulatory tools. Some of those recommendations have been implemented (to various degrees). All of the recommended tools and strategies remain relevant options today.

Above: Older complexes, many of which provided affordable housing to low-income families, have been torn down and redeveloped into properties serving higher-income individuals.

In April 2008, a few months before the historic crash of the financial markets, City of Austin Neighborhood Housing and Community Development (NHCD) issued the report, *Preserving Affordable Housing in Austin, A Platform for Action* in order to proactively address the loss of affordable housing stock in the community. The spring 2008 report profiled both subsidized and unsubsidized housing stock, explored "best practices" in preservation, and developed policy recommendations for action.

(1) American Community Survey, DP04 Selected Housing Characteristics, 1 Year Estimates, 2012.

Above: Rental housing is a critical component of Austin's housing stock.

Timing is critical. Because Austin is experiencing the effects of a strong rental market (historically high occupancy coupled with high rental rates), the pressure on market affordable housing (in addition to the pressure on subsidized housing with expiring contracts), is enormous. These pressures underscore the importance of developing and implementing a comprehensive preservation strategy.

In June 2012, City Council adopted the Imagine Austin Comprehensive Plan, which specifically called for a diverse housing stock in all parts of town, to ensure a wide range of household affordability and transportation options near employment centers.

In May 2013, City Council passed Resolution No. 20130509-031, which recognizes the importance of existing affordable multifamily housing stock in addressing affordability challenges throughout the city. The council resolution calls on the city manager to address preservation of existing affordable housing as a component of the city's near-term housing planning efforts. This resolution builds on the momentum of the city's 2008 study, *Preserving Affordable Housing in Austin: A Platform for Action*, among other studies.

With multiple inter-related initiatives underway – including CodeNEXT, the city's first comprehensive land development code rewrite in 30 years, the potential adoption of Homestead Preservation Districts, the 2014-2019 Consolidated Plan, and the 2014 Comprehensive Housing Market Study – this City Council resolution presents a timely opportunity to lay out a clear and comprehensive strategy for preservation of affordable housing.

As a follow up to the 2008 report, Austin Housing Finance Corporation (AHFC) has contracted with HousingWorks Austin to develop a comprehensive preservation strategy. This report lays out a multi-faceted preservation strategy with both quantitative and qualitative goals, as well as financial strategies for implementation.

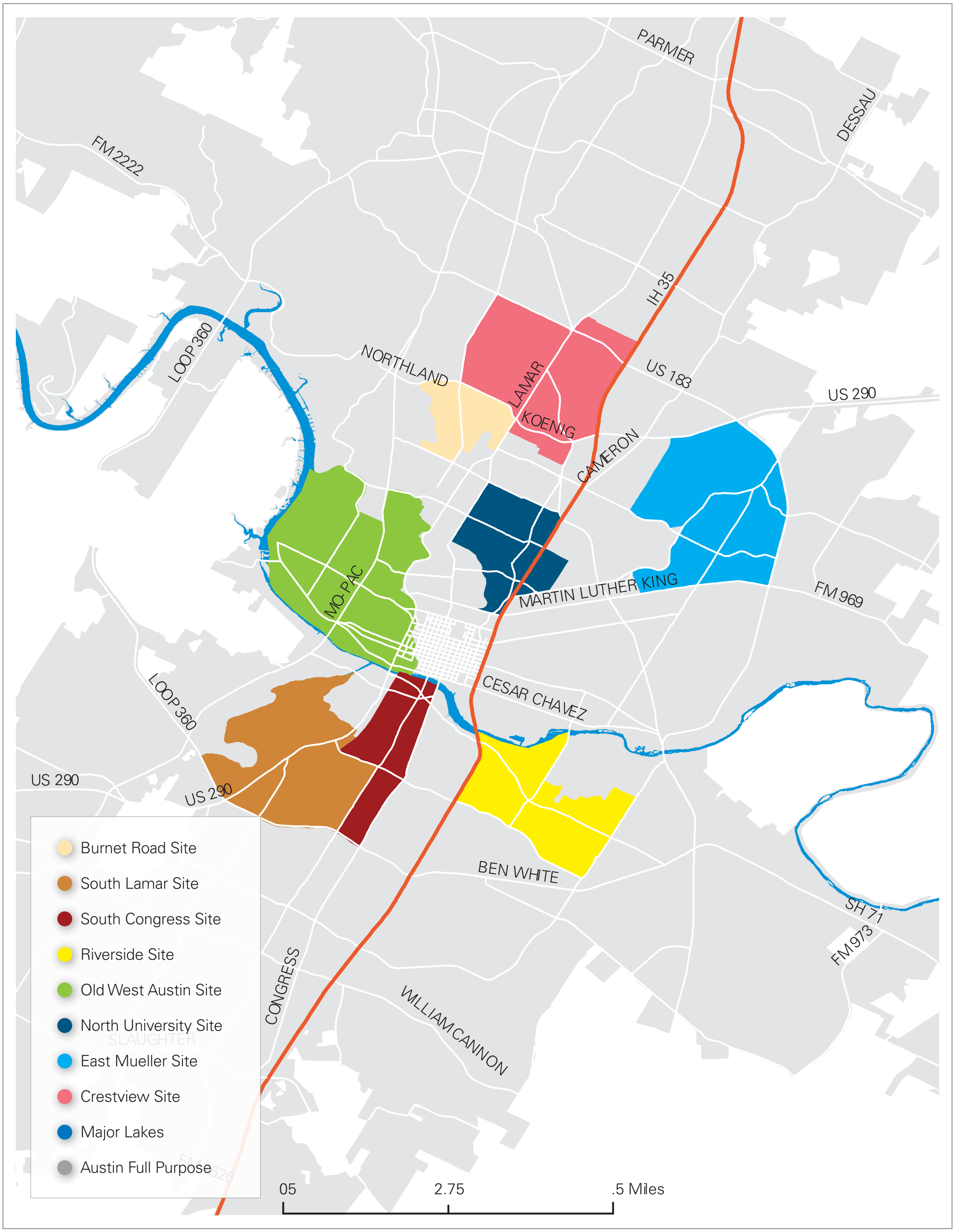
HousingWorks staff is working in concert with University of Texas Community and Regional Planning Professor Elizabeth J. Mueller, who received a HUD Sustainable Housing and Communities grant for her Green and Inclusive Corridors project. Dr. Mueller's work includes (1) developing criteria and measures to identify and prioritize neighborhoods that are both vulnerable to redevelopment and located in areas that offer important benefits to low income renters; (2) developing a library of building typologies of aging multifamily rental stock in these corridors; and, (3) developing scenarios for building rehabilitation. The priority corridors currently being contemplated are shown in the map on the next page (page 4).

Dr. Mueller's work will yield recommendations for criteria to use in selecting buildings for rehabilitation, for adoption of rehab-supportive policies, and for integrated planning for infrastructure, transportation and housing investment in order to support successful transformation of well-located properties into ongoing sources of affordable housing.

Both HousingWorks' research and recommendations and Dr. Mueller's research and recommendations will guide the City of Austin toward an ambitious and progressive preservation strategy.

Preserving Affordable Rental Housing

Selected Case studies | Austin TX



Why Does Preservation Matter?

As a country, we have invested billions of dollars in publicly subsidized affordable housing. Developing new affordable housing, particularly in areas like Austin with extremely high land prices, is an expensive endeavor. Even with modest finish out and fewer amenities than other newly constructed "Class A" complexes, new construction of affordable rental multifamily development (stick form construction) in Austin costs between $125,000 and $175,000 per unit.

National studies have shown preservation and rehabilitation to cost one-half to two-thirds of new construction.[2] This national estimate is corroborated by local experience, including research featured in Professor Elizabeth Mueller's 2012 report "Creating Inclusive Corridors: Austin's Airport Boulevard."[3] In short, preservation is faster, greener, and cheaper than new development.

Preservation is closely tied to the Imagine Austin call for "complete communities" – inclusion of a wide range of housing types and price points in all parts of town. Preserving affordable housing can enable low-income households to stay in neighborhoods that are quickly gentrifying. The City of Austin is experiencing rapidly increasing property values. Given the lack of sales data on multifamily properties, the rise in residential single-family home values can be used as a proxy. The map on the next page (page 6) shows the change in single-family home value by zip code between 2005 and 2012.

This shift in land values is forcing some long-standing residents from historically low-income and minority areas to move and causing the redevelopment of many older properties. By investing in preservation – both single family and multifamily – the city would be investing in racial/ethnic and socioeconomic diversity.

At the same time housing costs are rising, wages are stagnating and the baby boom is retiring. Therefore an increasing number of individuals and households are living on lower or flat incomes.

As a result, there is increasing demand for affordable rental housing, and the gap between needs and availability is growing. According to The Urban Institute, for every 100 extremely low-income renter households (<30% MFI) in Travis County, there are only 13 affordable and available rental units.[4] That number declined from 18 units in 2000 to 14 units in 2006. While the number of deeply affordable subsidized housing units has increased since 2000 through various forms of public investment, it cannot keep up with the growing demand.

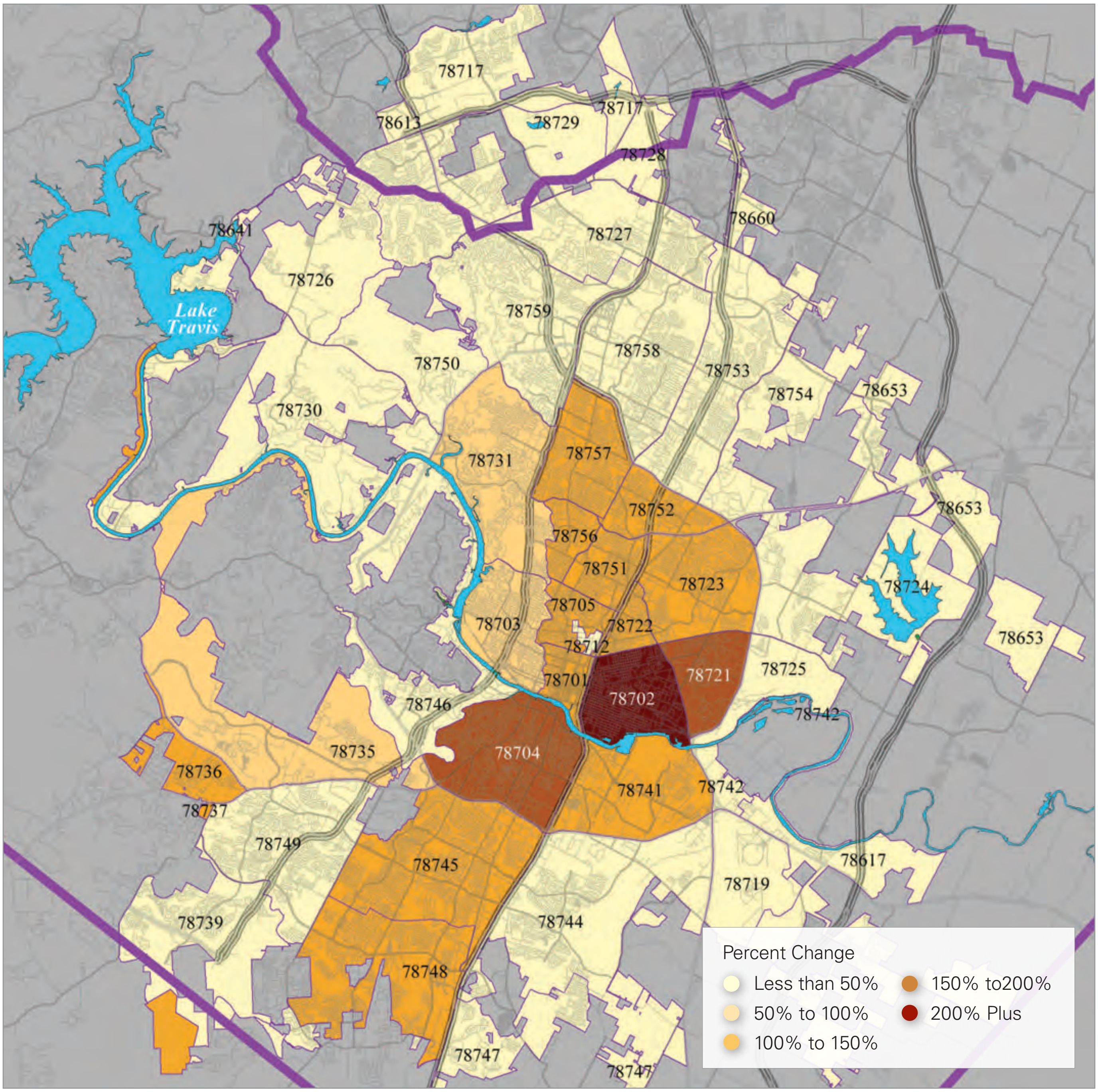
The 2009 Comprehensive Housing Market Study found that only 1 of 6 renters earning less than $20,000 a year could find affordable housing. The result was a gap in affordable rental units of approximately 37,000 units. According to the updated 2014 Comprehensive Housing Market Analysis, the need for low-income units increased from approximately 37,000 to 48,000 rental units. Again, the public investment in affordable housing (via federal, state, and local subsidy) has resulted in an increase in deeply affordable units but cannot fill the widening gap between supply and demand from the growing lower-income population.

(2) *Evidence Matters*, *"Preserving Affordable Rental Housing: A Snapshot of Growing Need, Current Threats, and Innovative Solutions."* Summer 2013. Page 3.

(3) **http://www.academia.edu/1856564/Creating_Inclusive_Corridors_Austins_Airport_Boulevard**

(4) Mapping America's Rental Housing Crisis, The Urban Institute, 2014. **http://www.urban.org/housingaffordability/**

Median Single-Family Value Change by Zip Code: 2005-2012



Stakeholder Process

City Council Resolution No. 20130509-031 directs the City Manager to work with stakeholders to advance preservation initiatives. On November 13, 2013, Neighborhood Housing and Community Development (NHCD) convened a stakeholder process with representatives from a variety of interests, including the Austin Apartment Association (AAA), Austin Board of Realtors (ABoR), the Real Estate Council of Austin (RECA), the Housing Authority of the City of Austin (HACA), the Community Housing Development Organization (CHDO) Roundtable, and the Community Development Commission (CDC).

The November 2013 conversation included the following major themes:

- Need to target preservation in transit-rich and high opportunity areas
- Need for strategic investment with performance measures
- Need to clearly define affordability and make sure to target those most in need (e.g., less than 30% MFI)
- Need to consider preservation of both single-family and multifamily housing stock

In addition, participants shared their knowledge of best practices, including acquisition and rehabilitation programs in Chicago and New York City; programs that enable private owners to sell multifamily properties to nonprofit organizations; and programs that provide incentives to multifamily property owners to keep units affordable while providing energy efficiency and other upgrades.

The group agreed to a follow up meeting and interim communication, pending the release of the 2014 Comprehensive Housing Market Study. In researching and developing recommendations included in this report, HousingWorks had multiple individual meetings, phone calls, and conversations with stakeholders including (among others) AAA, ABoR, RECA, and HACA. Both ABoR and AAA provided data and/or insight that helped to establish the baseline of the affordable multifamily housing stock.

Below: Preservation of affordable multifamily rental housing in high opportunity areas allows families with children to succeed.

Establishing a Baseline of Multifamily Rental Housing Stock for Preservation

The city's affordable multifamily housing stock consists of both subsidized and unsubsidized rental housing. According to the 2010 census data, the City of Austin has 354,241 housing units, 178,226 of which are renter-occupied. As discussed below, approximately 18,500 units are publicly subsidized. Accordingly, only approximately one in 10 rental units has affordability restrictions.

As part of BBC Research & Consulting's contract with the City of Austin, the 2014 Comprehensive Market Study was scoped to include the following requirements:

- Quantify and locate the privately owned and subsidized aging housing stock throughout the City, including units lost or retired over the past ten years.
- Identify geographic areas where this stock is concentrated. Include factors that reveal substandard housing conditions such as overcrowding or code compliance complaints.
- Analyze the current rents and future rental trends for aging stock, including those subsidized units that will expire in the next 20 years.

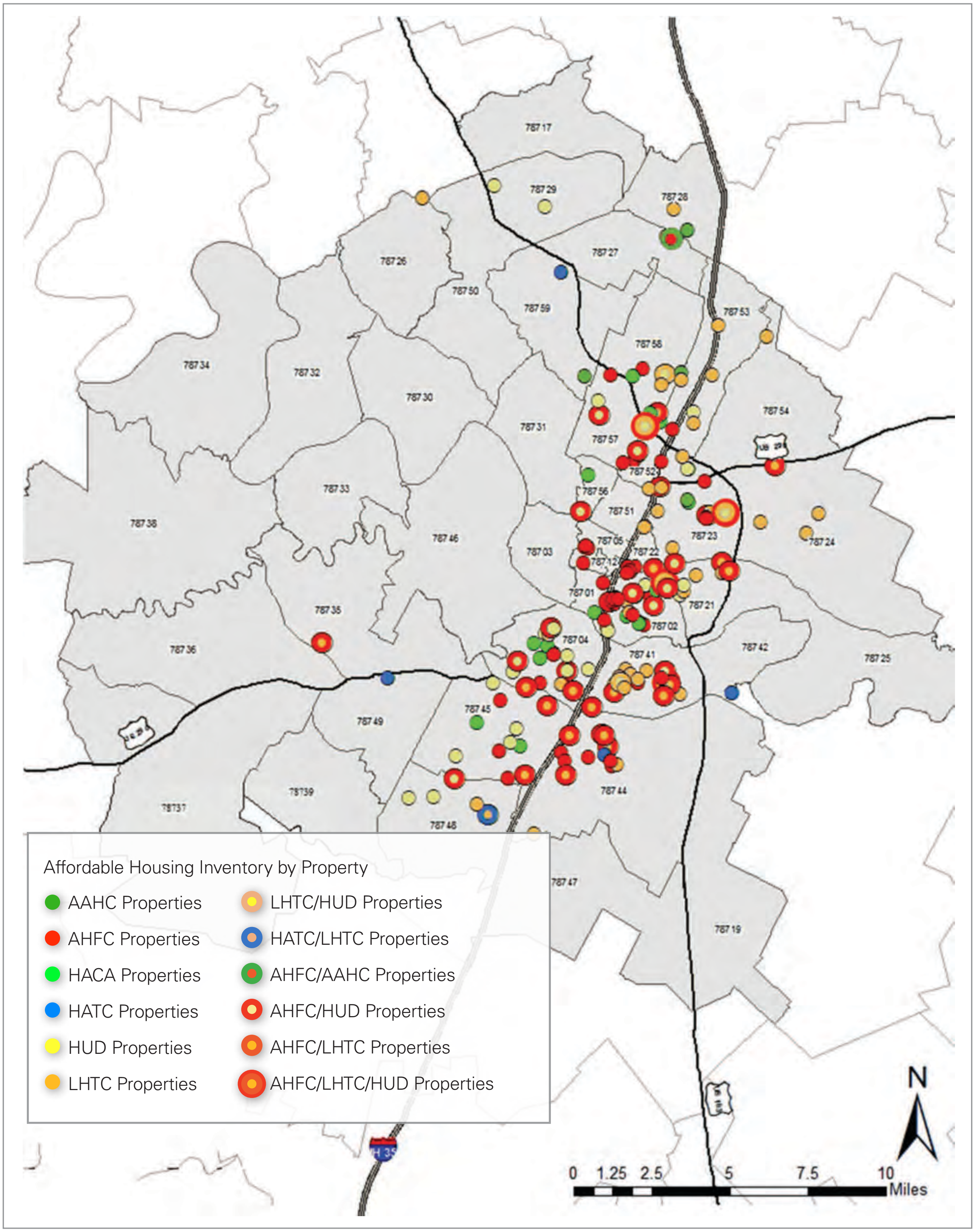
Multifamily Rental Housing Stock: Subsidized

The City of Austin is home to 186 publicly subsidized apartment properties, providing approximately 18,500 rental units with affordability requirements. These requirements are triggered by federal, state, and/or local funding sources, including Low Income Housing Tax Credits, Project Based Rental Assistance, HUD Direct Loans (Section 202 or Section 811), and HUD insurance:

Type of Subsidized Housing	2008 Inventory	2014 Inventory	Expiration Date
Housing Authority of City of Austin (HACA)	1,928	1,817	Ongoing, subject to federal authorization
Austin Affordable Housing Corporation (AAHC)	N/A	505	N/A
Housing Authority of Travis County (HATC)	105	325	Ongoing, subject to federal authorization
Austin Housing Finance Corporation (AHFC)	N/A	7,267	Minimum 40 years
Project-Based Section 8	1,347	2,077	Varies, according to HUD contract
Low-Income Housing Tax Credits (LIHTC)	8,122	9,887	15-30 year affordability; earliest will expire in 2020.
Section 202	405	298	40 year affordability
Section 811	103	185	40 year affordability
Total Affordable Housing Inventory	17,706	18,524[5]	
HACA, Housing Choice Vouchers	5,023	5,700	Ongoing, subject to federal authorization
HATC, Housing Choice Vouchers	673	568	Ongoing, subject to federal authorization

(5) *City of Austin Fiscal Year 2014-19 Consolidated Plan, Appendix I: Housing Market Analysis, Community Needs Assessment, Market Trends and Public Comments*, June 2014 Draft, Page 6, Figure 8.

Subsidized Housing Inventory



As illustrated by the inventory map on the previous page (page 7), the city's subsidized housing is distributed throughout the City of Austin, but there are certain areas with a disproportionate amount of these properties. As reported by the 2014 Comprehensive Housing Market Analysis, two zip codes (78741 – east of IH-35 between Riverside and 71 and 78753 – north of Highway 183 spanning IH-35) have a disproportionate amount of subsidized rental housing.[6]

Zip code 78741, located in southeast Austin and encompassing the East Riverside Drive corridor, includes 18% of the total subsidized housing inventory. The vast majority of these units (nearly 80%) were financed through the Low Income Housing Tax Credit (LIHTC) program. Zip code 78753, located in north Austin and spanning a section of the IH-35 corridor, includes 10% of the total subsidized housing inventory. Approximately two-thirds of these units are governed by LIHTC program regulations, which include affordability restrictions at 60% MFI that are generally in place for between 15 and 30 years.

Nearly 13% of subsidized rental units city-wide (2,463 units) are governed by affordability restrictions that will expire within the next 10 years. The vast majority (93%) of these units are located in privately-owned, for-profit developments. Without additional subsidy or other compelling reasons, private for-profit owners are generally not motivated to extend affordability provisions. The remaining seven percent of the 2,463 units are located in properties owned by mission-focused nonprofits, which are likely to continue the affordability provisions.

The City of Austin has demonstrated its ability to garner the political support for preservation and willingness to invest in preservation of affordable housing in recent years. There are multiple successful examples of local public-private collaborations. In 2013, for example, City Council unanimously supported a 9% LIHTC application for Oak Creek Village Apartments in 78704 (central south Austin). The application was part of the Texas Department of Housing and Community Affairs (TDHCA) statewide at-risk set-aside and will preserve 173 units of deeply affordable housing located in a centrally-located and highly-desirable area in the City of Austin. While the property will be completely redeveloped with increased density and market-rate units, the city worked with the private developer to increase zoning entitlements while maintaining the 173 deeply affordable units (governed by a Section 8 contract).

Other examples of collaborative preservation include affordable housing bond-funded acquisition and redevelopment (e.g., Marshall Apartments, Elm Ridge Apartments, Sierra Ridge, and Malibu Apartments), ongoing Rosewood Choice Neighborhood Planning Initiative (which contemplates the redevelopment of the Housing Authority of the City of Austin's (HACA) Rosewood Courts family development) and the upcoming redevelopment of the Rebekah Baines Johnson (RBJ) elderly housing development, which is a Section 236 elderly housing development with a 100-unit Housing Assistance Payments (HAP) contract.

As part of the City of Austin's preservation strategy, it is critical that the status of properties with subsidized units are closely monitored for expiring affordability periods and that the city continues to proactively collaborate with public and private entities seeking to preserving affordability.

(6) *City of Austin Fiscal Year 2014-19 Consolidated Plan, Appendix I: Housing Market Analysis, Community Needs Assessment, Market Trends and Public Comments*, June 2014 Draft, Page 6, Figure 8.

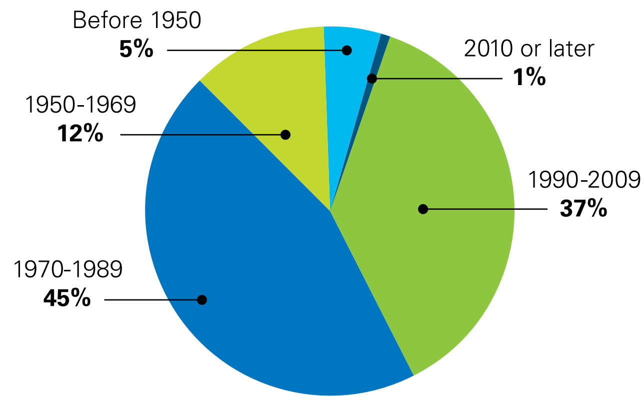
Above: Rental units with three (or more) bedrooms are critical for low-wage working families.

Multifamily Rental Housing Stock: Unsubsidized

Although multifamily development slowed between 2009 and 2011 as a result of the credit crisis, there has been significant increase in development in the past several years. Currently, there are more than 16,000 multifamily units under construction.[7]

It is important to note that a significant amount of rental housing stock is older. Approximately 45% of renter-occupied housing was built in the 1970s and 1980s, making it ripe for redevelopment or significant capital improvements and expenditures (see chart in next column).

Renter Occupied Units by Year Built



The majority of the City of Austin's affordable housing is privately-owned, unsubsidized, "market-rate" housing. Utilizing 2013 Rent Limits from the City's Neighborhood Housing and Community Development Department,[8] Capitol Market Research (CMR) determined that, within larger apartment properties of 50 units or more, there are slightly more than 25,000 efficiency, one-, two-, and three-bedroom rental units that are affordable to households earning at or below 50% MFI. If rent limits are increased to 60% MFI and below, that number increases to slightly more than 62,000 units (see chart below).

	< 30% MFI	30% MFI - 50% MFI	50% MFI - 60% MFI	Total < 60% MFI
Number of Affordable Units	319	24,907	36,829	62,055

Out of more than 62,000 units, there are less than 5,300 three-bedroom units affordable to households at or below 60% MFI. These units provide a critical (and dwindling) supply of affordable housing for low-wage working families.

Rent Limits

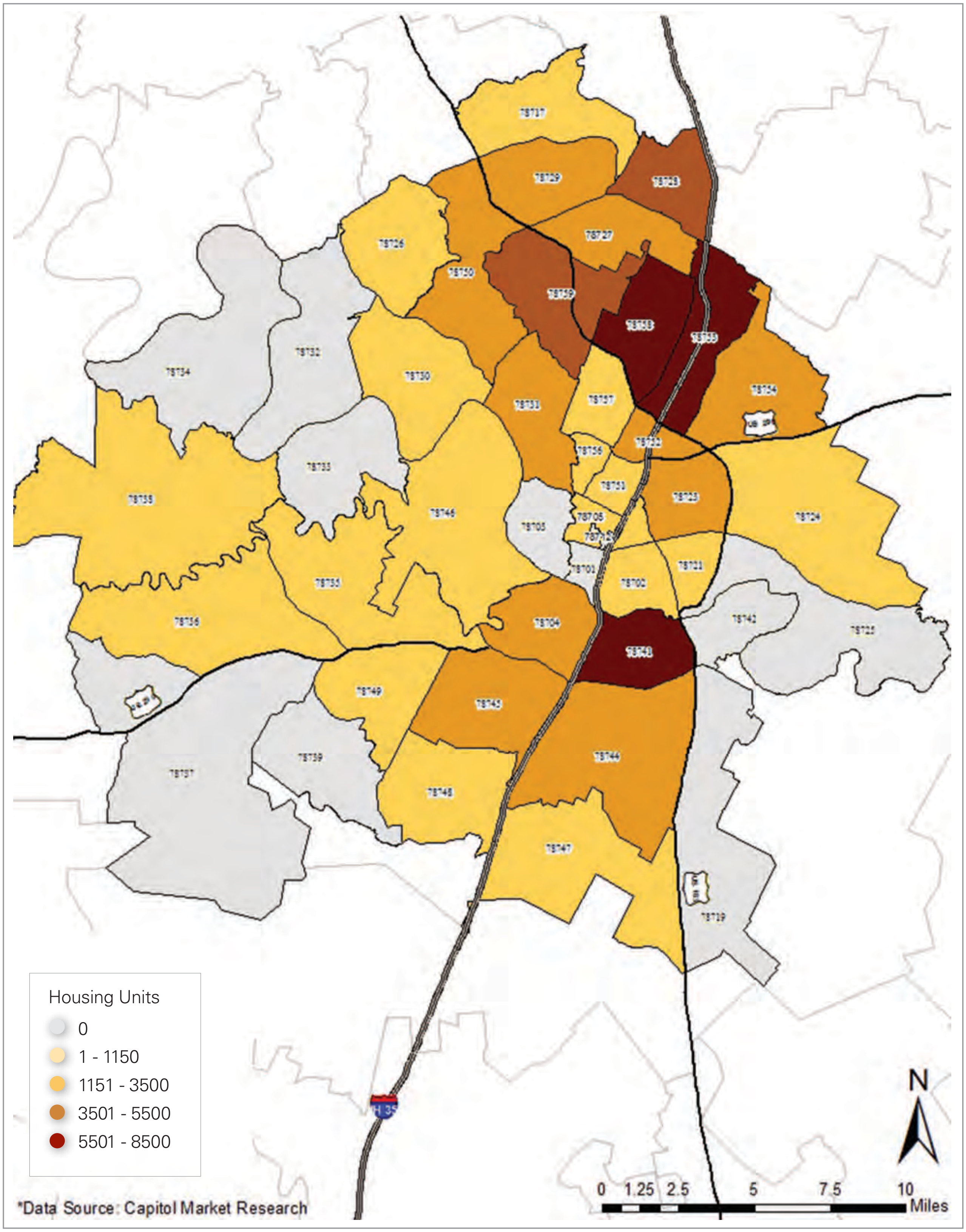
	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom
30% MFI	$399	$427	$513	$591
50% MFI	$665	$712	$855	$986
60% MFI	$798	$854	$1,026	$1,183

(7) City of Austin, Austin Multifamily Report, 1Q14.

(8) NHCD 2013 Rent and Income Limits, excluding utility allowance: ▶

Housing Units at 60% MFI and Below

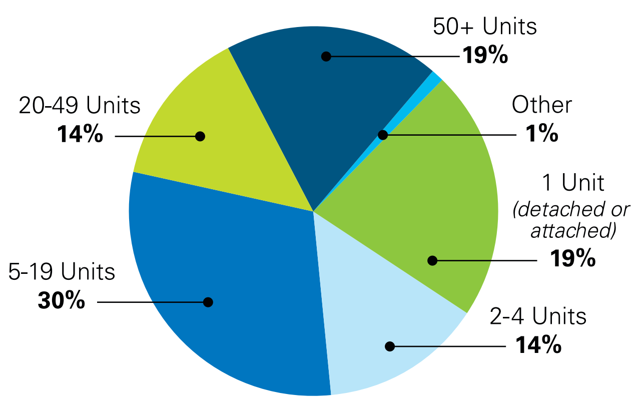
The map below shows the distribution of private market "affordable" units (60% MFI and below):



While it is instructive to look at units by rental rate, another perspective is to look at apartment complexes by "class." The real estate industry divides properties into Class A, B, C/D, based on location, age, amenities, and construction type. Class A complexes are recently developed, well-located, with numerous amenities, and the highest rents. The classifications are fairly subjective but provide insight into the potential for affordability.

According to Austin Investor Interests 4th Quarter 2013 data, there are 293 Class C properties (containing 55,796 units) in the City of Austin. The average rental rate for these properties varies from $.70/sf to $1.92/sf. The affordability varies widely and appears closely linked to location. A map showing the location of the Class C properties is on the next page (page 14).

Both Capitol Market Research (CMR) and Austin Investor Interests data provide critical insight into market affordable units. But, it is important to remember that these market research firms only survey properties with 50 or more units. There are a significant number of complexes – many of which may provide affordable units – that are smaller than 50 units. In fact, as shown in the chart below, rental units in larger multifamily complexes (50+ units) only represent 19% of the city's rental housing stock:[9]



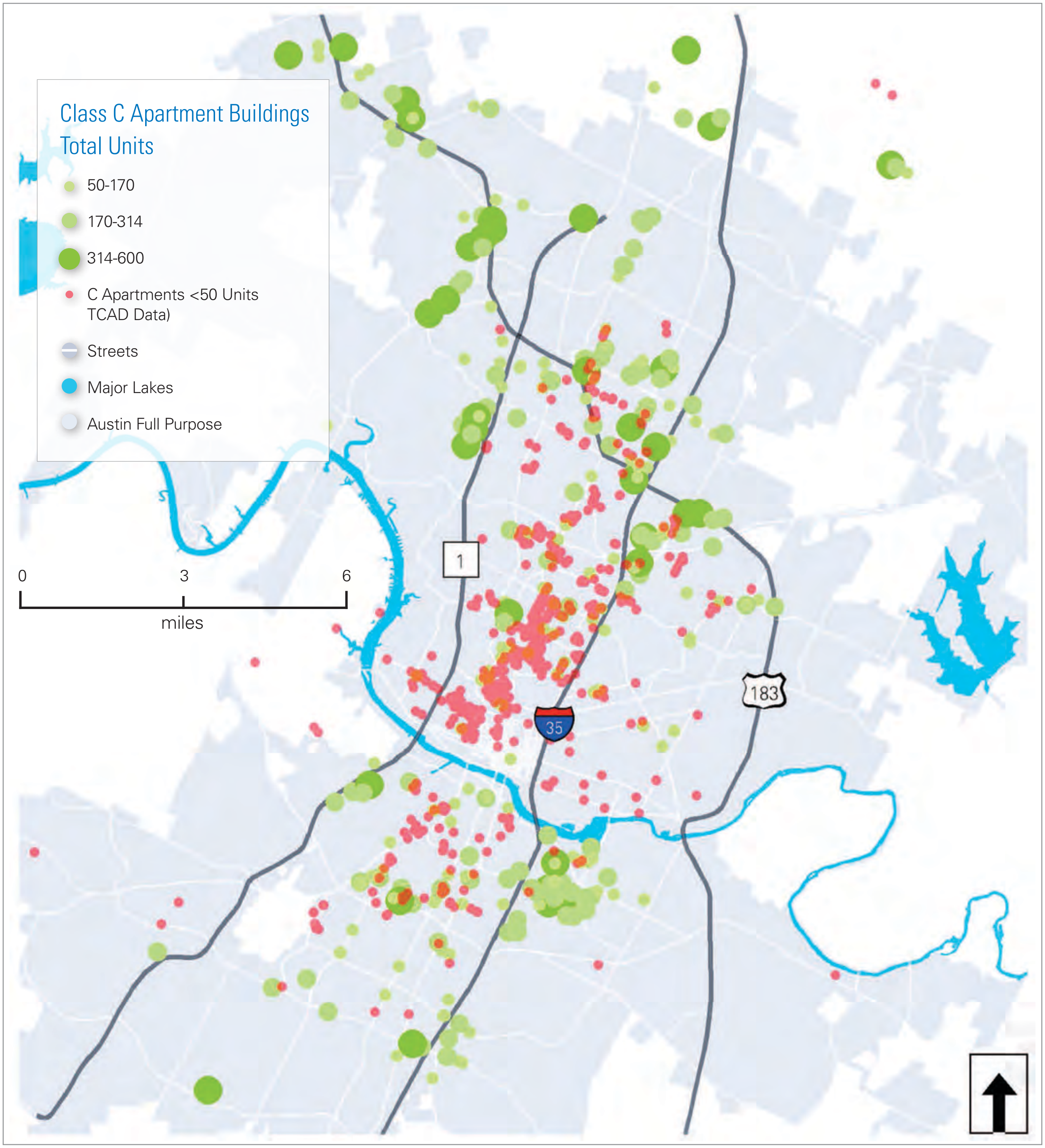
According to U.S. census data, 44% of renter-occupied housing units are in complexes that contain between 5 and 50 units. The remaining 37% of housing units are single-family, attached, duplex, triplex and four-plex structures. Smaller rental properties (one to four units) could potentially provide a significant amount of affordability; however, data gathering for such a large group of individually owned properties proved prohibitive given this project's resource constraints. It may be beneficial to survey smaller properties as part of future research. For the purposes of this report, however, HousingWorks focused on multifamily rental properties that contain at least five units.

HousingWorks sought to gain greater perspective on the housing stock in smaller complexes that could potentially provide affordability. With the intent of exploring smaller, older, "Class C" complexes, HousingWorks requested Travis Central Appraisal District (TCAD) data for properties that met the following criteria: (1) multifamily residential; (2) between 5 and 49 units, inclusive; and (3) built in 1984 or earlier (e.g., 30+ years old).

The TCAD data yielded a total of 660 properties with nearly 10,500 units. However, TCAD data only provides minimal information regarding each property (e.g., ownership name and address, size of structure, size of land, and assessed value). To better understand the current distribution and characteristics of housing stock for older, smaller-unit rental properties in Austin, it was necessary to obtain additional information on the properties, such as unit size and distribution, occupancy rate, rental price per square foot, and whether the property accepted Section 8 vouchers.

(9) 2012 ACS, B25032, Tenure by Units in Structure.

Class C Apartments



HousingWorks first created a randomized sample of the 660 properties. The sample set (50 properties) was reflective (in terms of size and location) of the overall universe of 660 properties. HousingWorks then designed a survey to collect variable information about the sample that was not already contained in the TCAD dataset. The survey included the following questions:

- What unit types are included in the property (e.g., number of bedrooms/bathrooms)?
- What is the rent by unit type?
- What is the average rent per square foot?
- Does the property accept Section 8 vouchers?
- What is the current occupancy rate?

The survey was administered for most properties via field collection, real estate database, and telephone. To ensure a 100% collection rate, properties were substituted randomly when data was unavailable.

Findings

There is a significant amount of affordability contained within these smaller, older multifamily properties. In addition, these properties have a Section 8 acceptance rate that is more than twice the rate in larger properties.

Using the same 2013 Rent and Income Limits that were utilized on the Capitol Market Research data (privately-owned market rate properties), HousingWorks analyzed the affordability levels within the 50-property sample.

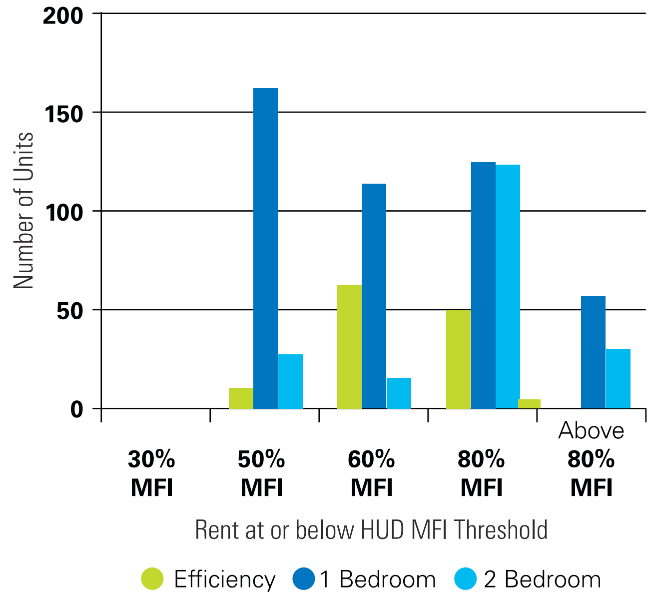
The sample properties included a total of 785 units. As shown in the chart below, none of these properties had a single unit for rent at or below HUD 30% of Median Family Income (MFI):

	30% MFI	50% MFI	60% MFI	80% MFI	Above 80% MFI	Totals
Efficiency	0	12	63	49	4	128
1 bedroom	0	163	114	125	57	459
2 bedroom	0	28	16	124	30	198
Total	0	203	193	298	91	785

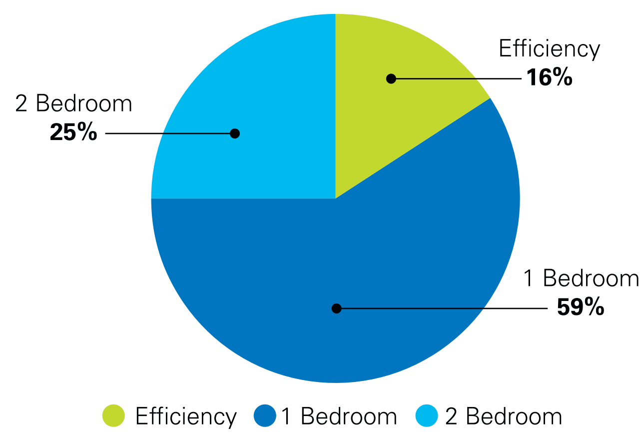
However, more than half of the total units (396 units/785 units), were affordable at or below 60% MFI.

The distribution of rental prices and unit sizes is shown below:

Distribution of Units, by MFI Threshold and Unit Size



The below charts further analyze the composition of the various unit sizes and their respective rent prices:



(10) NHCD 2013 Rent and Income Limits, excluding utility allowance: ▶

Rent Limits

	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom
30% MFI	$399	$427	$513	$591
50% MFI	$665	$712	$855	$986
60% MFI	$798	$854	$1,026	$1,183

Figure A: All Units

As shown in Figure A, none of the 785 units had a rental price at or below the HUD 30% MFI threshold. The largest percentage of units were those with a rental price at 80% MFI but greater than 60% MFI. Rental prices at 50% MFI and 60% MFI threshold were nearly evenly distributed, and a small number of units fell above the 80% MFI threshold.

Figure A: MFI Threshold, All Units

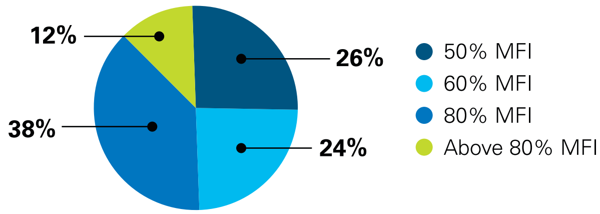


Figure C: One-Bedroom Units

One-bedroom units comprised 59% of the total units and essentially shared the same relationship in rent prices to their relative overall proportion. The only exception here was the number of units with rents at the 50% MFI threshold; compared to the average, one-bedrooms in the sample have 10% more units at 50% MFI rent. These figures suggest a significantly higher rate of affordability than the overall distribution.

Figure C: 1 Bedroom

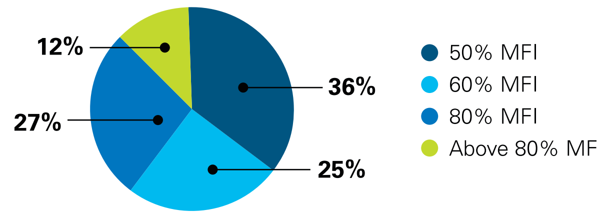


Figure B: Efficiency Units

The unit size chart shows efficiency units were the smallest size category at 16%. The relative rent prices for these units were also the least affordable; only 10% of these properties had rent prices of 50% MFI or lower. Compared to the overall MFI distribution (Figure A), efficiency units had a much smaller percentage of 50% MFI units and a much larger percentage of 60% MFI units. These numbers suggest that efficiencies in the sample were marginally less affordable than the average distribution.

Figure B: Efficiency

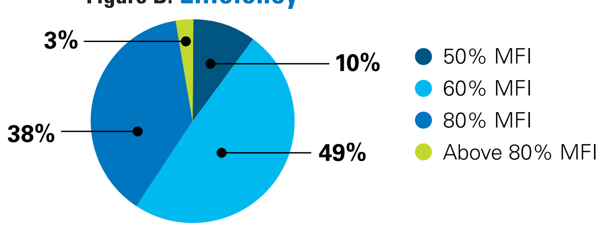
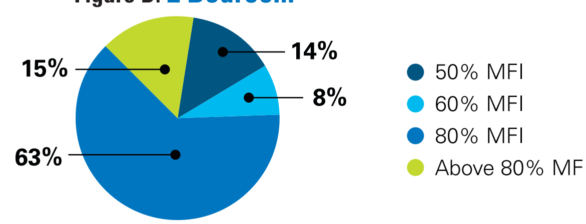
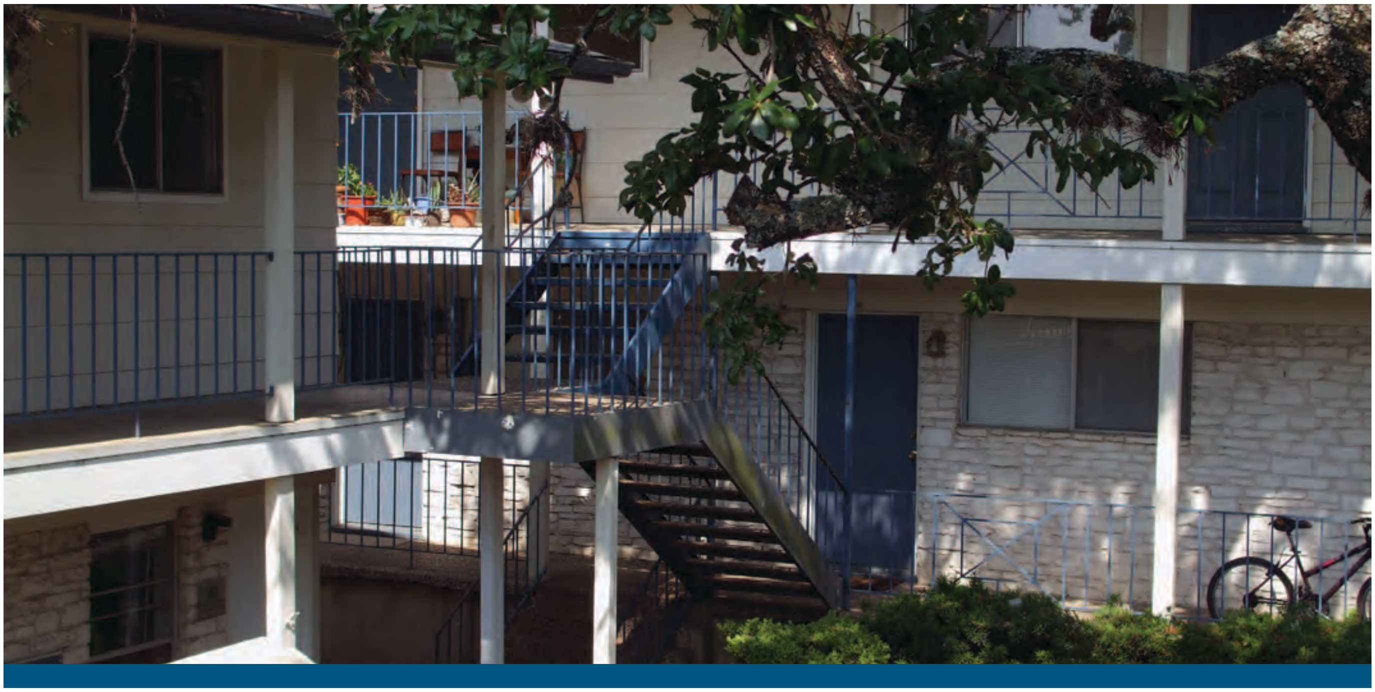


Figure D: Two-Bedroom Units

Two-bedroom units had a 25% share of total unit sizes but a very disproportionate percentage of affordable rent prices, making the subgroup the least affordable of all unit sizes in the sample. 63% of two-bedroom units had rents at 80% MFI threshold, compared to an overall average of 38%. Likewise, the relative share of units at 50% MFI and 60% MFI rents was much lower for two bedrooms, at 22% compared to the overall 50% average.

Figure D: 2 Bedroom





Above: The majority of smaller, aging multifamily rental housing stock is centrally-located and well-served by public transportation.

The above findings suggest that one-bedroom units have a much higher concentration of affordability compared to the overall average. Two bedroom units in the sample had much less affordability and efficiency units proved to be marginally less affordable than other unit sizes. While there is a breadth of affordability among all sizes, two-bedroom units are most accommodating for families. With very little affordability in these units, this subset of rental stock will likely have a greater impact on single-person households and less so for families.

Despite this finding, it is important to note that the instances of affordability are much higher for the subset population than the overall rental market in the Austin area.

Section 8 Housing Choice Vouchers

The descriptive statistical analysis showed that 14% of the sample properties accepted Section 8 Housing Choice Vouchers. *This acceptance rate is more than double the rate for larger multifamily rental complexes in the Austin metro area.*[11]

This suggests that, despite a growing reluctance among property managers to accept Section 8, the smaller, older property subset showed a much higher rate of acceptance than the citywide rental population. Further research should be conducted to analyze the overall impact of this higher acceptance rate on affordable housing stock.

Conclusion

Existing apartment properties providing rents affordable to households with incomes under 60% MFI are a critical asset to the housing stock of Austin – and essential to the Imagine Austin vision of a mix of price points in all parts of town. The majority of the smaller, aging multifamily housing stock identified through the TCAD data is centrally-located and well-served by public transportation options. These attributes make it ideal for affordable housing for low-income households but also make it ripe for redevelopment and displacement of low-income households. This confluence of factors makes it critical to proactively and intentionally address preservation.

(11) Austin Tenants' Council's 2013 survey of multifamily properties (50+ units) showed that only 6% of these properties accepted Section 8 Housing Choice Vouchers.

Recent Accomplishments

The City of Austin has made enormous strides since the 2008 release of *Preserving Affordable Housing in Austin: A Platform for Action*. For example, data collection and monitoring has vastly improved over the past five years. The data on existing subsidized affordable housing is publicly available, current, and detailed.

The Sustainable Places Project (funded by a $3 million U.S. Department of Housing and Urban Development grant) has advanced our understanding of the impact of data sharing and coordinated planning by creating various analytics tools to enhance scenario planning at the regional level. As part of the Sustainable Places Project, The University of Texas at Austin, Community and Regional Planning, Professor Elizabeth Mueller developed a redevelopment/displacement metric, which is essentially a model for predicting redevelopment based on the ratio of the value of improvements to land, combined with census tract level data on the presence of low-income renter households.

As part of her current Green and Inclusive Corridors Project, Dr. Mueller is expanding this metric into a tool to help prioritize corridors and properties for preservation efforts. The tool will be able to identify multifamily parcels that are likely to redevelop within the next 10 years that are currently home to low-income renters. This tool will be critical as the City of Austin implements the Imagine Austin vision and tries to balance encouraging redevelopment in transit-rich corridors while minimizing the impacts of displacement and gentrification. The tool will help the City of Austin identify which properties should be acquired, rehabbed, and preserved for long-term affordability. The Green and Inclusive Corridors Project will be completed in summer 2015.

As mentioned previously, the city has developed multiple successful collaborations with public and private entities. In the past several years, the city intervened to preserve affordability at several private apartment complexes, including Malibu Apartments, Elm Ridge Apartments, and Marshall Apartments. Without proactive intervention, the likelihood of redevelopment and low-income tenant displacement was high.

The chart below highlights several of the city's recent preservation projects:

Property	# Affordable Units	AHFC Subsidy	Affordability Period	Per Unit Average Subsidy
Elm Ridge Apartments	130	$2,500,000	99 years	$19,230
Marshall Apartments	100	$2,500,000	99 years	$25,000
Palms Apartments	215	$3,000,000	99 years	$13,953
Oak Creek Village Apartments	170	$2,000,000	99 years	$11,764
Total	615	$10,000,000		$16,260

Three of the four projects preserved and extended expiring Project Based Section 8 contracts. All of the properties provide deeply affordable units, as well as opportunities for Permanent Supportive Housing. The average city subsidy for all four projects is $16,260 per unit. The Land Use Restriction Agreements (LURAs) in place ensure that the properties maintain the affordability restrictions – regardless of ownership - for 99 years.

The most recent preservation example is Oak Creek Village Apartments. In 2013 City Council unanimously supported a 9% LIHTC application for Oak Creek Village Apartments in central south Austin. The application was part of the Texas Department of Housing and Community Affairs (TDHCA) statewide at-risk set-aside and will preserve 173 units of deeply affordable housing located in a centrally-located and highly-desirable area in the City of Austin. The apartment complex includes a large number of family-size units, and preservation of the affordability is critical to both family stability and the success of the neighborhood elementary school.

The City of Austin is also preserving affordable home-ownership through programs such as the Homeowner Rehabilitation Loan Program (administered by the City of Austin and funded with federal funds) and the G.O. Repair! Program (administered by five local nonprofit organizations and funded with local general obligation bond funding).

While both programs serve households up to 80% MFI, the G.O. Repair! Program primarily serves very low-income households (up to 50% MFI). G.O. Repair! Funding averages approximately $7,500 per household. Because of the program priorities (e.g., serving extremely low- and low-income households and providing basic repairs without long-term affordability restrictions), the city should consider transitioning this program to the general fund. The G.O. Repair! Program is an incredibly successful and effective program but does not incorporate long-term, restricted affordability (as with other bond-funded projects) and, thus, would be better served through the general fund budget.

A second home repair program, NHCD's Homeowner Rehabilitation Loan Program (HRLP), provides zero interest, deferred-forgivable loans (ranging from $5,000 - $100,000) to qualified homeowners (at or below 80% MFI) throughout the City of Austin. The program has limited funding (approximately $900,000 in FY2014-2015) and, thus, is only able to serve a small number of households (averaging 10 households per year). Adoption of the Homestead Preservation Districts (and subsequent Tax Increment Financing within those districts) represents an opportunity for increased and targeted funding to low-income homeowners.

In addition, the city is working toward aligning policy initiatives and funding through strategic partnerships such as the Housing-Transit-Jobs Action Team. While the Action Team is in its early stages, the interdepartmental team is a unique partnership between city departments and affiliated entities like Capital Metro and Austin Energy. The Action Team has reviewed the Federal Transit Administration (FTA) New Starts Guidance Criteria, identified a variety of policies (including preservation of existing affordability) that could enhance the affordability provisions of the New Starts application, and created a preliminary work plan. The Action Team's efforts could continue to be enhanced through inclusion of additional private, nonprofit partners and subject-area experts.

The 2008 report recommended two new strategies: (1) the implementation of tax abatement programs for preservation of affordable housing; and (2) a community land trust. Neither of these initiatives has been actively pursued, although both of them are related to the implementation of the Homestead Preservation Districts. The city's budget office is currently completing the required financial impact analysis of the proposed Homestead Preservation Districts. The final analysis is anticipated in August 2014, at which point the City Council will have all the information necessary to officially designate one – or all – of the districts. The Homestead Preservation District is discussed in more detail below.

The 2008 report recommended a variety of initiatives around tenants' rights and notification procedures. While these have not been implemented, the city is in the process of adopting an Emergency Tenant Response Plan that will help the city with relocation of tenants during emergency situations. But the development of a city-wide tenant displacement and relocation policy has been stalled.

In May 2013, staff provided recommendations to council for the implementation of a tenant relocation policy. However, the recommendations did not include specific program design and implementation details. The city should initiate the public process (that reaches out to a diversity of stakeholders, including housing advocates, tenants' rights organizations, and the real estate community) to create a comprehensive and implementable relocation ordinance, recognizing that there may be both legal constraints and a lack of precedence in similarly situated municipalities.

Below: Homestead Preservation Districts (HPD) present an unprecedented opportunity to preserve affordability through Tax Increment Finance (TIF), tax abatement, community land trusts, and land banking.

2014 Recommendations

The current state of affordability in the City of Austin demands immediate attention and bold action. Public subsidy is accomplishing extraordinary things at the local level. The 2006 affordable housing bonds created or preserved more than 3,400 affordable units – both rental and homeownership. Based on historical development costs and leverage ratios, it is anticipated that the 2013 affordable housing bonds will create in excess of 4,000 affordable units.

However, our low-income population is growing, our affordable housing needs are growing, and we are losing affordable housing units to market-driven, rapid redevelopment. Thus, it is imperative that we move beyond traditional public subsidy and think in more expansive progressive terms. A robust preservation strategy will depend on a combination of public and private financing and rely on diverse entities (nonprofit, cooperatives, the public sector, and private developers) to implement the acquisition, rehabilitation, and long-term preservation. Accordingly, HousingWorks makes the follow recommendations:

1. Adopt the Homestead Preservation Districts and Homestead Preservation District TIFs

Authorized by recent state legislation, the Homestead Preservation Districts (HPD) present an unprecedented opportunity to preserve affordability through Tax Increment Finance (TIF), tax abatement, community land trusts, and land banking.

The City of Austin's November 20, 2013 analysis identified five (one current and four potential) Homestead Preservation Districts. Four of the five Homestead Preservation Districts are currently being considered.[12] Staff has been directed to conduct a market analysis of each of the potential districts and to develop a financing plan. The results of the analysis should be presented to City Council in August 2014. Pending the results, the four Homestead Preservation Districts should be swiftly adopted and implemented.

Among other features, the Homestead Preservation Districts will enable two important tools: Tax Increment Financing districts (TIFs) and tax abatement. Through a TIF, a city designates a specific geographic area as a TIF district and sets a baseline of current appraised values in the district. The taxes on the increase in property values above the baseline (the "tax increment") are then captured and can be used to pay for infrastructure and development in the district. Jurisdictions can also borrow against anticipated TIF revenues.

The City of Austin has authorized several high-profile TIFs, including Waller Creek, Mueller Redevelopment, Seaholm, and City Hall/2nd Street. Although the Mueller Redevelopment is the only local TIF that requires affordability,[13] there are numerous examples of jurisdictions across the United States that require a portion of TIF revenues be set aside for affordable housing.[14]

The Homestead Preservation District legislation gives the City of Austin the power to create a special Homestead

(12) One of the identified HPDs, District E, is comprised of three census tracts surrounding the University of Texas. Because the area is home to a disproportionate number of students, the poverty rate (one of the criteria used to qualify as an HPD) is skewed. Thus, City of Austin staff have not recommended moving forward with this HPD.

(13) The Mueller redevelopment TIF requires that 25% of all residential units will be affordable to households at or below 60% MFI. The Mueller TIF is using the TIF revenue for infrastructure, which is helping to facilitate the 25% affordable housing set-aside, by offsetting the infrastructure costs for all development within the Mueller community.

(14) States requiring that a percentage of TIF funds be dedicated to affordable housing include California, Maine, and Minnesota; cities include Portland, Chicago, and Houston.

Preservation TIF and enables the city to adopt a dedication policy for affordable housing preservation. ***Under state law 100% of the allocated Homestead Preservation District TIF funds will be dedicated to affordable housing preservation within the identified districts.*** These funds can be used to enhance current efforts to develop and preserve affordable single-family and multifamily properties and help to offset the negative impacts of gentrification.

2. Maximize Tax Incentives for Preservation

The city should maximize tax incentives for preservation. Other cities — such as Portland, Seattle, and Chicago — have rehabilitation programs that incentivize owners to update and improve their properties while still maintaining affordable units. These cities utilize tax abatements as a tool for achieving affordability. For example, the City of Chicago participates in a program (Cook County Class 9 Program) that offers a 10-year, reduced tax assessment to owners who complete major property rehabilitation while maintaining a certain level of affordability.

Tax abatement is an economic development tool that is available to local taxing authorities (except school districts) for properties that meet certain criteria, including:

1. Located in a designated "reinvestment zone"
2. Located in a designated enterprise zone
3. Part of an authorized tax increment finance plan

The abatement agreement can exempt all or a portion of the increase in value of a property over the life of the agreement (up to 10 years). The abatement agreement must be conditioned on the property owner making specific improvements or repairs to the property. Thus, the tax abatements could be aligned with NHCD's existing RHDA program (offering zero or low-interest financing for acquisition and rehabilitation) to preserve multifamily rental affordability within the Homestead Preservation Districts.

Detailed information on the local process to create a tax abatement agreement can be found here:
http://texasahead.org/tax_programs/proptax_abatement/

Implementation of the Homestead Preservation Districts will provide an opportunity to develop geographically based tax abatement programs.

In addition, real estate tax exemption can be a powerful tool to enhance affordability. On new rental developments, full property tax exemption is estimated to be worth $1,500 - $2,000/unit per year.[15] When capitalized, the exemption can provide a significant subsidy to dedicate some units to affordability.

Effective local tax exemption is challenging, however, because it requires the coordination and cooperation of five distinct taxing entities, and is governed by state tax legislation. It may be instructive to analyze the impact of property tax exemption on two affordable multifamily developments – Villas on Sixth and Little Texas – that benefited from a partnership with the City of Austin that conferred 100% property tax exemption. A thorough cost benefit analysis will help to determine if this is a model that should be replicated in the future.

3. Develop a Preservation Strike Fund

In order to preserve a large number of affordable housing units, in a meaningful and impactful way, the City of Austin should commit to the development and implementation of a significantly sized Preservation Strike Fund with a goal of preserving a significant number units over the next 20 years.

The Preservation Strike Fund will focus on locally-identified priorities, including housing that is transit-oriented, located in high opportunity areas, located in areas that are at risk of gentrification and displacement, and properties that include family-size units. All of these priorities align with the Imagine Austin Comprehensive Plan.[16]

(15) Tax exemption on existing multifamily units varies but is estimated to be approximately $1,200/unit/year.

(16) Dr. Elizabeth Mueller is in the process of developing Prioritization Criteria for her Green and Inclusive Corridors Project. Those criteria align with the general categories discussed in this paper and will help to direct acquisition and preservation of specific properties. A draft of Corridor Prioritization Criteria is included in the Appendix.

HousingWorks' 2009 *Building and Retaining an Affordable Austin* proposed a quasi-governmental Workforce Housing Development Corporation. The report envisioned an entity that would provide expertise for strategic property acquisition, manage a revolving loan fund for affordable housing, provide real estate underwriting, and provide asset management. HousingWorks' current recommendations are modified slightly, based on recent best practices research.

In 2011, HousingWorks and the UT Opportunity Forum co-sponsored a conference in which four cities – Denver, Minneapolis-St. Paul, Salt Lake City, and Atlanta – provided an overview of their community's approach to linking affordable housing and high capacity transit. Denver employed a unique multi-tiered funding strategy – the Denver TOD Fund – that is widely considered a replicable model.

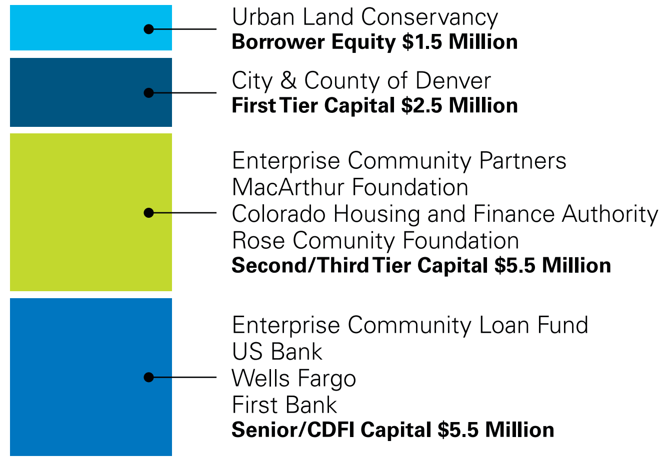
The Denver TOD Fund was launched in 2010 and will create and preserve at least 1,000 affordable homes along current and future transit corridors in the City of Denver. The TOD fund is the result of a unique, collaborative partnership between multiple entities:

- Government
- Quasi-governmental organizations
- Banks
- Nonprofits
- Foundations

Two entities are critical to the TOD fund's success:

- Enterprise Community Partners, a national nonprofit organization with a mission to create opportunity for low- and moderate-income people through affordable housing, spearheaded the local efforts to create the necessary partnerships and layered fund.
- The Urban Land Conservancy (ULC), a local nonprofit organization, leads the real estate acquisition, management and disposition of assets.

The following chart shows the structure of the fund and the multiple entities involved:



The $15 million blended fund provides a critical source of short-term (3- 5 years), low-cost loans (3.4% interest, limited recourse) for acquisition and preservation of affordable housing. Since the first closing in 2010, all $15 million has been deployed (a total of eight loan closings, three of which have already repaid) and more than 600 units preserved or created. The fund is in the process of being enhanced (with an additional $24 million in funding) and expanded to a more regional geographic scope.

The City of Austin should create a Preservation Strike Fund, modeled on the Denver TOD Fund, and develop an ambitious goal for preserving affordable units. The vision behind this recommendation is the provision of a Permanent Preservation Portfolio throughout all parts of Austin that is meaningfully dedicated to affordability. As Austin grows, "affordability" is coming to be recognized as a public asset, much as green space is recognized as a public asset.

The private market, driven by private capital, cannot preserve affordability over time because of inherent demands on investment return. In a growth market, affordability can be protected through permanent mission-driven ownership, much as parkland is protected through permanent mission-driven ownership. If Austin wants to retain housing affordability for its lower income workforce and seniors, the only pathway is developing a portfolio of permanently affordable housing.

HousingWorks recommends that the City of Austin establish a goal of preserving 20,000 units over the next 20 years. According to BBC Research & Consulting's gaps analysis, there are approximately 183,000 renter households in the City of Austin and only 19,000 units affordable to those households. BBC Research & Consulting recommends a citywide goal of 10% affordability targeted to low- and extremely-low income households (at or below 50% MFI). The 10% goal is designed to maintain (rather than expand) the existing affordable housing stock. HousingWorks proposes to expand the affordable housing stock through an aggressive and ambitious preservation plan.

The City of Austin's population is anticipated to double every 20 years. Based on the city's 2014 population, it is estimated that the city will add an additional 865,000 individuals over the next 20 years. Accordingly, it will be necessary to expand the affordable housing stock and to ensure that a wide range of housing options are available for households at a wide range of income levels.

Austin Investor Interests identified 293 Class C properties with 50 units or more (totaling 55,796 units). HousingWorks, utilizing TCAD data, identified 660 Class C properties with five to 49 units (totaling 10,478 units). Therefore, the total universe of Class C multifamily complexes in the City of Austin is 953 complexes (with a total of 66,274 units). *By establishing a preservation goal of 20,000 units, the city will preserve approximately one-third of the current Class C rental housing stock over the next 20 years.*

The proposed Preservation Strike Fund will target a wide range of incomes. The Permanent Preservation Portfolio would be "middle market mix" - serving individuals and households from 30% to 100% MFI. The income mix is critical to the portfolio's success. A portfolio with such broad income diversity can be envisioned over time to be acquired to serve up to 20% of the overall rental market.

The recommendation is to create a publicly incentivized lower-cost capital stack for the acquisition of properties for affordability. The lower cost capital means that, over the long term, the properties do not need to be sold to the highest bidder in order to provide the required rates of return. Instead, the properties can over time be moved into subsidy programs (for example 4% or 9% Low Income Housing Tax Credits) or "agency debt" (e.g., mortgage revenue bonds or FHA insured mortgage) that promote long-term affordability.

The portfolio would serve affordability through the following three financial strategies:

1. House a mix of lower and middle income tenants, who could, on a combined basis, support a revenue (rental) stream that can increase to match inflation.
2. Reduce debt service over time through a combination of paying down mortgage balances and moving properties into lower cost debt (e.g. mortgage revenue bonds and "agency debt" such as FHA).
3. Inject subsidy over time, but not across all the units. Some portion of the units could be moved into tax credit or other subsidy programs to remove debt altogether or increase rental subsidies.

HousingWorks recommends that an economic model of this portfolio be built, to capture the revenue and expense dynamics of inflation in operations, rental revenues and capital replacements over a long-term time horizon. While appreciation can be captured as part of financing capital replacements over time, to ensure long term affordability mix, this equity-capture would need to be limited so that rental rates do not have to be raised dramatically to service higher cost capital structures.

Multiple nonprofit entities would be underwritten and selected to deploy the Preservation Strike Fund to preserve affordable housing throughout the city. As in the Denver TOD Fund model, the nonprofit entities would be underwritten in advance, ensuring that acquisition is smooth and swift. Accountability will be built in to the programs and policies and will be critical to the fund's success. Having pre-approved preservation entities that are accountable through prescribed monitoring and compliance will help to attract investors and build the fund.

These nonprofit partners would be responsible for identifying acquisition opportunities and operating these properties over a very long-term time horizon (99 years). Partners must be selected based on their proven capacity to acquire, operate, refinance, reposition, and compete for federal subsidies and rate-preferred debt that can be layered in over time. Partners must demonstrate the ability to operate a high quality mixed-income-affordable stock, with units renting to households ranging from extremely low-income to 80% and even 100% MFI. The mix of incomes is essential to the plan, because it allows for the financial sustainability of the portfolio over time without continued local subsidies; however, the portfolio as a whole would be dedicated to providing at least 50% of its units to under 60% MFI, with subsets of units targeting lower incomes over time as additional subsidies are obtained.

To act on this plan, HousingWorks recommends a two-step process: First, the City of Austin should take advantage of the fact that, as a recipient of HUD Sustainable Housing and Communities grant, Dr. Elizabeth Mueller's Green and Inclusive Corridors Project is eligible for free technical assistance from Enterprise Community Partners. Because of Enterprise's integral involvement in the development of Denver's TOD fund, this would be an important first step in the creation of the Preservation Strike Fund.

Second, HousingWorks recommends that the City of Austin procure professional services to develop the Preservation Strike Fund with these required elements:

a. To define a capital strategy that uses public finance tools as credit enhancement and increases the liquidity of the investment (e.g. guarantees and saleable paper), so that a lower cost of capital can be brought to this compelling investment need for long-term affordable housing stock.
b. To model a housing portfolio that brings a diversity of locations, housing types, and resident incomes – so that risk is reduced, overall gross potential rental income can increase with time, and upside appreciation is enabled, thus allowing the portfolio to self- finance its ongoing capital needs, while allowing the lower-than-market rate capital cost to be used to allow some internal set-aside of units for lower income residents.
c. To identify high-capacity, public-purpose housing enterprises, with long term asset management, finance, and balance sheet capacity to deploy this funding to build and operate the portfolio. The housing enterprises must retain some of the incentives available from real estate to ensure the necessary reserves and a sophisticated workforce.

4. Reconvene Stakeholder Group

The stakeholder group that was originally convened in November 2013 should be reconvened to review the 2014 Comprehensive Housing Market Study and the recommendations found in this report. It will be critical to get the "buy in" of the represented organizations in order to launch a comprehensive preservation strategy. In addition, several of the organizations represent real estate interests and their participation will be crucial to the success of a multi-tiered strategy with an ambitious preservation goal.

Conclusion

Preservation represents a timely but previously untapped opportunity in the City of Austin. There is a large amount of aging multifamily housing stock, which is ripe for redevelopment and potential displacement of low-income renters. Federal resources are dwindling, and traditional local resources are limited and overcommitted. New strategies, including a privately funded approach with public credit enhancement as proposed in this report, represent an opportunity to address preservation of affordable housing in a substantial and meaningful away.

Appendix

1. Green and Inclusive Corridors Prioritization Criteria
2. City Council Resolutions
   a. Resolution No. 20130509-031 (Preservation)
   b. Resolution No. 20140327-040 (Housing-Transit-Jobs Action Team)

Green + Inclusive Corridors Project

Description of Corridor Prioritization Criteria

June 26, 2014

In order to help cities prioritize the use of scarce resources available for preservation of affordable housing, the University of Texas Green + Inclusive Corridors Project team is developing a methodology that can be implemented with locally available data. The process involves several steps. The first step, described in this memo, involves identifying areas of a city to prioritize. The second step involves further study of the rental housing stock and neighborhood assets in these areas. The third step involves evaluating building level options for rehabilitation, including energy efficiency upgrades.

Step one: Identifying priority corridors

In this process, we use a variety of data in order to gauge:

- *How quickly is this area likely to change?* How strong are the current and coming development pressures faced by each corridor neighborhood?

- *How many low income renters could be displaced by redevelopment?* What is the character of the existing stock of rental housing in the area?

- *How do low income renters benefit from living in this location?* Does this location give them access to good schools and allow them to commute to job centers without relying on a car?

We are currently seeking feedback from planners, housing developers and advocates on these criteria and how they might use them in the Austin context. (We are also seeking feedback from housing experts familiar with other cities in order to determine whether our assumptions regarding data access and housing conditions will hold in other cities.)

In this memo, we describe our strategy for comparing and prioritizing corridors on these three dimensions and discuss how other cities might use this approach. In a separate document, we provide an example of how this methodology can be applied to one corridor neighborhood in Austin for which a corridor plan will soon be developed—Burnet Road. While ranking corridors requires comparison across corridors, this example will demonstrate how we will assess conditions in each corridor.

How quickly is this area likely to change?

These metrics are intended to help reveal differences across corridors or areas of the city based on current development activity and likely future activity in order to help policy makers think about when to acquire properties for preservation. In areas where change is underway, prices will be higher and it will be important to weigh these higher costs against the other two criteria—the potential scale of displacement and the benefit to low income residents of living in this location. In contrast, areas with less current activity but where plans indicate the potential for great future change, acquisition may be more affordable. In such cases, weighting may hinge on ongoing locational benefits.

1. Mapping the likelihood of redevelopment of multifamily parcels.

Building on the Redevelopment/Displacement metric we developed in the Sustainable Places Project, we begin by modeling and mapping the likelihood that multifamily parcels in particular locations will redevelop in the next 5, 10, and 15 years. This model projects change in land value to changes in the value of improvements for multifamily parcels in the city. When the value of land rises above the value of improvements, properties are ripe for redevelopment. Looking at this map gives us an initial sense of areas of the city that are likely to change and that contain a large stock of multifamily housing. To gauge how likely it is that those displaced would be low income, we narrow our focus to census tracts where renter income is below 50 percent of median household income for the region. This tells us which areas house concentrations of properties likely home to low-income renters. We used this map to identify ten zones in the city to compare. (See map of corridor zones).

This measure has several limitations that motivate us to include additional information. First, the measure assumes that the rate of growth in land value is uniform across the city. So it is likely underestimating change in central areas and overestimating it in outlying areas. To correct for this, we need to assess how strong development pressures are in particular locations.

2. Gauging current development activity.

To assess how strong current development pressures are in particular locations, we calculate the aggregate value of development activity in each zone. We do this by relying on the aggregate value of projects that have active permits within the boundaries of our corridor neighborhoods.

3. Gauging the likelihood of future development pressures.

Another factor that is likely to shape redevelopment pressures is whether an area is the focus of planning initiatives that will change its character and/or increase the allowable density of development. To gauge this, we gathered information on all planning designations within our corridors and considered how different the envisioned character of the planning designation (town center, core transit corridor, etc.) is from the current state of the area. For example in Austin, if an area is designated to be a town center in the city's new plan, and it is currently a low density area with little commercial activity, the potential for future change would be high. Similarly, if the planning designations carry with them a increase in allowable density that also would mean that the likelihood of future development would be high.

Appendix

How many low income renters could be displaced by redevelopment?

The intention here is to document how many rental housing units are currently affordable to low income renters and also to understand if and how many of these offer rents that will remain low because they carry public subsidies. We began with the Redevelopment/Displacement metric mentioned earlier, which gives us a map of the location of aging MF housing in areas that are predominantly low income. A weakness of this measure is that it uses census tract data on renter income as an indicator of who lives in these buildings. As a result, we may be capturing properties that have already been renovated in a fast changing, formerly low income rental area, or we may be missing the few low rent properties in an area dominated by larger scale high end rentals.

In order to more accurately assess how many renters are vulnerable to displacement, we look at two particular types of data. Together, these data indicate the magnitude of potential loss of affordable housing.

1. Counting the stock of class c rental properties with low rents.

For Austin, we rely on two sources of data on the aging rental properties that are the most common source of unsubsidized affordable rental housing. These are proprietary data on class c properties of 50 units or more, available for purchase from Austin Investor Interests (AII), and data collected through a survey of a sample of smaller aging properties (those with 5-49 units) conducted by local housing advocacy organization HousingWorks Austin. The AII data includes detailed information on rents at individual properties. We culled through this data to remove properties that have rents above what is affordable to households earning 60% of regional median income ($696, $853 and $1,074 for efficiency, 1BR and 2BR units, respectively). We will rely on the HousingWorks survey data for the rents offered at smaller aging properties in particular areas, along with maps of the total universe of these smaller units, to gauge the likely stock of these smaller units in each area. (This level of detail may not be possible to achieve in other regions.)

2. Identifying affordable housing with expiring subsidies.

Based on data collected for the city's recent Housing Market Study (combining data available through HUD with data on locally funded housing), we have identified subsidized units in the area and also how many have subsidies that will expire in the next 10 years.

3. Identify loss of rental units with rents below the Housing Choice Voucher rent cap.

Since Austin is moving toward adoption of an ordinance that will prevent discrimination against renters by "source of income" (e.g. vouchers), it is important to note whether areas are losing rental stock where vouchers might be used. This means looking at whether trends in rents of properties in the area to see if the average rent for a two bedroom unit is likely to be within reach or out of reach for a household using a voucher.

Appendix

How do low income renters benefit from living in this area?

An important factor in prioritizing particular corridor neighborhoods is understanding which areas offer particularly valuable benefits to residents now. We have chosen to focus on two areas where research most strongly backs the value of spatial proximity or location: education and transit. While there are obviously other factors that may benefit local residents, we focus on these because they currently exist and thus displacement would disrupt their use by residents. In addition, in the case of education, a local school that is high performing and serving low income children is a valuable asset to both the families it serves and to the larger community. Disrupting this school by displacing the children that attend it would represent a loss at both levels. The value of future assets is hard to gauge. It is safe to assume that if an area undergoes a significant change in character as it attracts higher income residents, it will add benefits. Here we focus on and describe how we will measure the value of two important assets.

1. The quality of local elementary schools.

For this measure, we analyze data available from the state education agency (TEA) and/or the local school district on a set of measures drawn from the Kirwan Institute's opportunity mapping methodology. The metrics are:
1) the student/teacher ratio- ratio of students to teachers of the three nearest in-district primary schools;
2) share of students achieving reading and math proficiency-both for the three nearest in-district primary schools; and, 3) graduation rate-for the three nearest in-district high schools. Together, these metrics give us a sense of the quality of local schools. School quality is correlated with economic mobility.

2. Ability to rely on public transit for commute to work.

How many of the city's major job centers can be reached by public transit in less than 30 minutes from the corridor street in the area? We delineated the city's major job centers by using the LEHD data system's On The Map feature. We found 5 major employment centers concentrating jobs paying wages between $1,250 and $3,333 per month (roughly $15,000 to $40,000 per year for full time work). We then measured travel time, during rush hour, to each of these centers from a major intersection in the corridor using Capital Metro's online Trip Planner. Each corridor then received a score that is the number of centers that can be reached in 30 minutes.

RESOLUTION NO. 20130509-031

WHEREAS, preservation of existing affordable housing is one element along the spectmm of affordable housing strategies which also include permanent supportive housing, single family and multi-family ownership opportunities, multi-family rental opportunities, rental assistance, and home repair programs; and

WHEREAS, according to a 2007 case study on preserving affordable housing by the University of Texas School of Architecture and the Center for Sustainable Development, "Preserving Affordable Apartments in Austin-Case Study Analysis of the East Riverside/Oltorf Combined Neighborhood Planning Area", states "...existing affordable units represent a key

irreplaceable element of the housing market supply"; and

WHEREAS, a 2007 study, "Preserving Austin's Multifamily Rental Housing- A Toolkit", by the University of Texas School of Law Community Development Clinic, outlines six policy tools and strategies used in U.S. cities and states that could be implemented in Austin as part of a comprehensive preservation policy, the six tools being Public Funding, Private Finance Tools, Tax Tools, Zoning and Land Use Policies, Regulatory Tools and a sixth multi-pronged strategy; and

WHEREAS, a report by Neighborhood Housing and Community Development (NHCD) in April 2008, "Preserving Affordable Housing in Austin; A Platform for Action", provided data and statistics, best practices and recommended strategies, and deemed preservation of affordable housing in Austin "an imminent crisis" due to the aging housing inventory in Austin; and

WHEREAS, the same report found that aging, unsubsidized rental housing constitutes the largest share of the city's affordable housing stock; and

WHEREAS, preservation of Austin's affordable housing stock is interwoven throughout the Imagine Austin Comprehensive Plan, highlighting its critical significance in the plan's Key Challenges for the Future, in the Core Principles for Action, as policies for both Housing and Land Use and Transportation, as a Housing and Neighborhood Priority Action, and as an opportunity in the envisioned Activity Centers and Corridors; and

WHEREAS, preservation of affordable housing promotes environmentally sound redevelopment as well as geographically dispersed and centrally located housing opportunities, touching on key priorities for the City of Austin; and

WHEREAS, the 2011 University of Texas Airport Blvd. Corridor Study developed a methodology for assessing existing affordable units in an area, made recommendations for programs to preserve the units,, and demonstrated the particular importance of preservation in corridors that will be subject to redevelopment in the near future; and

WHEREAS, preservation of affordable housing is becoming increasingly critical as several subsidized project-based housing complexes are reaching the end of their required affordability period; and

WHEREAS, the City's scoring system used by NHCD to evaluate affordable housing proposals includes additional points for projects that preserve affordable housing; and

WHEREAS, there is an opportunity for NHCD to coordinate with Code Compliance's new program for proactive outreach to aging apartment buildings in Austin; and

WHEREAS, near-term affordable housing planning work is scheduled soon or underway, including a Housing Market Study, the Affordable Housing Financial Strategies Report and the 5-year Consolidated Plan; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to specifically address preservation of existing affordable housing as a component of the City's near-term planning efforts in affordable housing, including establishing a baseline of the aging multi-family housing stock, setting goals to support preservation, identifying opportunities to further preservation initiatives, and developing financial strategies for sustainable approaches to achieving preservation of affordable housing.

BE IT FURTHER RESOLVED:

The City Manager is further directed to work with stakeholders including organizations that can support planning and implementation efforts to further advance preservation initiatives, including_the Austin Apartment Association, the Austin Board of Realtors and the Real Estate Council of Austin, HousingWorks Austin, in consultation with the Community Development Commission and the University of Texas, to develop recommendations for additional policies, programs and methodologies to proactively address preservation of affordable housing in Austin, with a report provided to Council by February 28, 2014.

ADOPTED: May 9, 2013

ATTEST: ______________________

Jannette S. Goodall

City Clerk

RESOLUTION NO. 20140327-040

WHEREAS, the Imagine Austin Comprehensive Plan calls out Austin's limited housing choices and rising housing costs, and recognizes the need for a variety of housing types to meet the financial and lifestyle needs of Austin's diverse population; and

WHEREAS, Imagine Austin also identifies the need to retain the character of Austin's neighborhoods by accommodating growth along corridors and major roadways; and

WHEREAS, micro-unit housing is an efficient and cost-effective housing choice developed and utilized in many of Austin's peer cities; and

WHEREAS, micro-unit housing most often appeals to single people, who make up over a third of Austin's population; and

WHEREAS, decoupling parking from housing costs - i.e., renting or selling parking separately, rather than automatically including it in the price of the living space - typically results in a demand reduction of up to 30%; and

WHEREAS, micro-unit development offers the potential of placing more affordable dwelling units within reach of those who want to live an urban lifestyle, often accompanied by reduced car ownership; and

WHEREAS, Council passed Resolution No. 20140123-059 asking the City Manager to identify best practices and code amendments that would encourage micro-unit development; and

WHEREAS, the March 18, 2014 City staff memo identified the primary zoning code constraints that may be inhibiting micro-unit development in Austin as minimum site area requirements and parking requirements; and

WHEREAS, initial staff research suggests that Portland's reduced parking requirements for micro-units has led to tenants parking on the streets of adjacent neighborhoods; and

WHEREAS, site area requirements are waived in the Vertical Mixed Use Combining District under 25-2, Subchapter E, Section 4.3.3 for projects that meet affordabihty requirements, thus providing programs that incentivize affordable housing and an increase in density of dwelling units; and

WHEREAS, because the VMU Combining District is generally available on Core Transit Corridors (CTC) and future CTCs, there is a risk reducing or ehminating site area requirements on CTCs and future CTCs could decrease the effectiveness of VMU as a tool for housing affordability in Austin; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Council initiates amendments to Title 25 of the City Code and directs the City Manager to develop an ordinance that reduces or eliminates parking requirements and reduces or eliminates site area requirements for dwelling units less than 500 square feet in size and that are located on core transit corridors, future core transit corridors, or within a Transit Oriented Development District.

BE IT FURTHER RESOLVED:

The amendment process should include consideration of how the provisions allowing micro-units should be integrated with current provisions for Vertical Mixed Use and Transit Oriented development, particularly in regard to affordable housing requirements.

BE IT FURTHER RESOLVED:

The City Manager is further directed to compile detailed information and best practices from other cities about the relationship between micro-units and affordability, car ownership, parking, and adjacent neighborhoods.

BE IT FURTHER RESOLVED:

The City Manager is directed to seek input from housing stakeholders and the Community Development Commission; and to include a status on the effort in the Housing/Transit/Jobs Action Team report to the Comprehensive Planning and Transportation Council Committee by June 15, 2014; and to return this ordinance to the City Council within 120 days.

ADOPTED: March 27, 2014

ATTEST: ______________________

Jannette S. Goodall

City Clerk

HousingWorks Austin is an affordable housing advocacy organization that aims to increase the supply of affordable housing in Austin by providing research, education, advocacy and thoughtful, workable affordable housing policy recommendations.

For more information, visit HousingWorks' website:
http://housingworksaustin.org/

HousingWorks wishes to acknowledge the following people who were instrumental in the preparation of this report:

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Entrepreneurship and Community Development Clinic,
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Amelia Koplos, Master of Public Affairs, Expected 2015
Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin

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Ashely D. Oliver, GIS Analyst

Photo Credits: *Sallie Burchett, Diva Imaging; H + UO Architects; Austin Habitat for Humanity; Green Doors; Tim Patterson; Austin Affordable Housing Corporation.*

Appendix IC: Community Needs Assessment

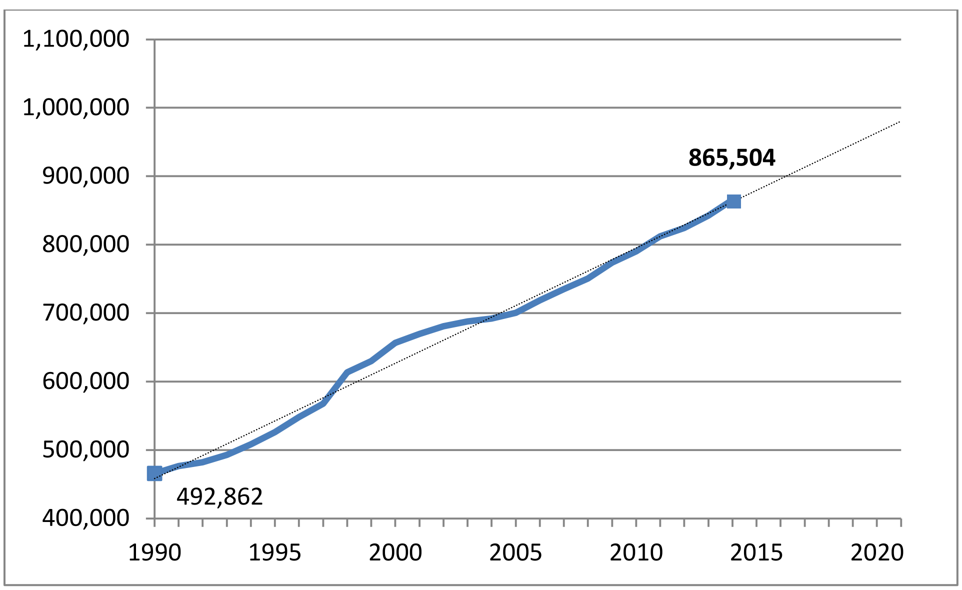
FY 2014-2019 Consolidated Plan and FY 2014-2015 Action Plan

COMMUNITY NEEDS ASSESSMENT

Austin's Citizen Participation Plan directs NHCD staff to gather community input and statistical data to prepare the draft Consolidated Plan and Action Plan. The Community Needs Assessment Phase of the Consolidated Plan and Action Plan development process includes four public hearings, two before organizations working with low- and moderate-income populations, one before the Community Development Commission, one before the Austin City Council in which the City receives citizen input on the community's needs and service gaps. This information coupled with current data is critical to establishing priority needs, funding allocations and geographic priorities among projects and programs within NHCD's Investment Plan.

I. Population

As illustrated in *Graph 1*, the City of Austin's population has continued to grow at a steady and rapid pace. In 1990, Austin's population was 465,622. As of 2014 it is estimated that 865,504 people now reside in Austin.[1] It is noteworthy that Austin has also maintained its strong population growth, even through the course of national economic recessions.[2] Population forecasts show Austin's population exceeding one million residents by 2025.[3]



Graph 1: Austin's Population Growth 1990-2014

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 1990-2014

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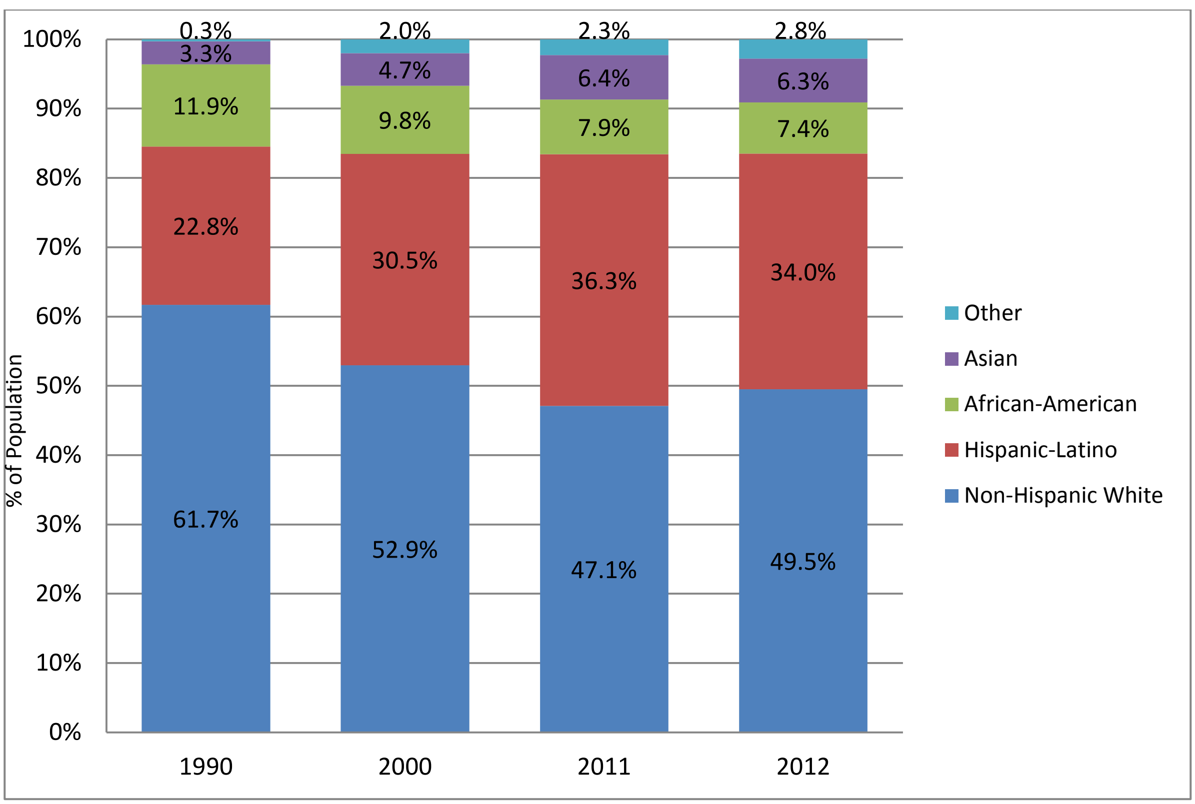
1 City of Austin Planning and Development Review Department. Demographics: Population & Land Area Summary, 2014 URL: http://austintexas.gov/demographics.

2 The National Bureau of Economic Research. U.S. Business Cycle Expansions and Contractions URL: http://www.nber.org/cycles.html

3 Robinson, Ryan, City of Austin Planning and Development Review Department. Austin Area Population Histories and Forecasts URL: http://austintexas.gov/demographics

II. Demographic Trends

As with population, the City of Austin is also changing demographically, as depicted in *Graph 2*. The Anglo (non-Hispanic white) share represents 49.5 percent of the population in 2012, a 19.8 percent decrease from 1990 levels. Meanwhile the Hispanic (Latino) share increased to 34.0 percent of the population in 2012. The Asian community has also grown considerably in the last ten years. In 1990, the Asian community represented about 3.3 percent of the population - in 2012 this share had grown to 6.3 percent of the population. African Americans comprised about 12 percent of Austin's population in 1990, but that percentage has dropped to just 7.4 percent and is expected to continue to decrease as the city continues to increase in population.[4] African Americans as well as other demographic groups have migrated to surrounding areas outside the city limits including suburbs and neighboring communities. The geographical dispersion of affordable housing has also moved into the suburbs as the Austin housing market has become more expensive. This also accounts for the migration of residents to the suburbs.

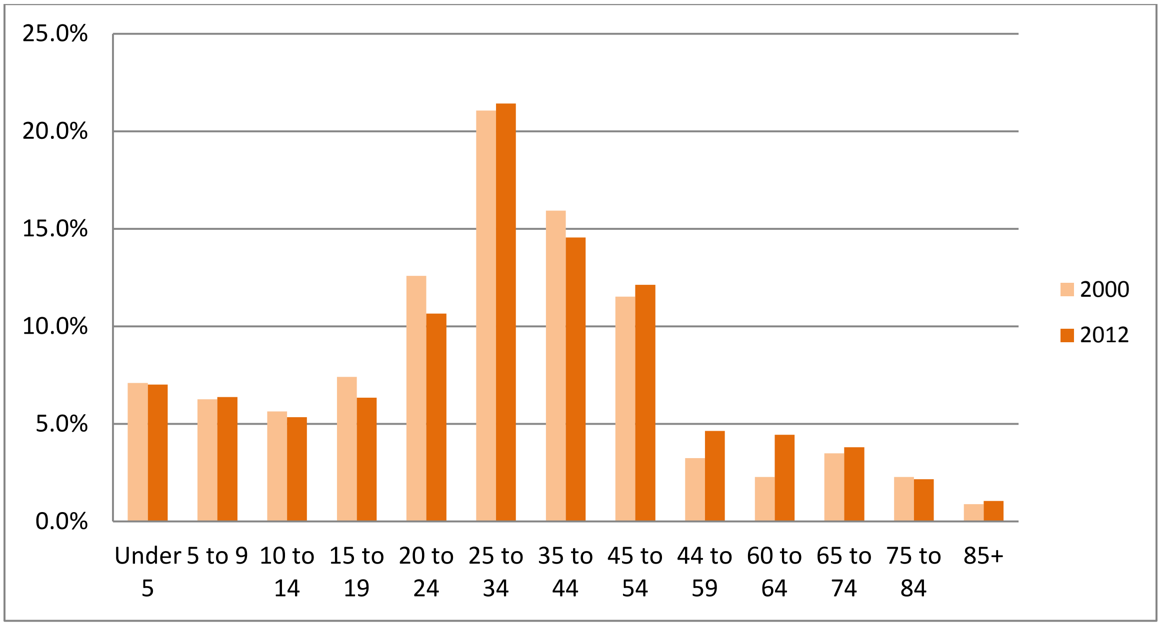


Graph 2: Demographic Profile of Austin over Time

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 1990, 2000, 2011 and 2012 Table DP05

[4] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/

Population by Age



Graph 3: Change in Percent of Population by Age Group 2000 v. 2012

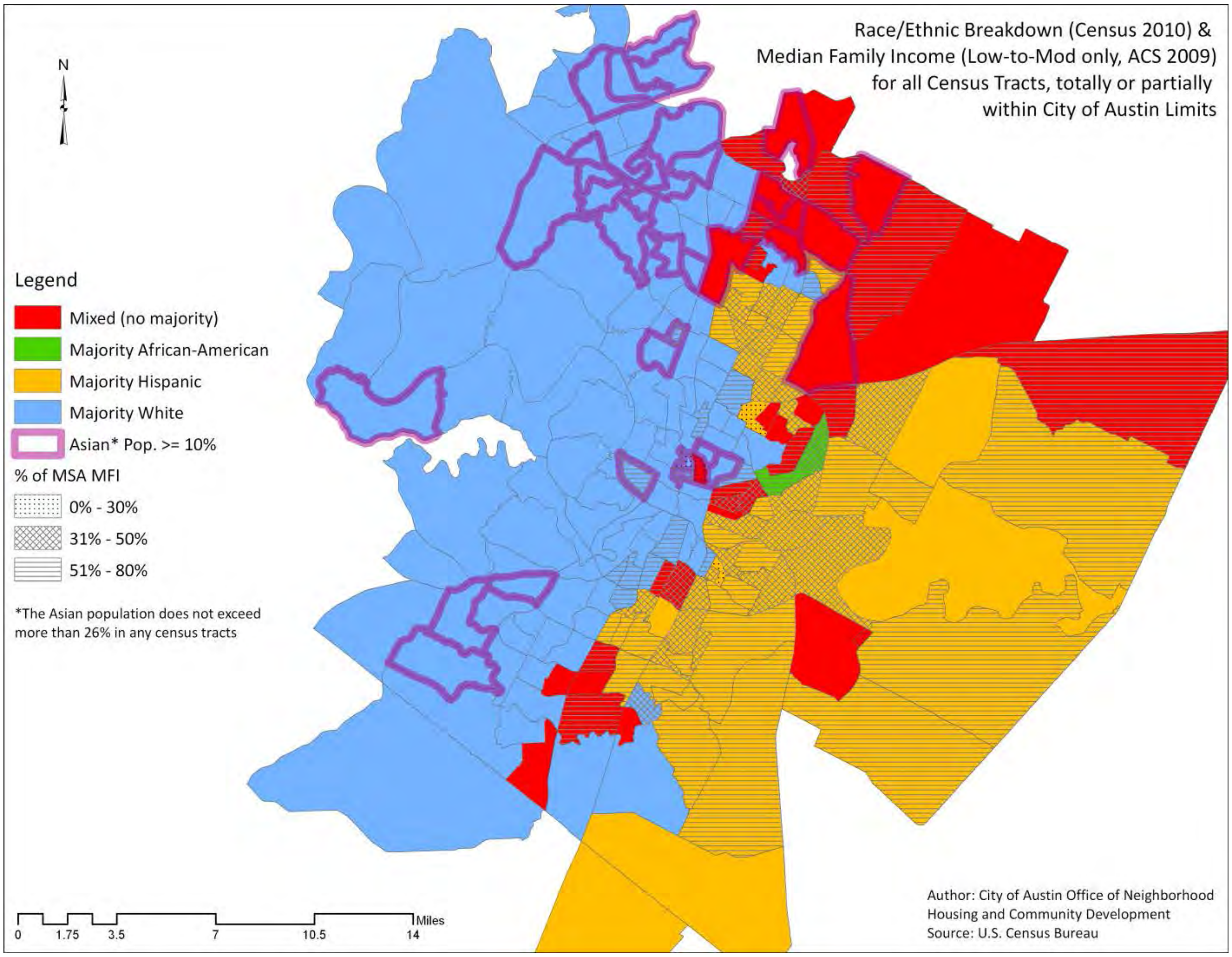
Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2000 and 2012 Table DP05

Data indicates that Austin is aging and while some age groups are seeing reductions in the percent of the city population they comprise, others are growing as seen in *Graph 3*. Between 2000 and 2012, the greatest percent increases among age group were for the 60-64, 44-59, and 45-54 age groups with 2.1 percent, 1.3 percent and 0.7 percent increases, respectively. The greatest percent decreases were among the 20-24, 35-44 and 15-19 age groups with -1.9 percent, -1.4 percent and -1.1 percent decreases, respectively.[5]

Racial and Ethnic Dispersion

The racial and ethnic dispersion throughout the City is illustrated in *Map 1*, which also identifies the concentrations of low- and moderate-income households based on Median Family Income (MFI) for all census tracts entirely or partially within the Austin city limits. The Neighborhood Housing and Community Development (NHCD) Office uses this map to manage the City's CDBG and HOME entitlement grant funding by mapping proposed projects and funding sources.

[5] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2000, 2011 URL: http://www.census.gov/acs/www/

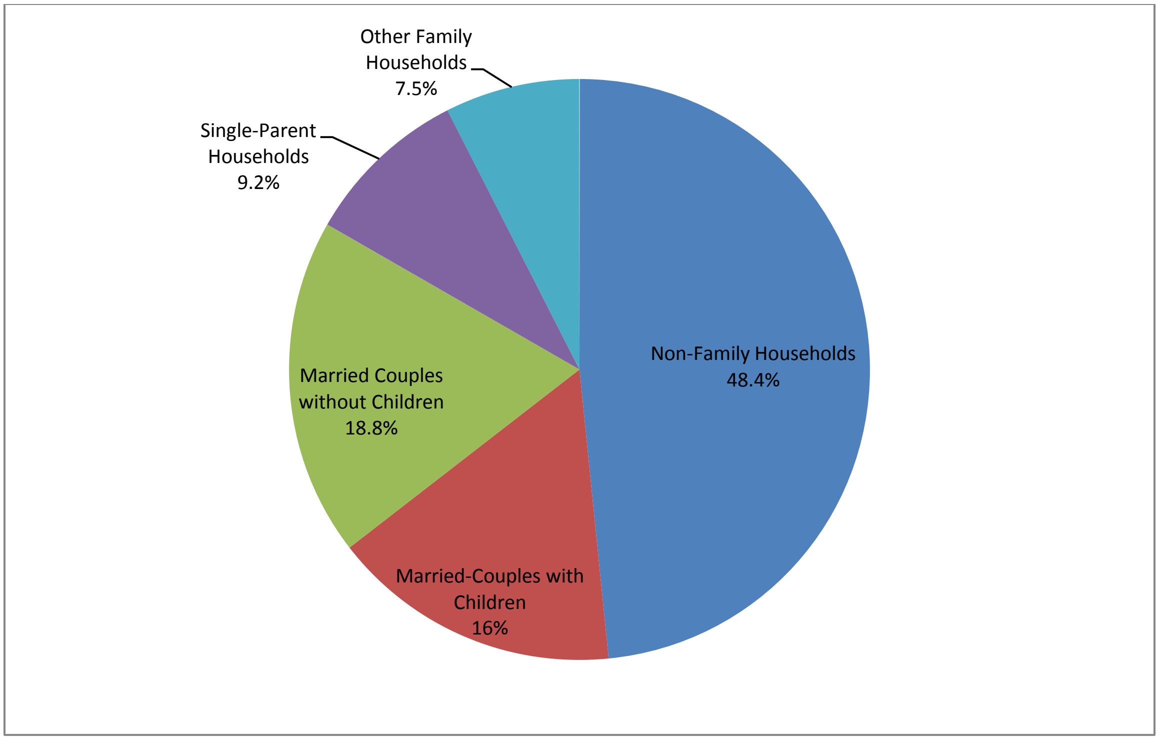


Map 1: Racial, Ethnic and Low-to-Moderate Income Concentration by Census Tract
Source: U.S. Census Bureau

Household Types

47.5 percent of Austin households are considered non-family households. These are persons living together that are un-related - for instance, they may be un-related roommates or other persons who reside together but are not related by blood or marriage. Austin's large student population contributes to the non-family household share. The remaining 52.5 percent of Austin's households are comprised of: married couples without children (19.5 percent); married couples with children (16 percent); single parents (9.4 percent); and 7.8 percent are categorized as other family households.[6] The breakdown of household types in Austin is illustrated in *Graph 4*.

[6] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/



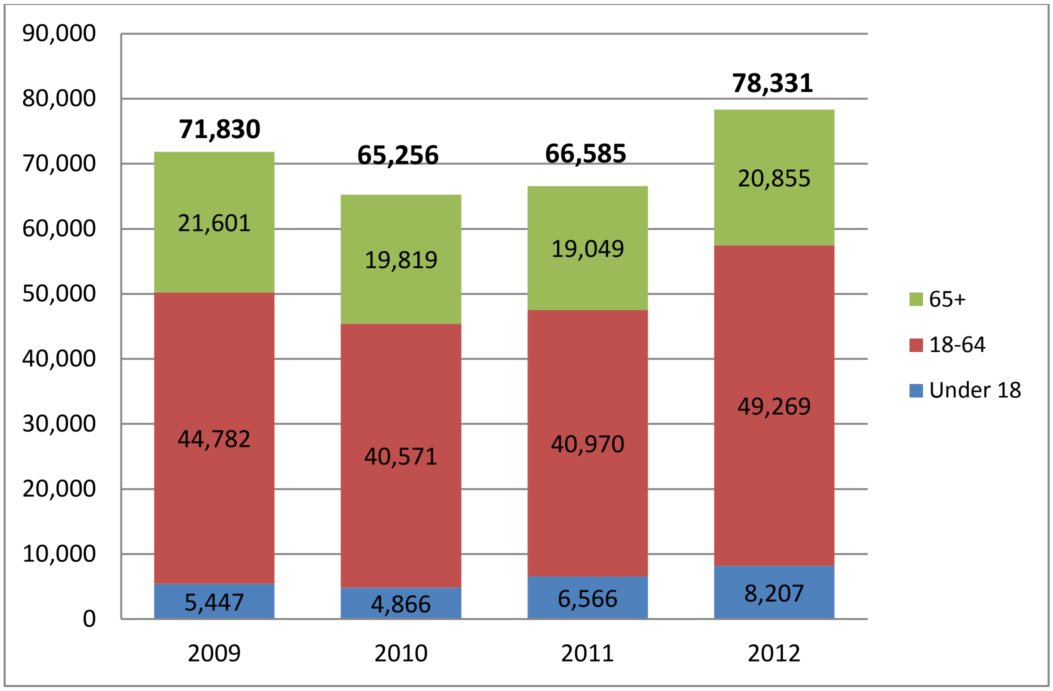
Graph 4: Household Types within the City of Austin, 2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2012 Table DP02

Persons with Disabilities

Data indicates there were 78,331 persons living with disabilities within the City of Austin in 2012. This is a 20 percent increase from 2009. As illustrated in *Graph 5* the breakdown by age reveals that the 18-64 age group has increased by 21.4 percent from 2009 to 2012. Meanwhile, the population of those under 18 years old with disabilities has increased by 68.6 percent over the same period.[7]

[7] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/



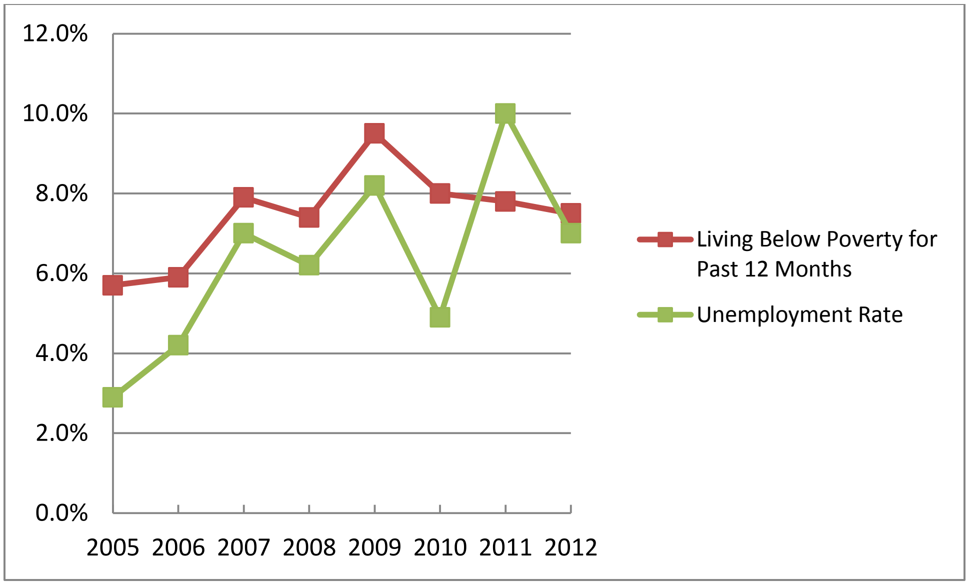
Graph 5: Austin Residents with a Disability by Age Group, 2009-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2009-2012 Table DP02

Veterans

In 2012, there were 39,996 veterans living within the City of Austin, a 6.0 percent increase from a year earlier. The percentage of veterans within Austin living below the poverty level was stable at 7.5 percent as of 2012, about 10 percent lower than for the city as a whole. Concurrently there was a decrease in unemployment among veterans in Austin as the rate was down 3 percentage points to 7.0 percent in 2012 from 2011 as seen in *Graph 6*.[8] This unemployment rate for veterans is still higher than the unemployment rate for the area.

[8] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/



Graph 6: Unemployment and Poverty Rate of Veterans in Austin, 2005-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2005-2012 Table S2101

III. Economic Profile

Income – Data Sources

Sources for income data include the U.S. Census Bureau's American Community Survey (ACS) as well as by the U.S. Department of Housing and Urban Development's (HUD) Income Limits documentation system. The ACS defines median household income as including the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. Because many households consist of only one person, median household income is usually a smaller value than median family income.

The FY2013 HUD Income Limits Documentation System[9] is the source of median family income (MFI) data which is an annual estimate utilized by HUD to set income limits for a variety of housing programs. HUD uses the ACS median income as a baseline and then factors in the national consumer price index and other variables to establish an area MFI. Thus, MFI is generally a much higher figure than the median household income or median income figure from the ACS.

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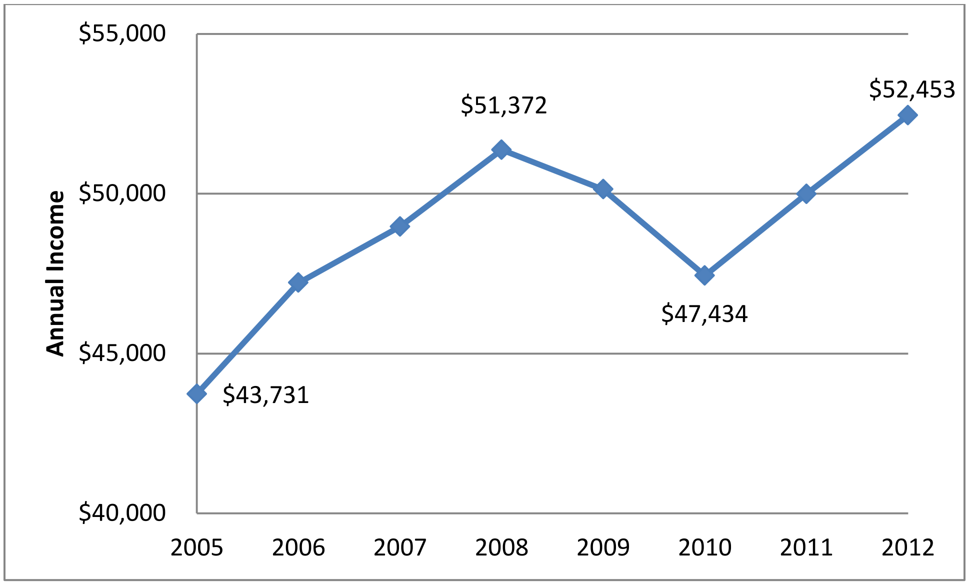
[9] U.S. Department of Housing and Urban Development FY2013 Income Limits Documentation System, Median Family Income Calculation Methodology for Austin-Round Rock-San Marcos MSA . URL: http://www.huduser.org/portal/datasets/il/il2013/2013MedCalc.odn?inputname=Austin-Round+Rock-San+Marcos%2C+TX+MSA&area_id=METRO12420M12420&fips=%24fips%24&type=hmfa&year=2013&yy=13&stname=%24stname%24&stusps=%24stusps%24&statefp=99&incpath=C%3A\huduser\wwwMain\datasets\il\il2012\.

Median Household Income

The median household income in Austin increased from 2005 through 2008, fell through 2010, and then increased again starting in 2011. The reported 2012 median household income has increased 10.6 percent from the 2010 level. *Graph 7* reflects the change in median household income since 2005.



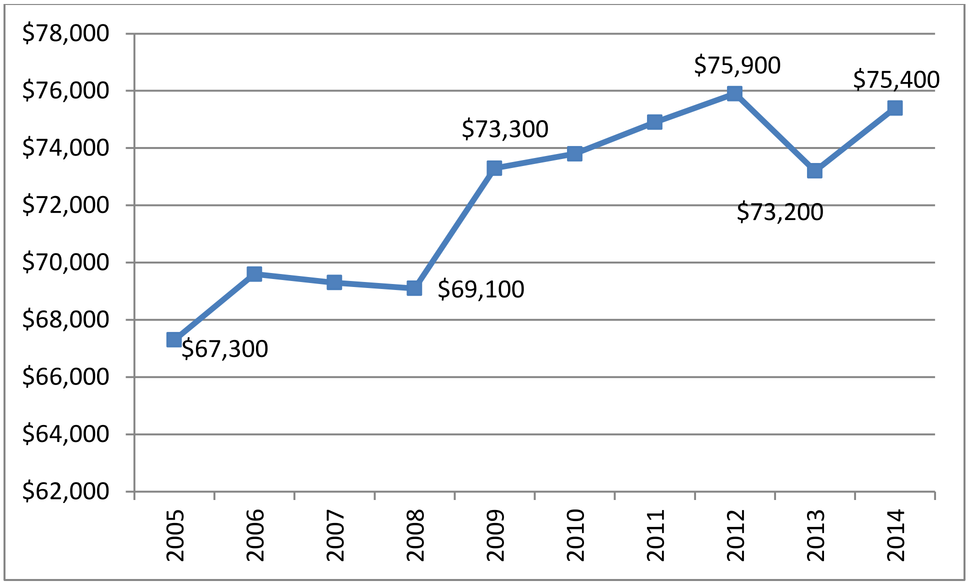
Graph 7: Median Household Income in Austin 2005-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2005-2012 Table B19013

Median Family Income

The median family income, as calculated by HUD, decreased from 2012 to 2014. However, from 2005 to present this figure has increased by 8.8 percent. Overall, *Graph 7 and Graph 8* help to illustrate that incomes have remained relatively static in Austin over the last nine years.[10]

[10] Bureau of Labor Statistics CPI Inflation Calculator URL: www.bls.gov/data/inflation_calculator.htm

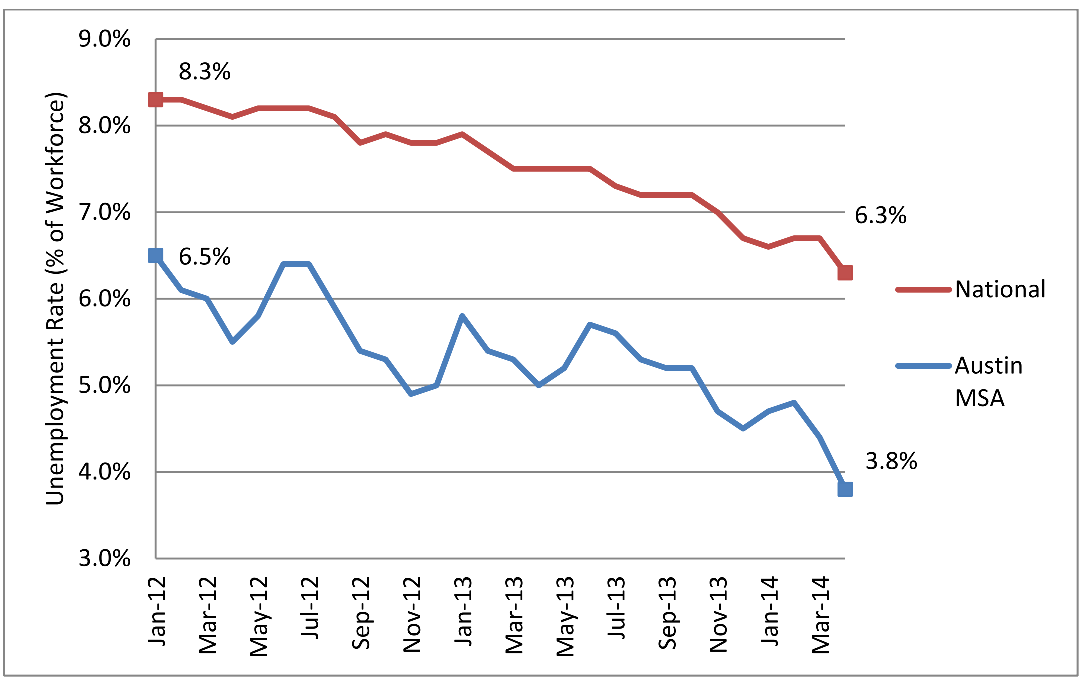


Graph 8: Median Household Income in Austin 2005-2014

Source: U.S. Department of Housing and Urban Development

Unemployment

The Austin-Round-Rock-San Marcos MSA has had a lower unemployment rate than the nation as a whole since 2012 as seen in *Graph 9*. As the national economy continues to improve, the City will continue to monitor economic indicators relating to unemployment.

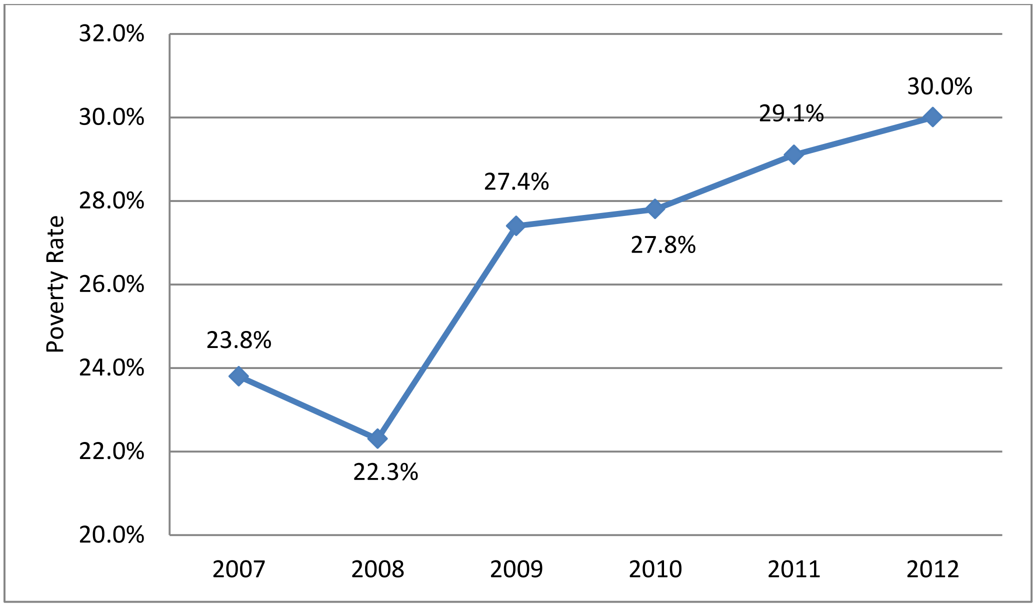


Graph 9: Austin-Round Rock-San Marcos MSA Unemployment Rate

Source: U.S. Bureau of Labor Statistics

Poverty

Poverty levels for persons under 18 years old in Austin increased from 2008 to 2012 as seen in *Graph 10*. In 2005, the poverty rate for individuals was 23.8 percent. There was a decrease of 1.5 percent in 2008 that followed with an increase of 5.1 percent in 2009. If this rate of increase were to continue, one in three persons under the age of 18 could be living below the poverty rate in Austin as early as 2014.

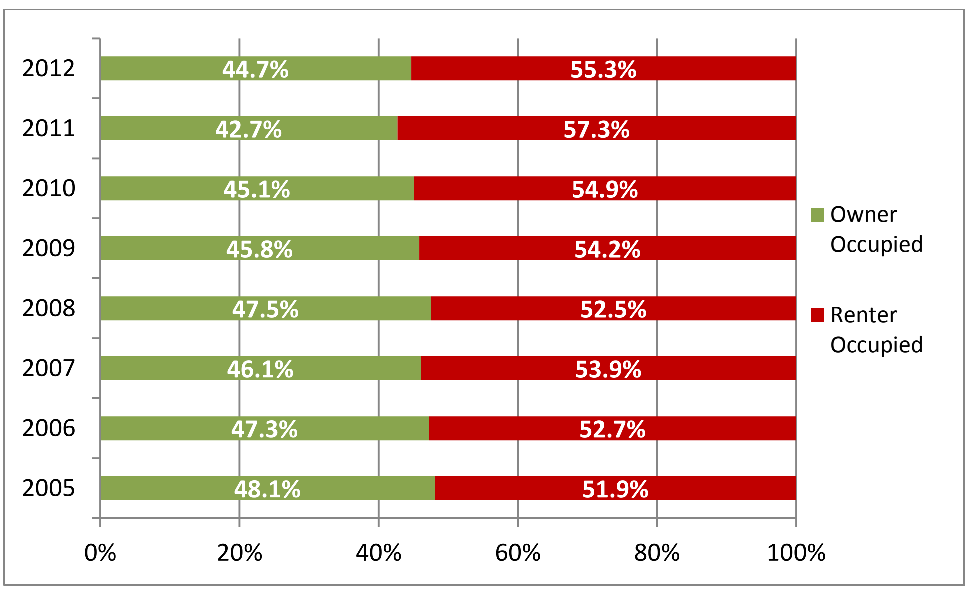


Graph 10: Poverty Rate for Individuals under 18 Years Old

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table S1701

IV. Housing

Tenure

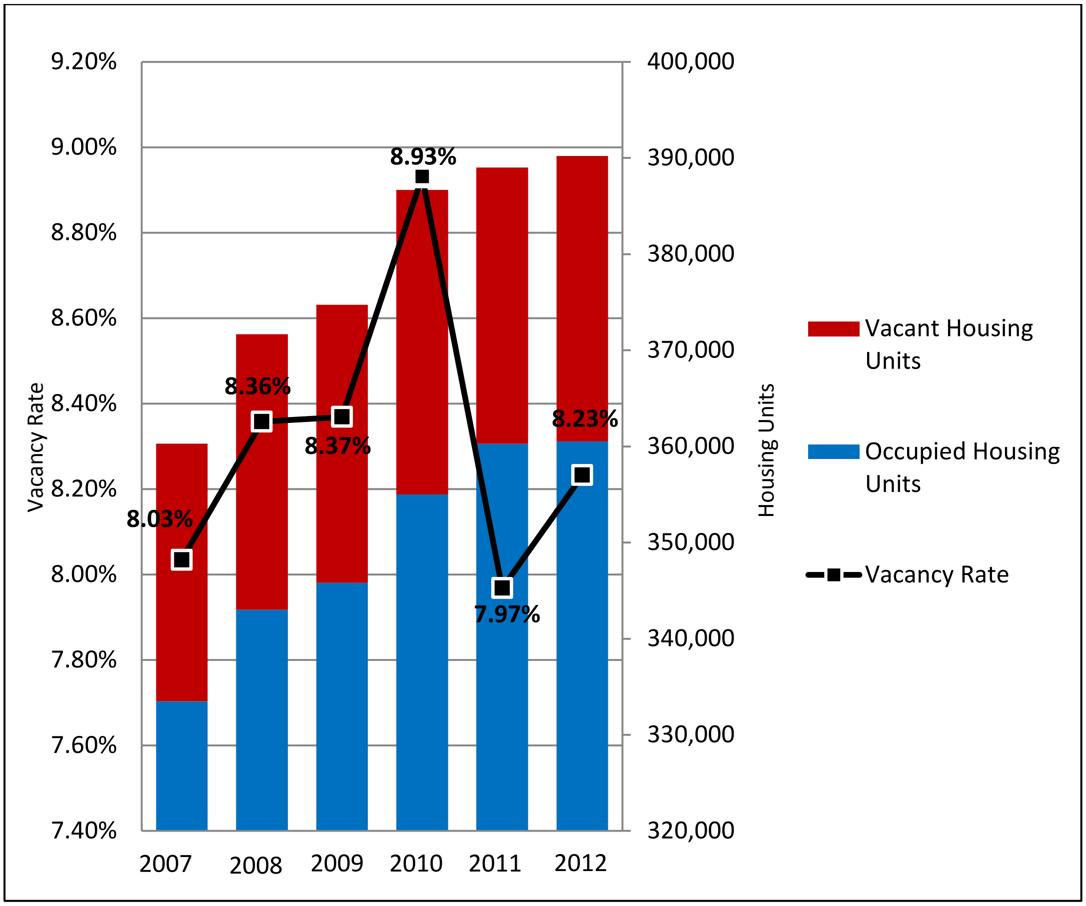


Graph 11: Housing Tenure in Austin 2005-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2005-2012 Table B25003

As a result of the housing bubble that began in 2006 and the following credit crunch that continues to present challenges, homeownership continues to decrease across the country. This trend is pronounced in Austin as well as seen in *Graph 11*. Since 2005, the proportion of households that are renter-occupied has grown from 51.9 percent to 55.3 percent.[11]

Vacancy



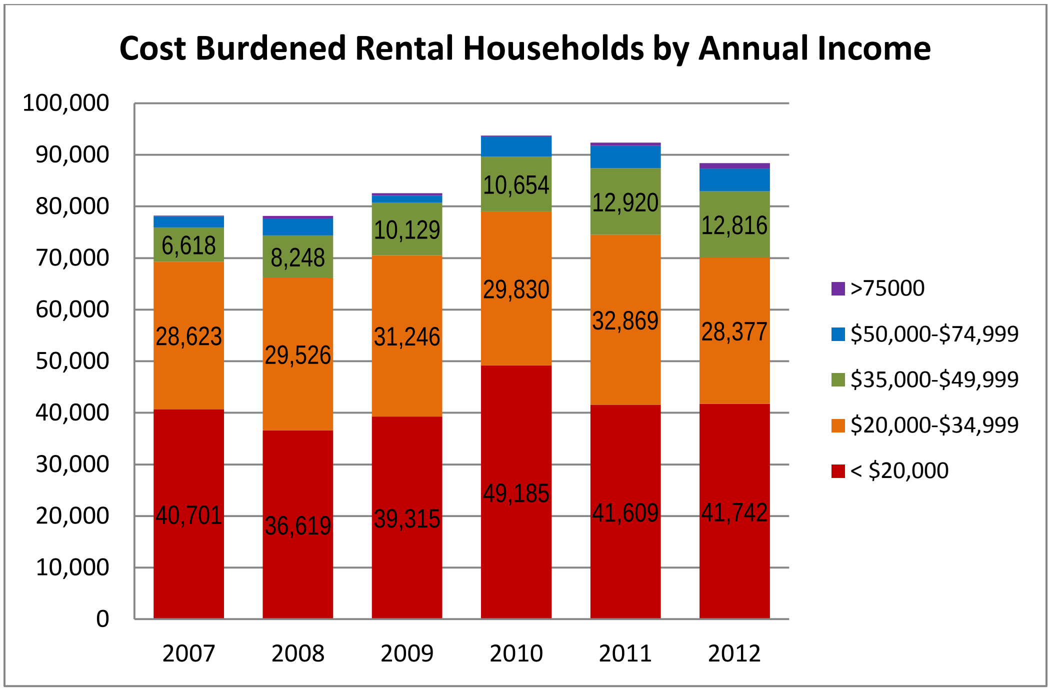
Graph 12: Vacant and Occupied Housing Units in the City of Austin, 2007-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table B25001 and B25003

Housing vacancy in the City of Austin rose just above 8 percent in 2012. As *Graph 12* illustrates, there was a 0.1 percent increase in the number of housing units from 2011 to 2012 as only 227 units were added. The vacancy rate rose just over a quarter of a percent to 8.23 percent.

[11] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2011 URL: http://www.census.gov/acs/www/

Cost Burdened Households

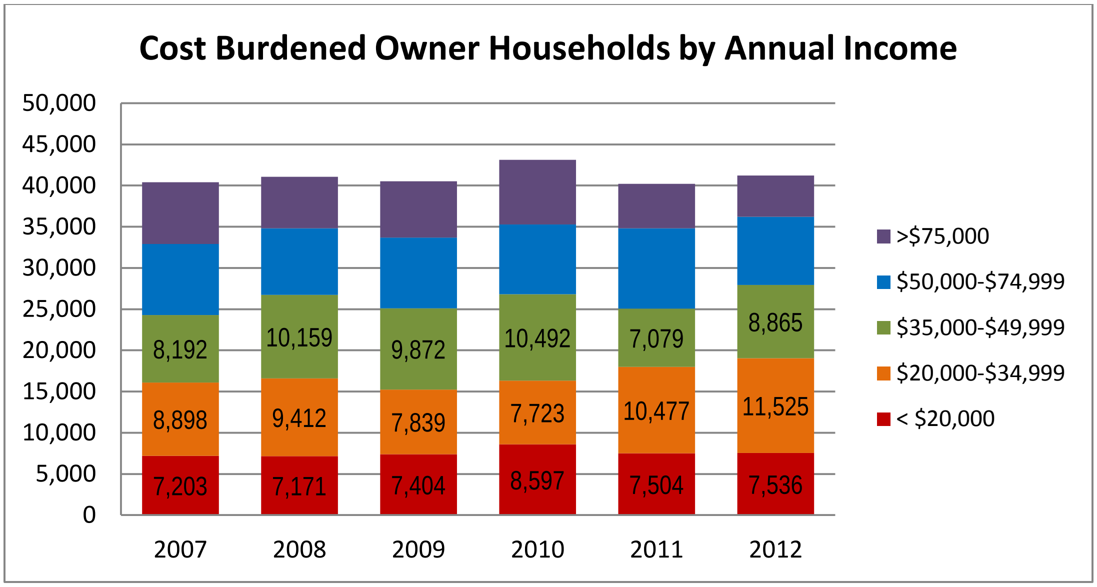


Graph 13: Cost Burdened Rental Households by Annual Income in Austin, 2007-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table S2503

The number of rental households in Austin that are cost burdened defined as expending more than 30 percent of their income on housing costs - was 88,428 in 2012, representing 48.3 percent of all occupied rental households. The number of cost burdened rental households decreased by about 4,000 from 2011 to 2012, however the number of cost burdened rental households making less than $20,000 actually increased slightly, as seen in *Graph 13*.[12]

[12] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 URL: http://www.census.gov/acs/www/



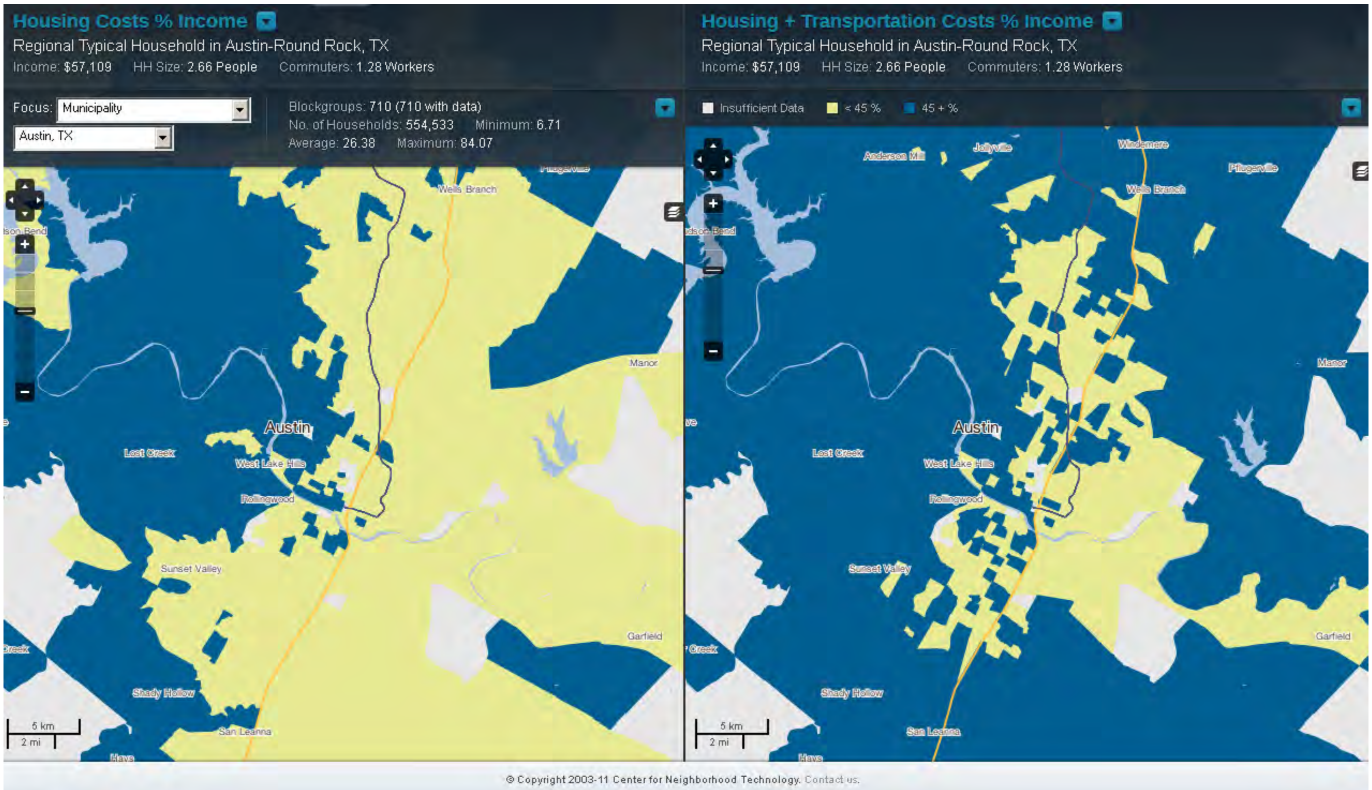
Graph 14: Cost Burdened Owner Households by Annual Income in Austin, 2007-2012

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2012 Table 2503

The number of owner households in Austin that are cost burdened – defined as expending more than 30 percent of their household income on housing costs - was 41,224 in 2012, representing 27.9 percent of all occupied owner households.[13] These figures are illustrated in *Graph 14*.

[13] U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2011 URL: http://www.census.gov/acs/www/

IV. Transportation



Map 2: Housing Costs as a % of Income and Housing + Transportation Costs as a % of Income

Source: Center for Neighborhood Technology

The Imagine Austin Priority Program on Household Affordability (Priority Program #6) defines Household Affordability as being about the costs of housing, utilities, taxes and transportation. Transportation is an important consideration when evaluating housing's true cost to a household. Map 2 illustrates areas of the City of Austin in which combined housing and transportation costs exceed 45% (blue), as well as areas in which those combined costs are less than 45% (yellow) of annual household income. The City of Austin will begin to evaluate transportation costs as a component of household affordability.

Appendix ID: Market Trends and Issues for Affordable Housing in Austin

MARKET TRENDS AND ISSUES FOR AFFORDABLE HOUSING IN AUSTIN

JUNE 2013

The City of Austin's Neighborhood Housing and Community Development Department (NHCD) has retained Economic & Planning Systems (EPS) to provide observations regarding market dynamics and their implications for affordable housing needs and policies in Austin. This memorandum represents an overview of major trends in housing pricing, income and job growth, and housing supply characteristics, as well as an assessment of the need for and prospective benefits of a robust and multi-faceted housing strategy for the City.

The Economics of Land Use

CELEBRATING 30 YEARS

Market Dynamics

1. **Housing prices in the Austin region have grown more quickly than income levels or general inflation, placing many housing options out of reach for lower-income households.**

The figure below indicates that, since 2001, nominal median household incomes in the Austin area have increased by only about 25 percent in while general inflation (represented by the Consumer Price Index) has increased by roughly 35 percent. During the same period, median home prices have increased by 40 percent, and median rents have increased by 50 percent. The housing bubble and subsequent recession are evident in this figure (seen in the volatile median home price trendline), but the longer-term, multi-cycle trend clearly indicates that income growth has not kept pace with housing prices, particularly for rental housing. Rent price growth was somewhat opposite of for-sale home pricing – when one rose, the other fell – but very recent trends indicate strong growth in both sectors concurrently.

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Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax

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Denver
Los Angeles
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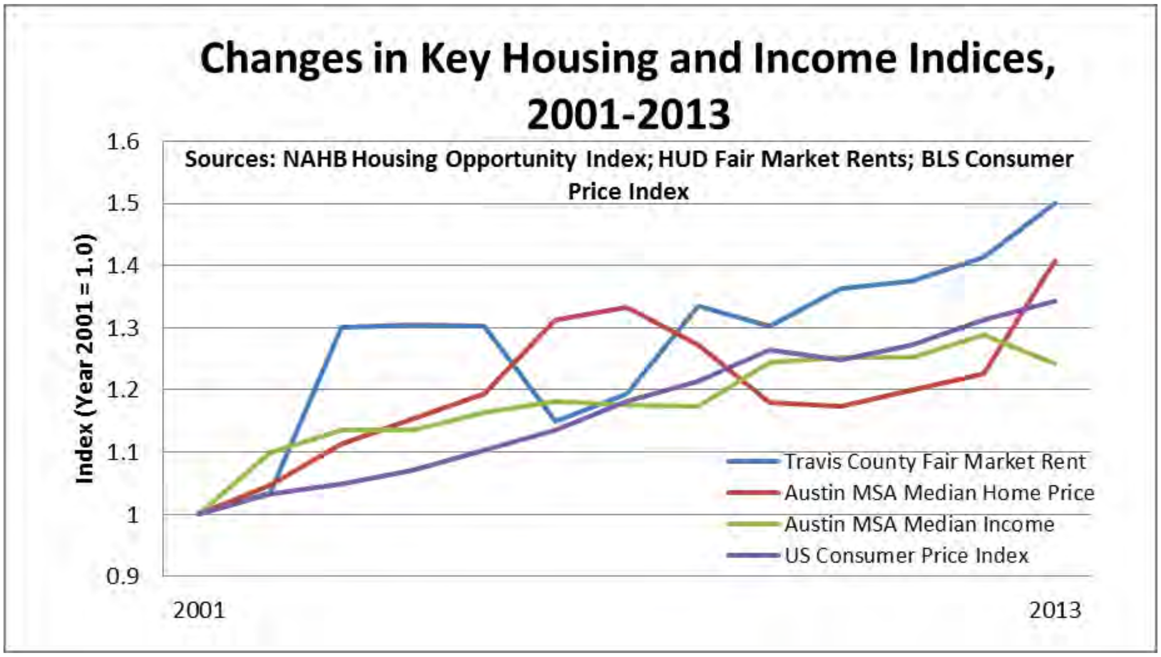
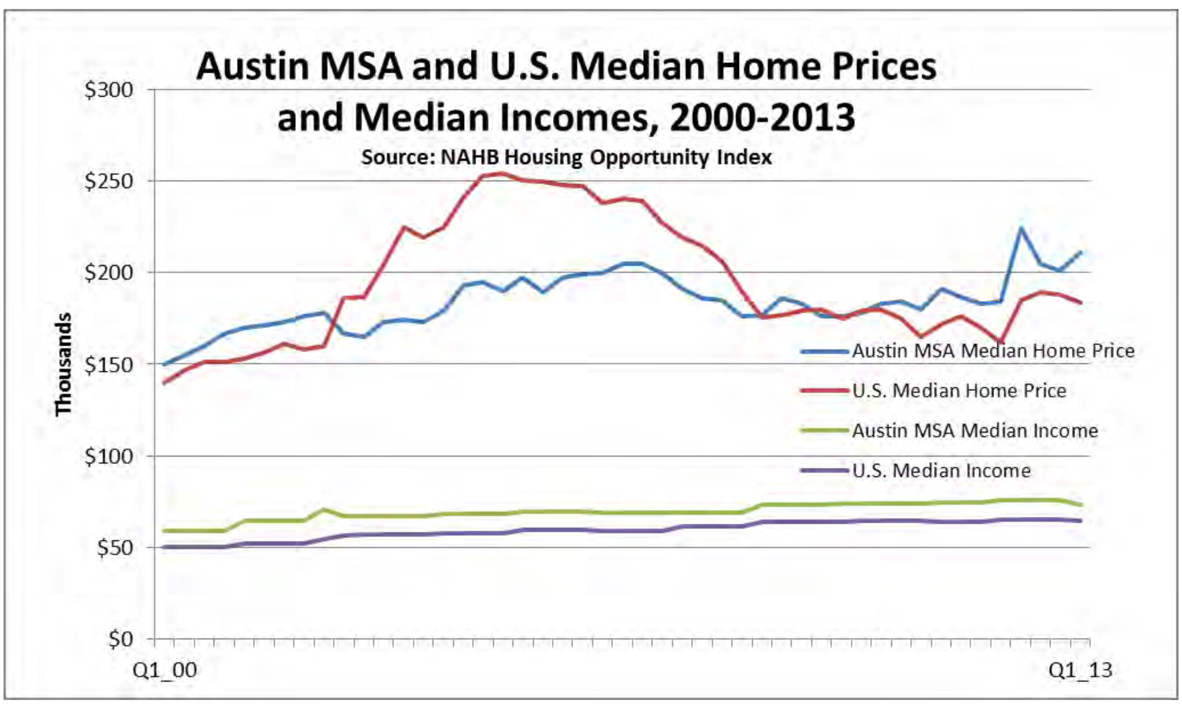
www.epsys.com



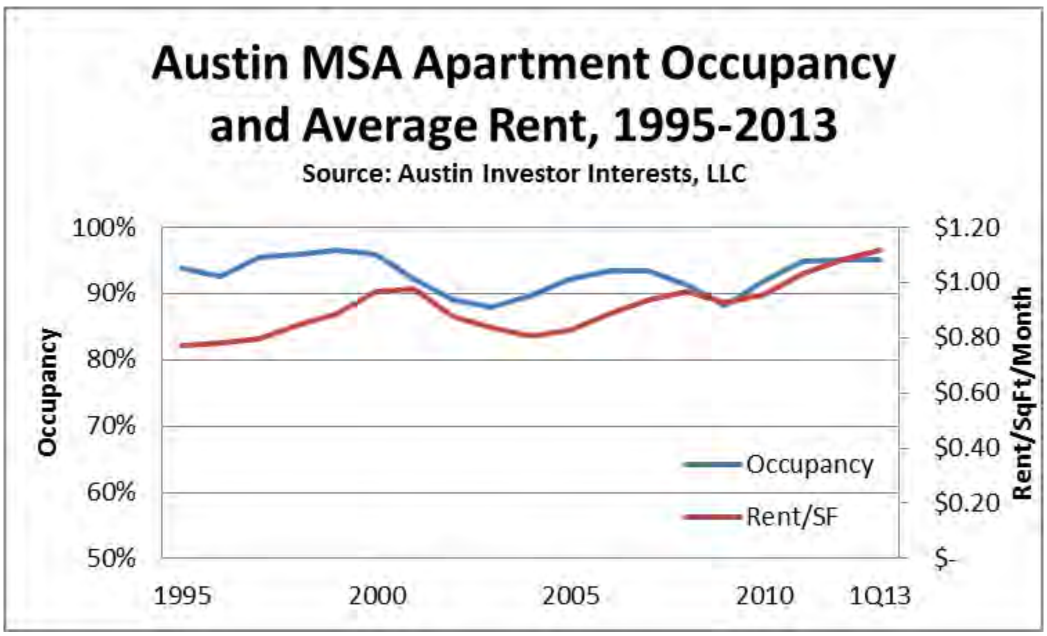
Austin area home prices have been less volatile than national trends. The following figure compares the median home prices (for-sale) in the Austin Metropolitan Statistical Area[1] (MSA) versus the United States from 2000-2013, and indicates much more steady growth in Austin area prices. Nationally, median home prices are more than 25 percent below the peaks reached in 2005-2006, while the Austin area's home prices are higher now than in its 2007 local peak. The figure also indicates that national income levels have risen slowly, as they have in Austin.



[1] The Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis, and Williamson Counties.

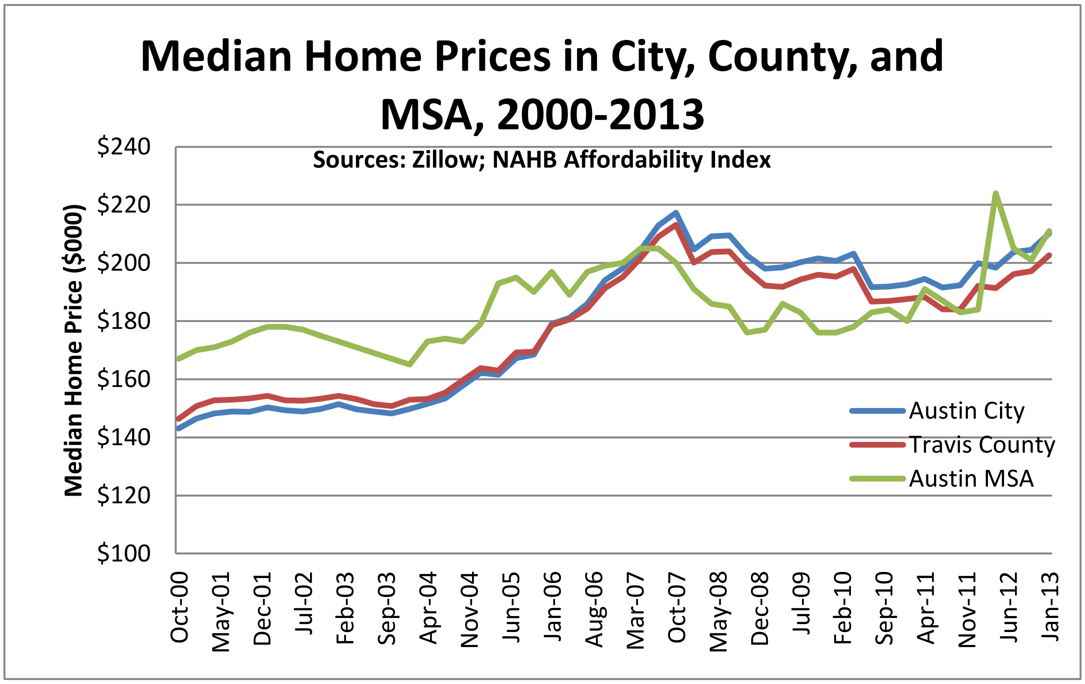
Part of the reason for the divergence of housing prices and incomes is that financing terms – particularly very low mortgage interest rates – have made higher housing prices affordable at the same level of income. A household earning $50,000 can qualify for a $300,000 home under current financing terms (4.0 percent interest on a 30-year mortgage with 20 percent down payment), whereas the same household could afford only a $200,000 home with interest rates closer to historical norms of 7.5 percent.

While the change in home financing terms can explain some of the housing price escalation, it does not explain it all. Renters do not benefit from such low interest rates, yet are also paying more for their housing. According to Austin Investor Interests, LLC, the Austin region's apartment rent rates reached an all-time high in the first quarter of 2013, and occupancy rates exceeded 95 percent – also near the highest point since 1995. Still, the MSA's average remains relatively affordable, with the average rent of $958 per month for all apartments being affordable to households earning about $40,000 per year, or less than 60 percent of Area Median Income. It is worth noting that rent price drops have followed periods of decreasing apartment occupancy rates – typically the result of a major increase in apartment supply rather than an actual decrease in the number of renting households. Those cyclical rent reductions have been temporary, however, as the overall trend continued to push rents upward.

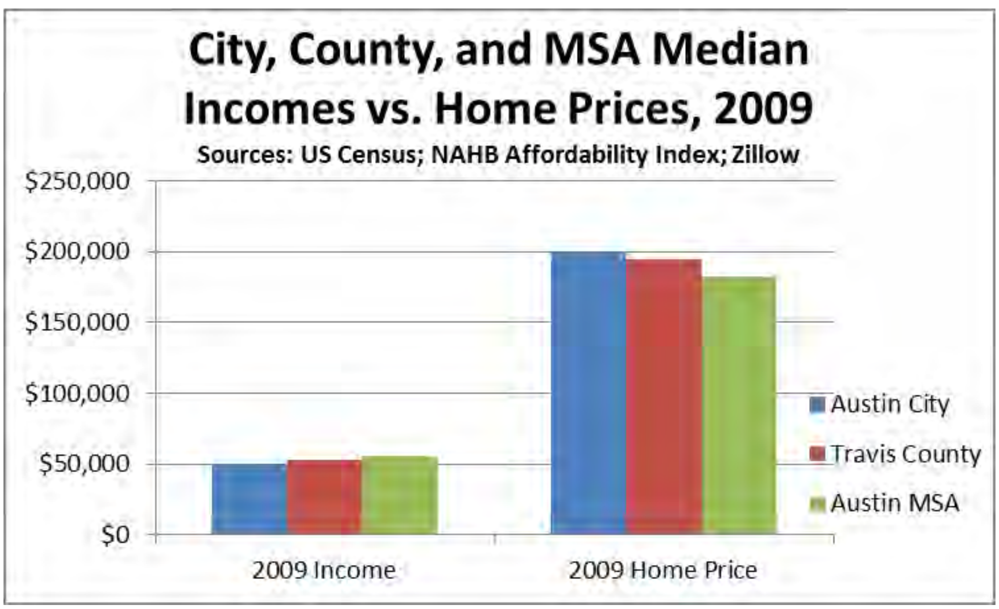


2. **The City of Austin has greater issues with housing affordability than the region generally, with higher housing prices and lower income levels.**

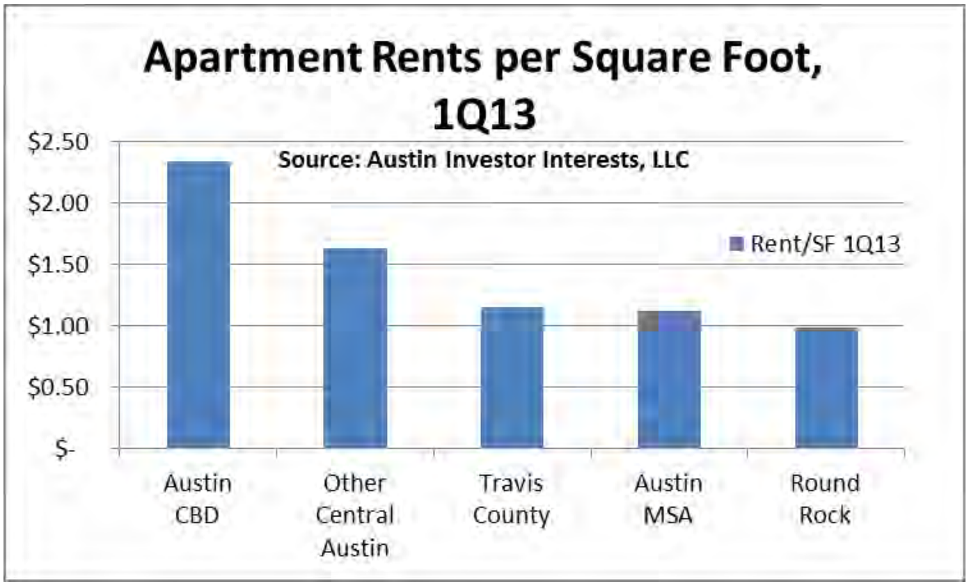
Within the City limits, the region's housing trends have been somewhat more pronounced. The figure below indicates that in 2000, for-sale home prices in Austin were lower than average for the County and greater region. However, starting around 2007, prices within the City surpassed those of the larger areas, and remain higher today.



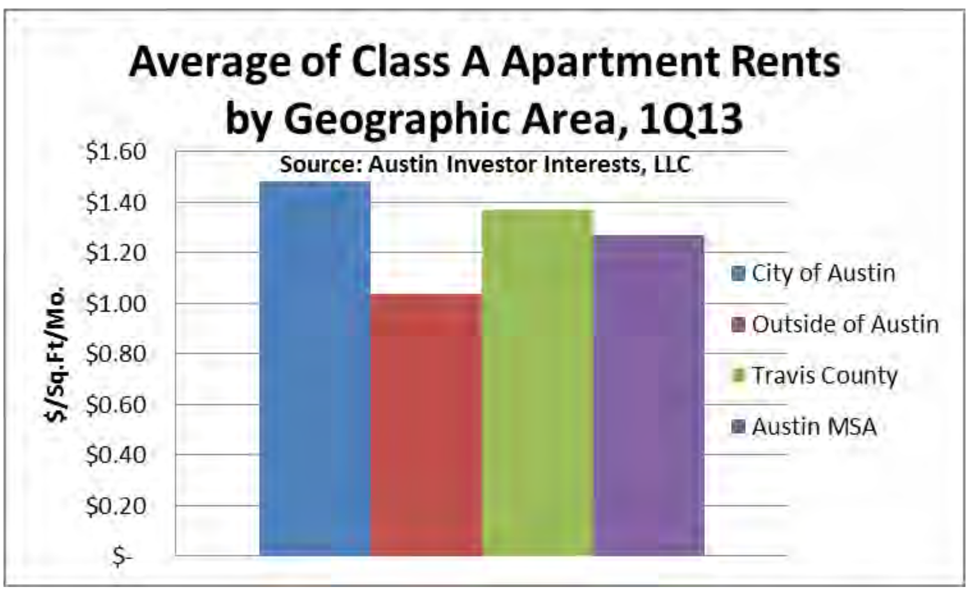
Even as home prices became higher within the City than in the greater region, the City's income levels remained lower. The figure below shows the most recent (2009) data available from the US Census American Community Survey regarding median household income, and indicates that the City's income levels were roughly 6 percent lower than the County's and 11 percent lower than the MSA overall. These relationships are the opposite of those shown on the figure above, in which the MSA's housing prices were the lowest and the City's were highest.



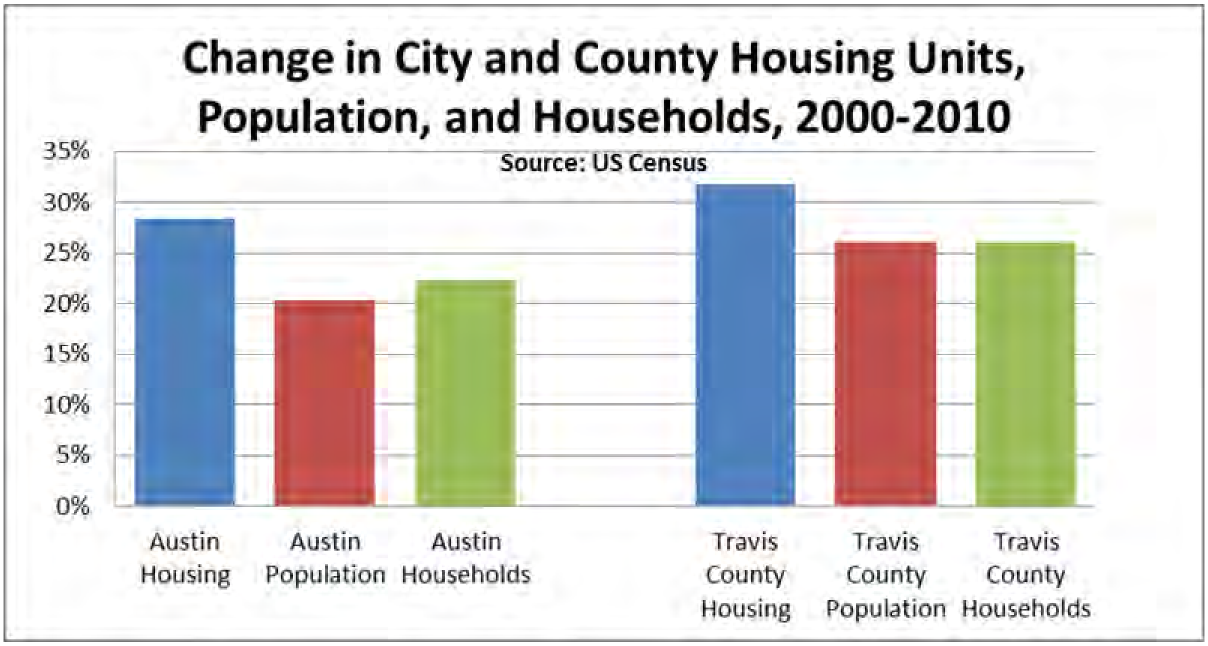
As with for-sale housing prices, apartment rents in Austin are also higher than in the greater region. As shown below, current market-rate apartment rents in downtown Austin are roughly $2.40 per square foot, and over $1.60 in the rest of the Central Austin market. These rents are roughly 50 to 100 percent higher per-square foot than are found in the County and MSA overall, and a sharp contrast to the neighboring city of Round Rock, where average rents are under $1.00 per square foot. While there are neighborhoods of Austin where rents are less expensive than in the CBD and Central area, this chart illustrates the comparatively high cost of rental housing in the City to its surrounding market context.



The chart below further illustrates the rent differences between geographic areas. As shown, the average rent for "Class A" apartments (typically, recent construction with attractive amenities) among submarkets within the City of Austin is nearly 50 percent higher than in submarkets outside the City, and the City's high rents drive the overall averages for the County and MSA.

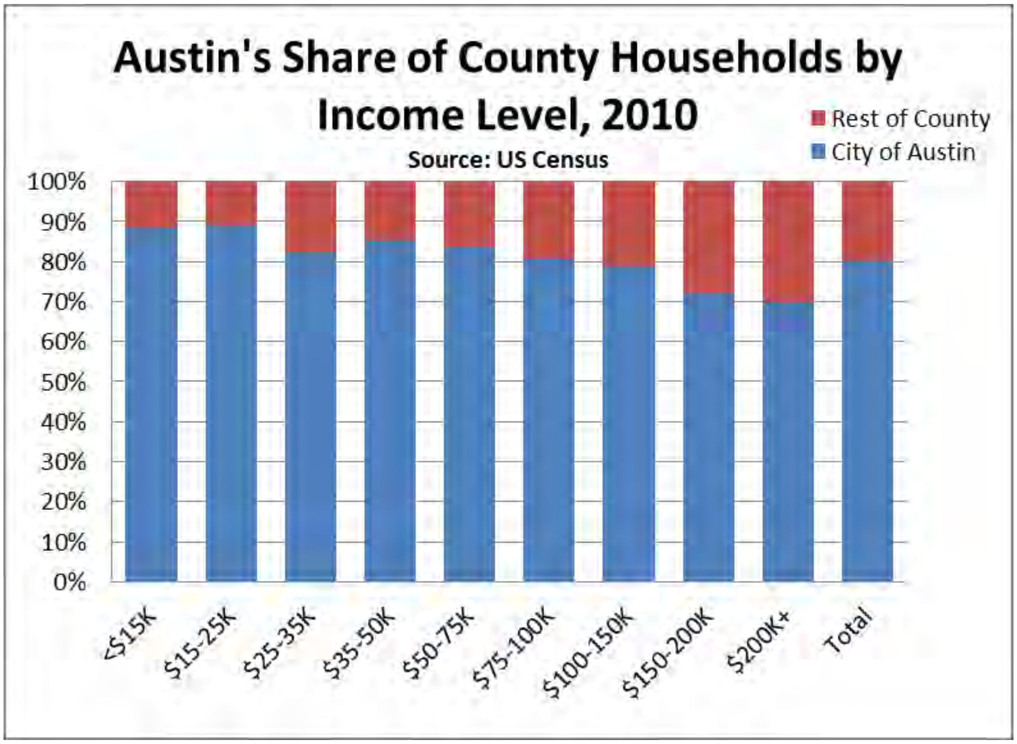


Importantly, the increase in local housing prices cannot be wholly attributed to a constrained housing supply. As shown on the figure below, the City and County both added housing units more quickly than they added population or households from 2000 to 2010. This rapid housing growth resulted in significantly more vacant units at the end of the decade than at the beginning, yet housing prices – particularly rent rates – grew faster than incomes. This fact suggests that dynamics other than simple supply and demand (housing growth vs. household growth) were affecting housing prices, such as the City and region's considerable cachet among technology companies as well as the "creative class" of young workers willing to pay high housing prices for high quality of life. This fact further suggests that housing prices are unlikely to be reduced for the long-term through substantial additions to the housing supply. Indeed, profit-driven housing developers are likely to reduce production of new units if prices or occupancy rates diminish, making it very difficult to plan for and implement enough housing to make a lasting effect on housing prices.

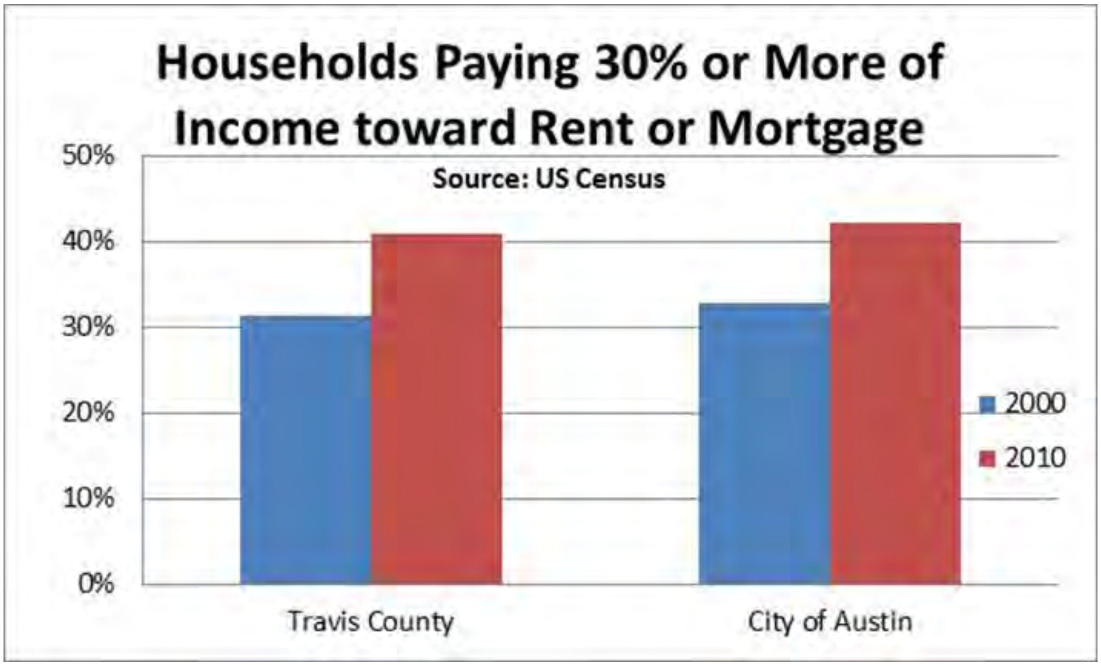


Along with higher than average housing prices, the City of Austin also has a high proportion and number of households at the lowest income levels. According to the Census, between 2000 and 2010 the City gained nearly 10,000 households earning less than $15,000 per year – a 24 percent increase, compared to the overall number of households growing by only 22 percent. Importantly, these income figures are not adjusted for inflation, meaning that the households at this extremely-low income level have significantly less spending potential in 2010 than they did in 2000.

Moreover, the City has a significantly higher proportion of the lowest-income households than does the County overall. As shown below, the City comprises roughly 80 percent of all households in the County, but nearly 90 percent of the lowest-income households and only 70 percent of the highest-income households. This income distribution, combined with the City having higher housing costs than the County or region, illustrates the challenge of creating and maintaining housing affordability in the City of Austin.

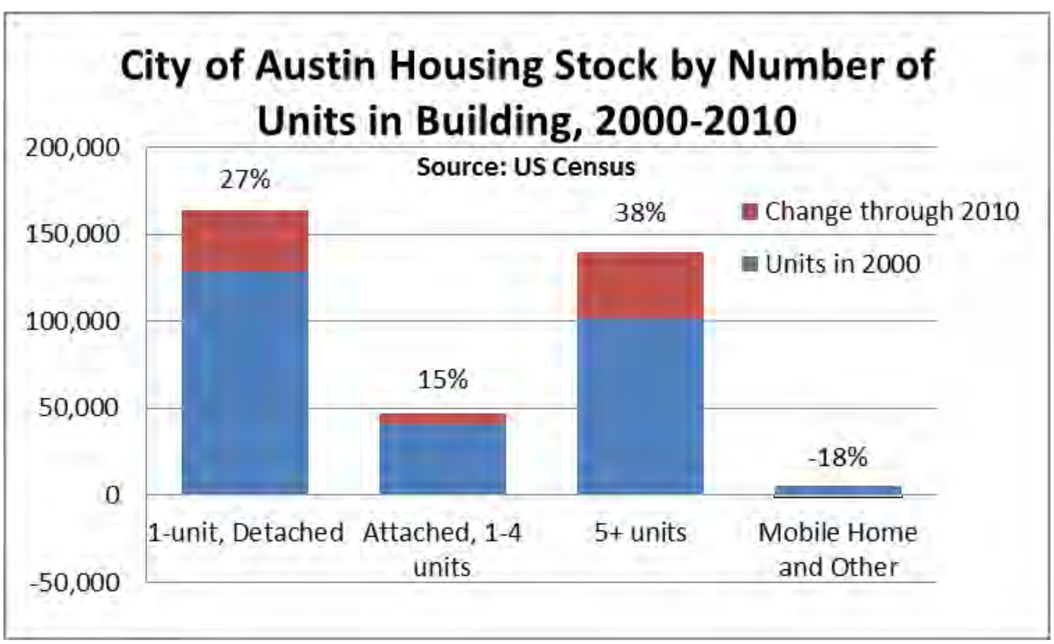


Overall, 26 percent of all households in the City of Austin earned less than $25,000 in 2010, which was not sufficient income to be able to afford the average "Class C" apartment in the City at that time (assuming 30 percent of household income used for rent, per HUD standards). With rent levels having escalating rapidly since 2010 while incomes remained flat, this disconnect is sure to be greater today. Indeed, the problem of housing cost burdens has increased dramatically in the City and region in recent years. The figure below shows that in 2000, just over 30 percent of households in the City and County were paying more than 30 percent of household income toward housing costs. By 2010, over 40 percent of households in each area faced cost burdens. Again, with housing prices rising quickly since 2010 while income levels remained flat, the City certainly has an even greater proportion of cost-burdened households today.

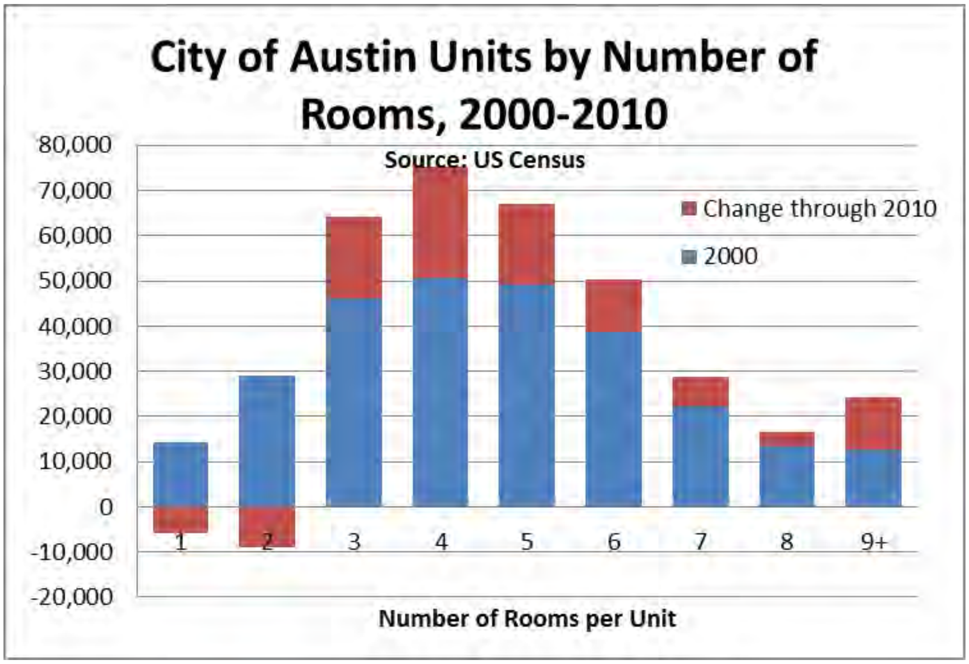


3. **Austin's housing stock is changing, with larger units and more multifamily housing than in the past but a loss of many *de facto* affordable units.**

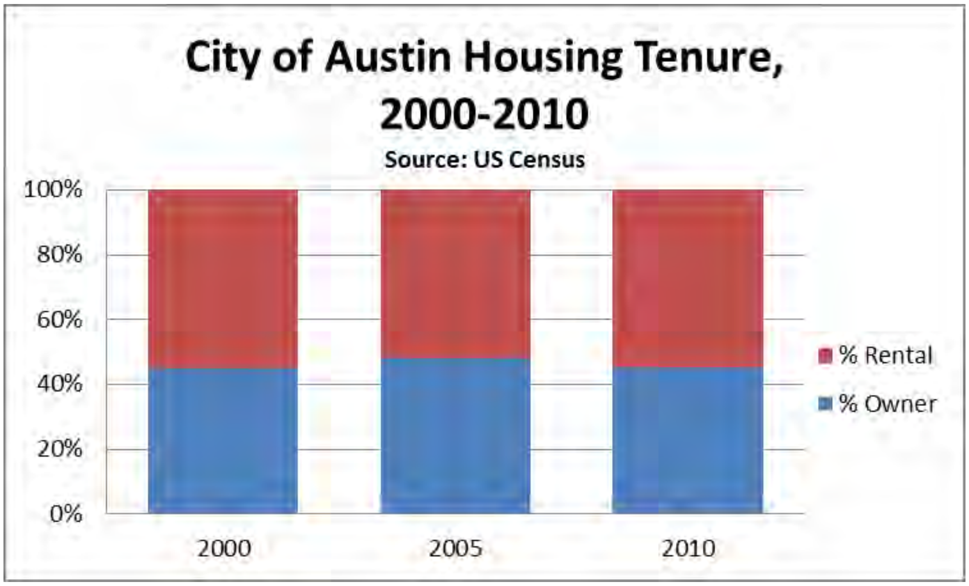
Between 2000 and 2010, the City of Austin's housing stock grew by 28 percent overall, adding nearly 80,000 units. However, the figure below shows that the composition of the housing stock shifted, with major additions in multifamily units but actual unit reductions in some categories – including mobile homes. Overall, multifamily developments with 5 or more units increased from 37 to 40 percent of the total housing supply from 2000 to 2010, indicating a growing interest in multifamily housing by consumers and developers. But the reduction in mobile homes and other non-traditional housing options likely represents a reduction in the number of lower-priced units in the City.



Another notable shift is the increasingly large size of housing units. The figure below indicates that the number of units with only one or two rooms (total rooms, excluding bathrooms) has diminished since 2000, while the number of units with nine or more rooms nearly doubled. Units with three to five total rooms (typically, one- and two-bedroom units) also grew faster than average for the period. Overall, the average number of rooms per unit increased from 4.6 to 4.9, even as the typical household size was slightly diminishing – from 2.40 in 2000 to 2.37 in 2010. This fact suggests the market has embraced larger units, which are likely to have and retain high prices, while losing a substantial number of likely *de facto* "affordable" one- and two-room units.

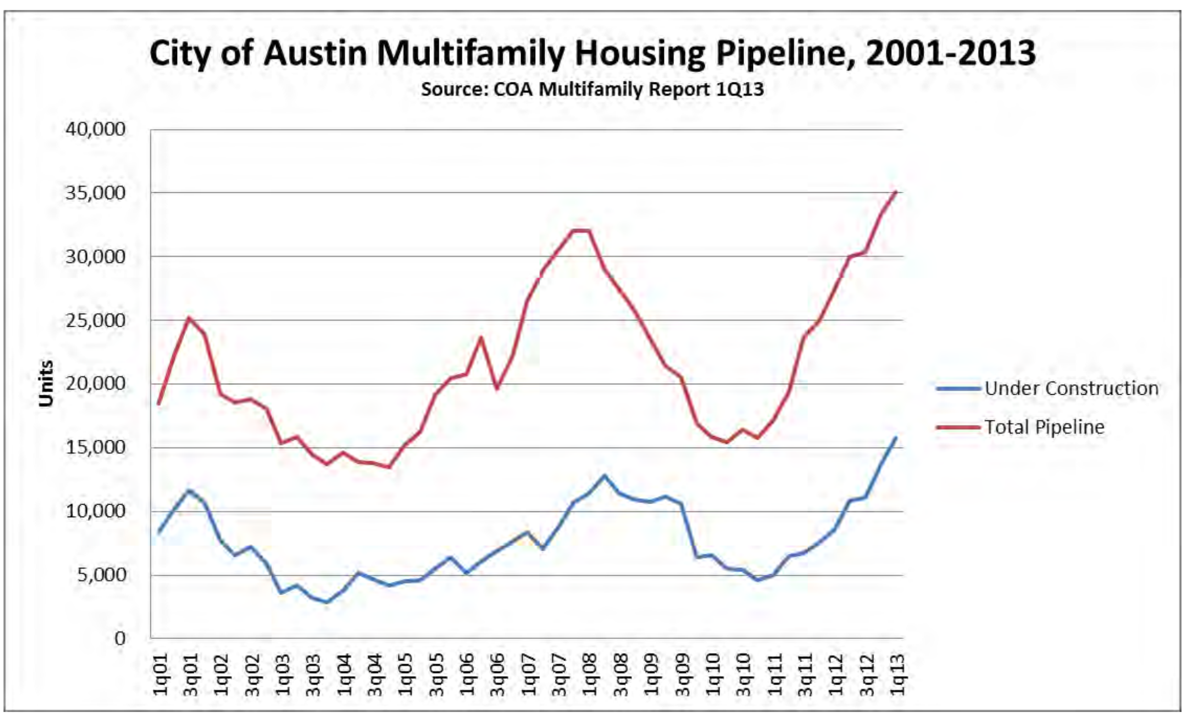


There has *not* been a dramatic shift in the rate of homeownership in Austin. In both 2000 and 2010, 55 percent of occupied units in Austin were rentals, and 45 percent owner-occupied. These proportions shifted slightly during the housing bubble, with owner-occupancy reaching as high as 48 percent in 2005. Though Census data suggests that owner-occupancy declined to 43 percent in 2011, the long-term trend does not suggest a major change in Austin's homeownership rate.



4. Current development activity in the City indicates a continued focus on multifamily housing, including many high-density and large-scale projects.

The City's development pipeline indicates that the housing market has rebounded well following the national recession. Following a severe dip in the number of multifamily units proposed and under construction that "bottomed out" in late 2010, there are currently more multifamily units in planning and construction than at any time since 2001, and over 15,000 multifamily units currently under construction in Austin. This data clearly demonstrates that the development industry is responding to strong near-term market opportunities, although it should also be noted that past cycles of high housing growth have been followed by periods of temporarily declining housing prices, occupancy rates, and new construction.



The types of multifamily projects in the pipeline are very diverse. Five projects completed construction in the first quarter of 2013, and ranged from 18 to 73 units per acre with an average of 25. Meanwhile, 12 projects initiated construction during the same quarter, and had an average density of 27 units per acre but ranged from 7 to 381. Four of the 12 projects that commenced construction had densities in excess of 100 units per acre. The 12 new projects had an average size of over 260 units, indicating that large projects are dominating the current multifamily development activity.

5. The Austin area has gained many jobs in lower-wage industries whose workers struggle to afford market-rate housing.

Between 2003 and 2011, the Austin MSA gained 108,000 jobs, growing by a total of 20 percent, while the national employment base was virtually unchanged as the figure below indicates. This difference reflects the City and region's great success at attracting and retaining employment through very challenging economic times. However, in both the Austin region and the nation, industries with average wages under $30,000 per year (retail, restaurants, hotels, and recreation) grew substantially faster than average while the group of industries paying average wages over $50,000 (finance, manufacturing, professional services, management, etc.) grew slower than average. The growth in these high-wage industries is a very positive indicator for the Austin area, as employment in those industries contracted as a group at the national level. As the City of Austin has the vast majority (over 70 percent) of jobs in the MSA, trends in the City generally reflect those in the broader region.

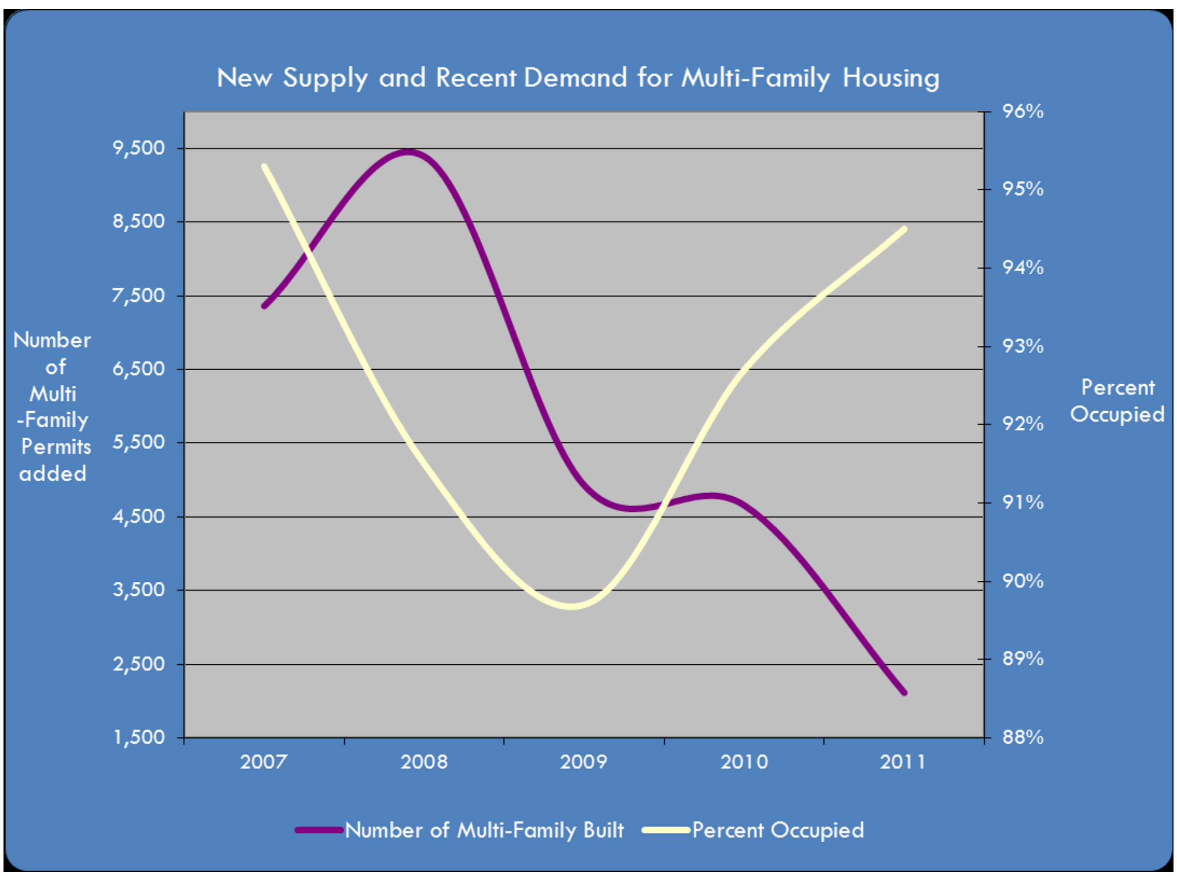
Policy Considerations

The market dynamics described above point to several policy considerations for the City of Austin.

1. The City must continue to build housing at a fast pace to meet current and future demand, or face even more rapid escalation of housing prices.

According to the City of Austin's demographer, the City of Austin population is expected to grow from 842,750 today to 1.3 million by 2045, adding an average of roughly 6,000 households per year during that period (at roughly 2.5 people per household). The Census indicates that the City added 7,838 units per year from 2000 to 2010, and CAMPO indicates that the City of Austin has issued 5,917 housing permits per year between 2007 and 2011. The City will need to continue to permit similar levels of housing growth to accommodate an increasing population in the future.

Building more housing overall is likely to help keep market-rate prices relatively affordable. As demonstrated by the figure below from CAMPO's Growth Monitoring Report from January 2013, there is an inverse relationship between housing production and the occupancy rates of the housing supply. As lower occupancy rates cause housing producers to offer units at lower price points, it would be expected that facilitating housing production will keep prices in check. However, these production/occupancy/rent relationships are cyclical, and the long-term trends show increasing housing costs and increasing cost burdens even through periods when housing production has been very high.



2. The demand for affordable housing in the City of Austin is great and growing.

Since 2000, housing prices have risen more rapidly than income levels, and more households than ever are paying high cost burdens for their housing, particularly within the City of Austin. While jobs have grown impressively in the Austin area, a high proportion of those jobs are at lower-income levels and the workers have difficulty affording market-rate housing prices. Austin also has a very high proportion of households earning extremely low income levels, and has seen its poverty rate increase in recent years to points significantly above the County, regional, State, and national levels. Some of these market-based trends appear to have gotten worse since the 2009 release of the City's Comprehensive Housing Market Study – a document that recommended constructing 1,000 or more affordable units per year to meet future demand and potentially start to address existing "gaps" between available supply and affordability needs. An updated comprehensive assessment of affordable housing needs is expected to be conducted starting in 2014, which can address affordability needs by demographic group, income level, and geographic area more specifically than has been attempted here.

3. A robust affordable housing program can be an important part of a City and region's environmental justice, economic development, and transportation planning initiatives.

Numerous studies have linked the improvement of local and regional transportation systems to increased property values. The City's consideration of urban rail service has acknowledged those links as a potential (though not certain) source of funding for some of the system. Similarly, the attraction of jobs to a City or region brings opportunity and prosperity for many, but also creates additional demand for housing in an innately finite supply of units and developable land. The paradox of urban investment and improvement is that it can result in the economic displacement of previous residents, if those residents cannot pay the rents, taxes, or other costs required to enjoy the improvements. Austin has grappled with this issue for many years, as it is recognized as a national model for economic development and quality of life but also faces concerns over "gentrification" of its lower-income communities. Affordable housing programs can help to keep economically at-risk families in their homes or neighborhoods, and can be a key component of an economically and demographically diverse, growing, and ever-improving community.

Moreover, affordable housing can be a key component of attracting and retaining businesses. Austin has obvious links to the technology companies that have driven the economy of Silicon Valley. The Silicon Valley Leadership Group is a consortium of companies – such as Apple, Cisco, eBay, IBM, etc. – that work together to advance various policy initiatives, including promoting affordable housing throughout the region. The group's website states:

> "On an annual basis, the Silicon Valley Leadership Group surveys its members in order to highlight the good and bad elements of doing business in Silicon Valley. Each year, housing is cited as a top impediment. Housing affordability along with cost of living issues serve as a choke point for recruiting and retaining top talent to Silicon Valley."

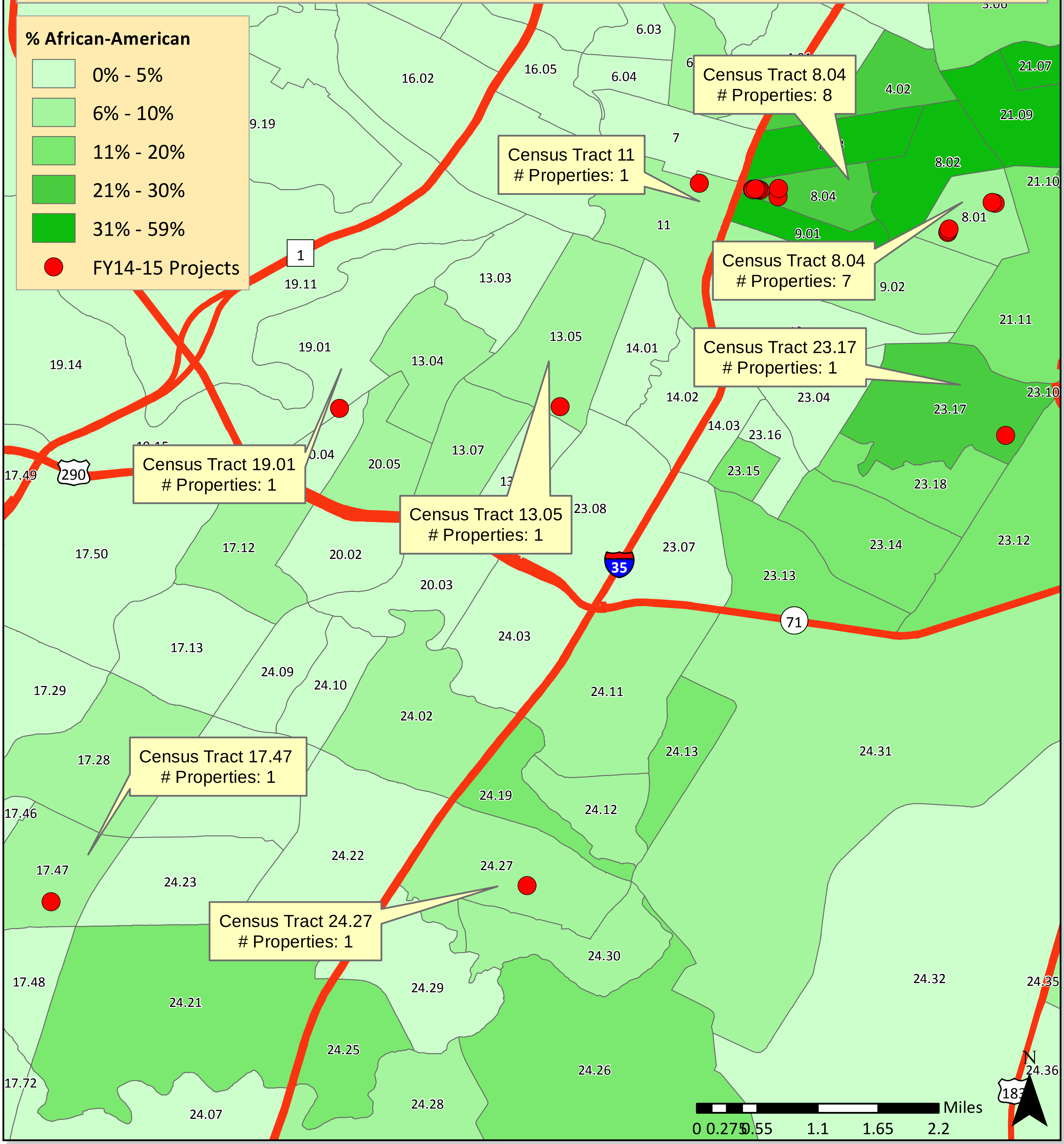
To maintain its successes in economic development, the City of Austin may benefit from continuing its dedication to providing housing for a wide spectrum of workers and income levels.

Relatedly, the City and region can benefit from the transportation benefits associated with having affordable housing near jobs. As previously noted, the City gained proportionately more jobs than employed workers during recent years, resulting in an increased jobs/housing imbalance – the City has over 70 percent of the region's jobs, but less than half of the region's employed residents. These trends have resulted in increased in-commuting that contributes to regional traffic congestion and related externalities (air quality, safety, etc.). Providing housing that is affordable to the City's diverse workforce can help to alleviate these transportation issues, while also reducing the overall housing/ transportation cost burden on lower income households. Data from the Center for Neighborhood Technology indicate that residents in several neighborhoods near downtown Austin spend as little as 16 percent of their income on transportation costs, while residents of Pflugerville and Cedar Park pay roughly 26 percent, and Buda residents pay 28 percent. Clearly, financial trade-offs are being made, with lower-priced housing in the region's suburbs being offset by higher transportation costs. Compared to those choices, affordable housing within Austin can represent a net gain for its lower-income residents, providing similarly-priced housing *and* lower transportation costs.

Each of these relationships speak to the value of having an affordable housing program in the City of Austin that responds to evolving needs and capitalizes on dynamic opportunities. The program will need to expand along with the overall population and employment base, and can meet the community's needs in a variety of ways ranging from new construction or preservation of units to workforce development and financial literacy programs that enhance families' ability to generate, retain, and utilize their own earnings. The ultimate benefits of such programs and investments can be enjoyed not only by the residents of the affordable units, but by their employers and fellow community members.

Appendix II: Maps

Geographic Distribution of African-American Population and FY 2014-15 Proposed Projects, by Census Tract

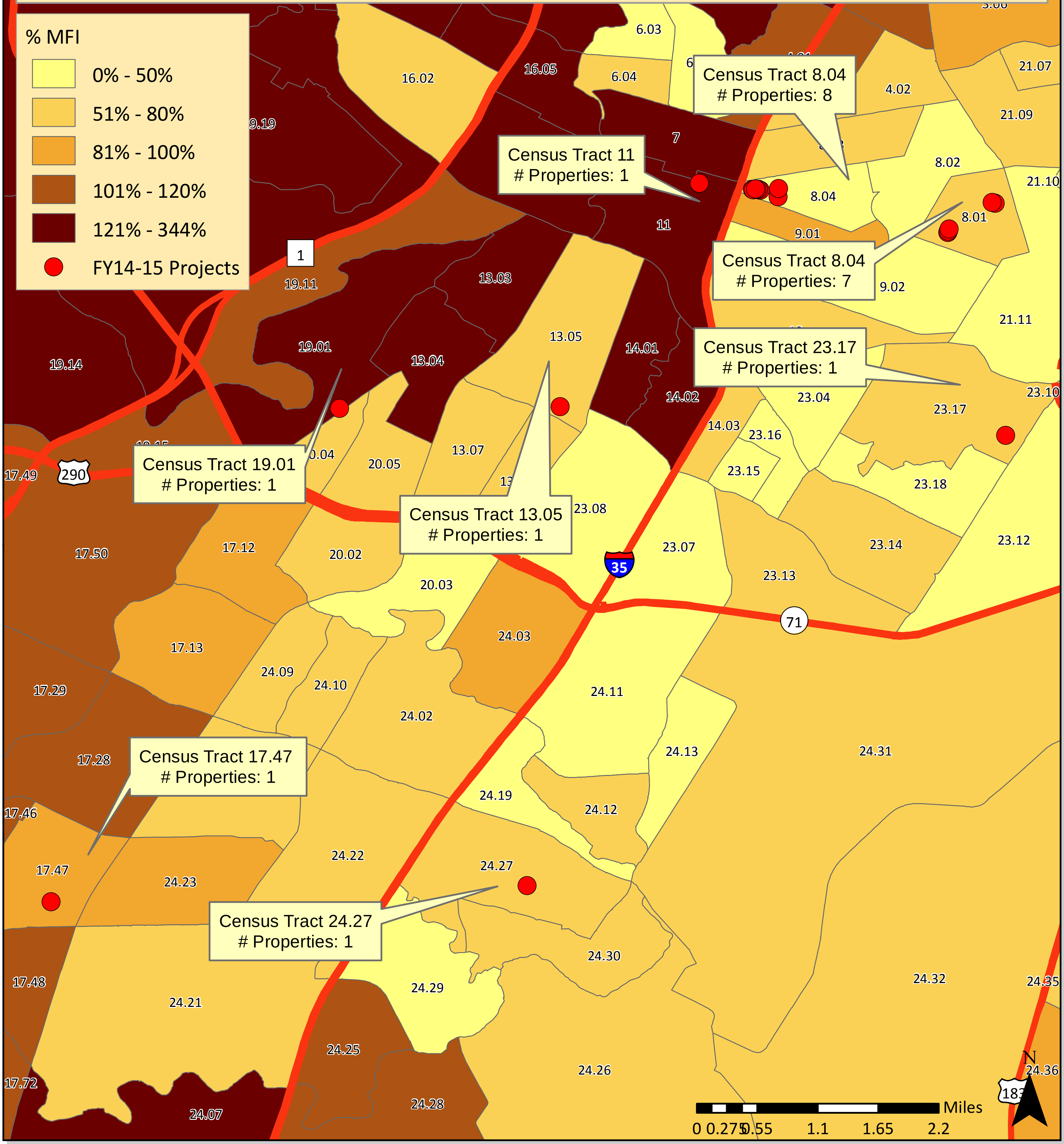


Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

CITY OF AUSTIN FOUNDED 1839

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.

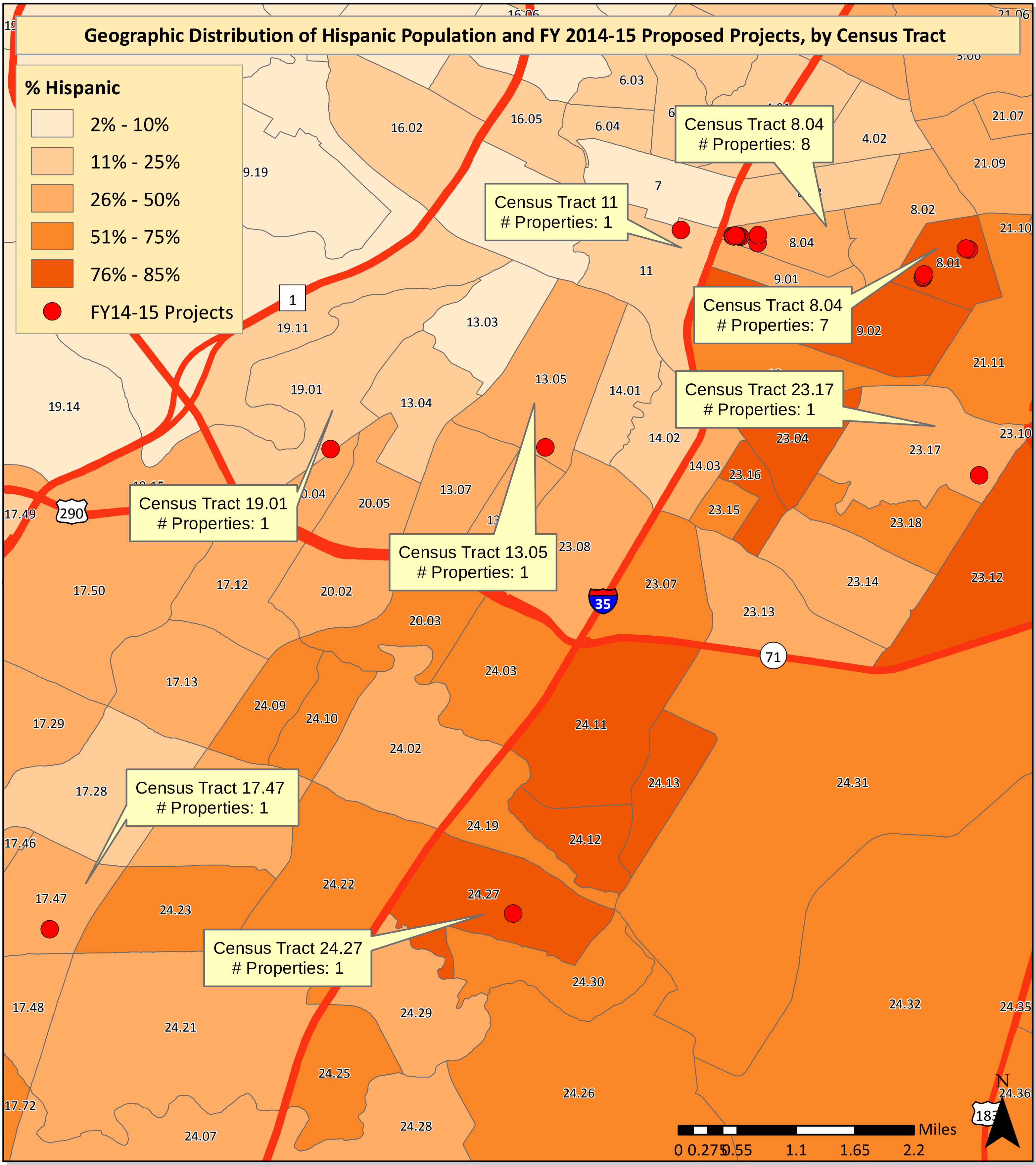
Geographic Distribution of Median Family Income and FY 2014-15 Proposed Projects, by Census Tract



Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.

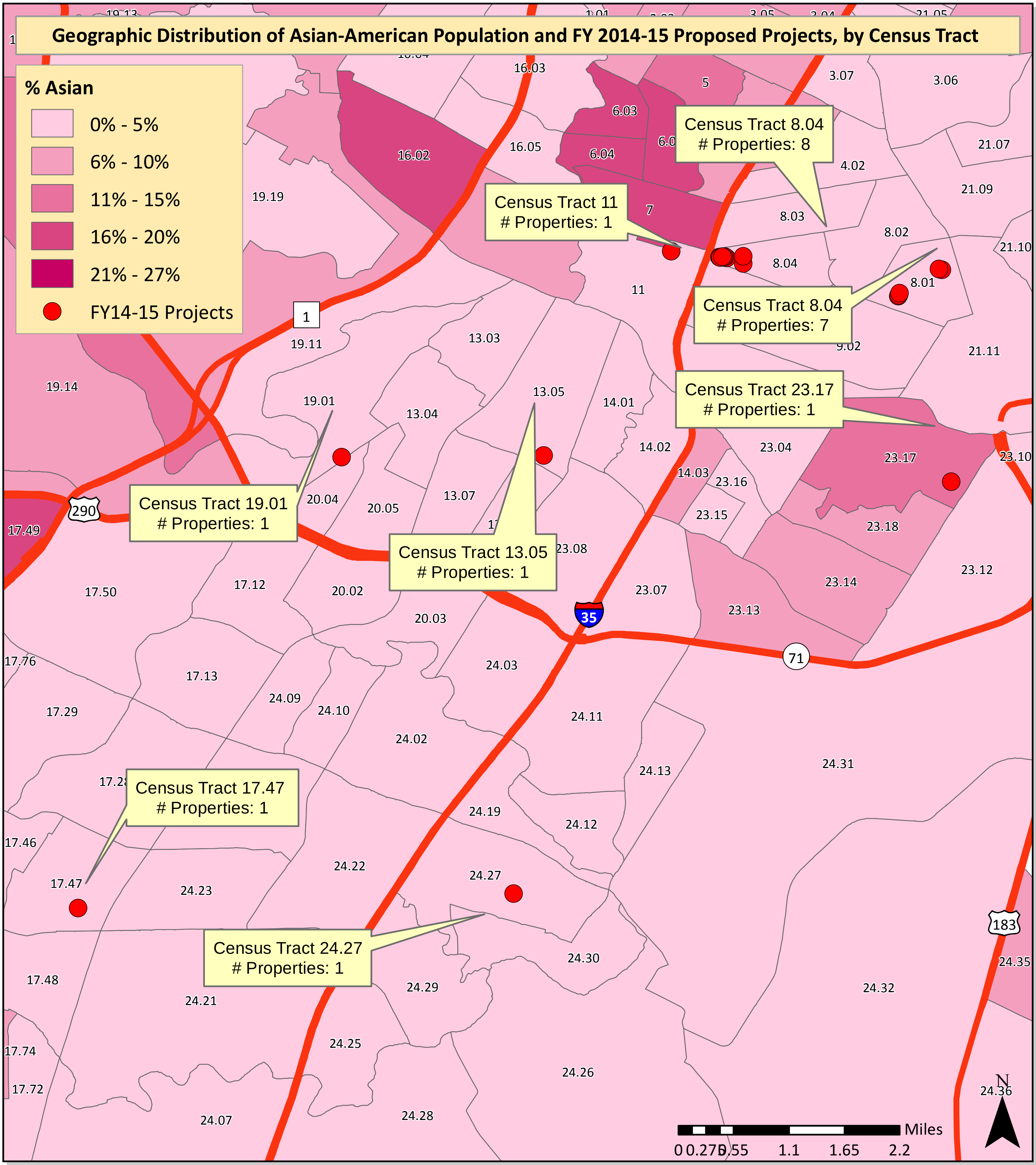
Geographic Distribution of Hispanic Population and FY 2014-15 Proposed Projects, by Census Tract



Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.

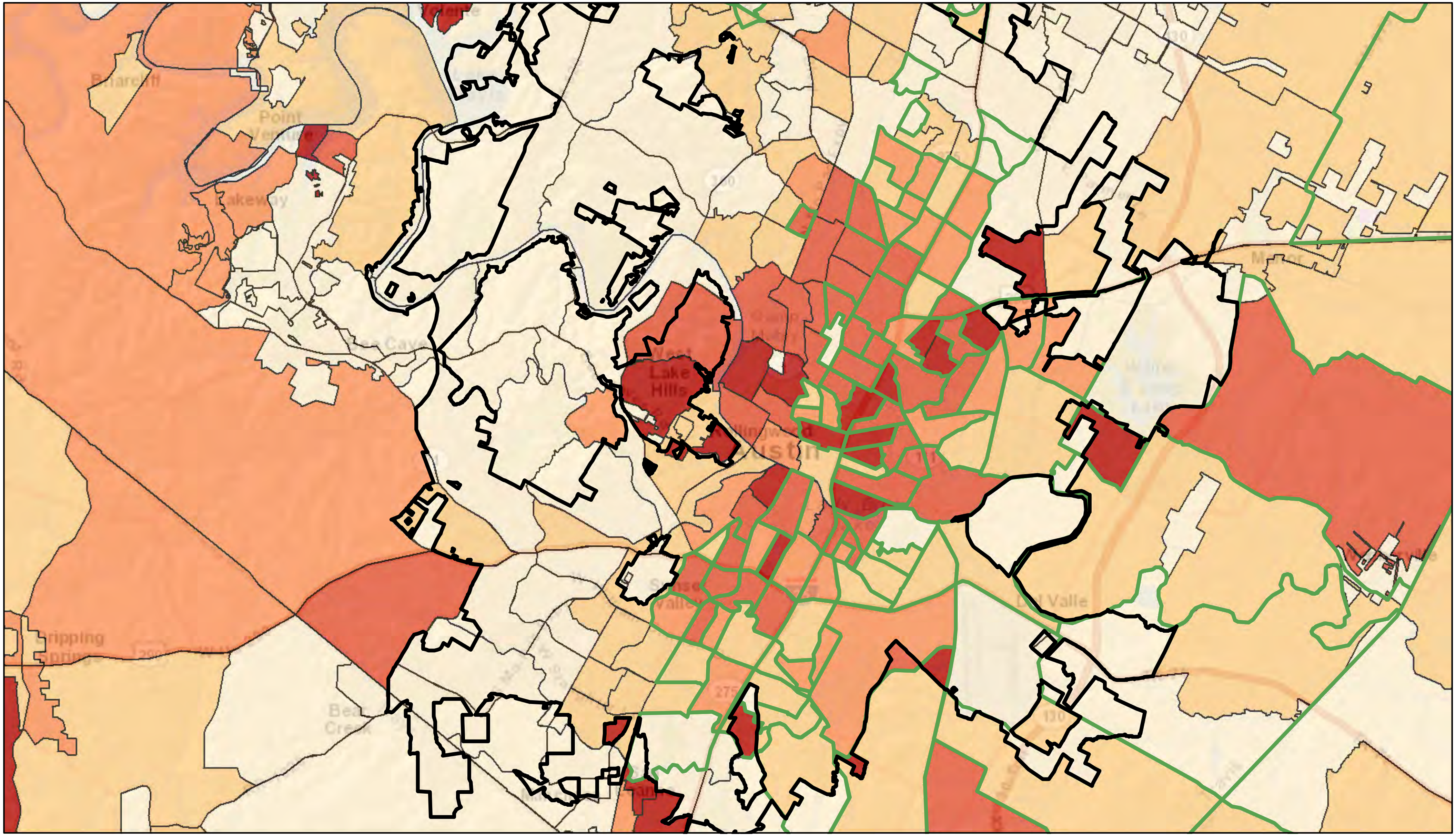
Geographic Distribution of Asian-American Population and FY 2014-15 Proposed Projects, by Census Tract



Author: City of Austin, NHCD
Source: 2010 U.S. Census
This map has been produced by the City of Austin for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness.
Date: May 2014.

Projects identified on this map:
-Are or will be federally-funded; and
-Will likely be completed or at least reported on in the next fiscal year.

CPD Maps - Need for Rehabilitation: Rental



June 3, 2014

Override 1

Low Mod Tract

RentalHousingBuiltBefore1980

B25036_RENT_80MINUS_PCT

<15.6%

15.6-42.66%

42.66-65.75%

65.75-86.85%

>86.85%

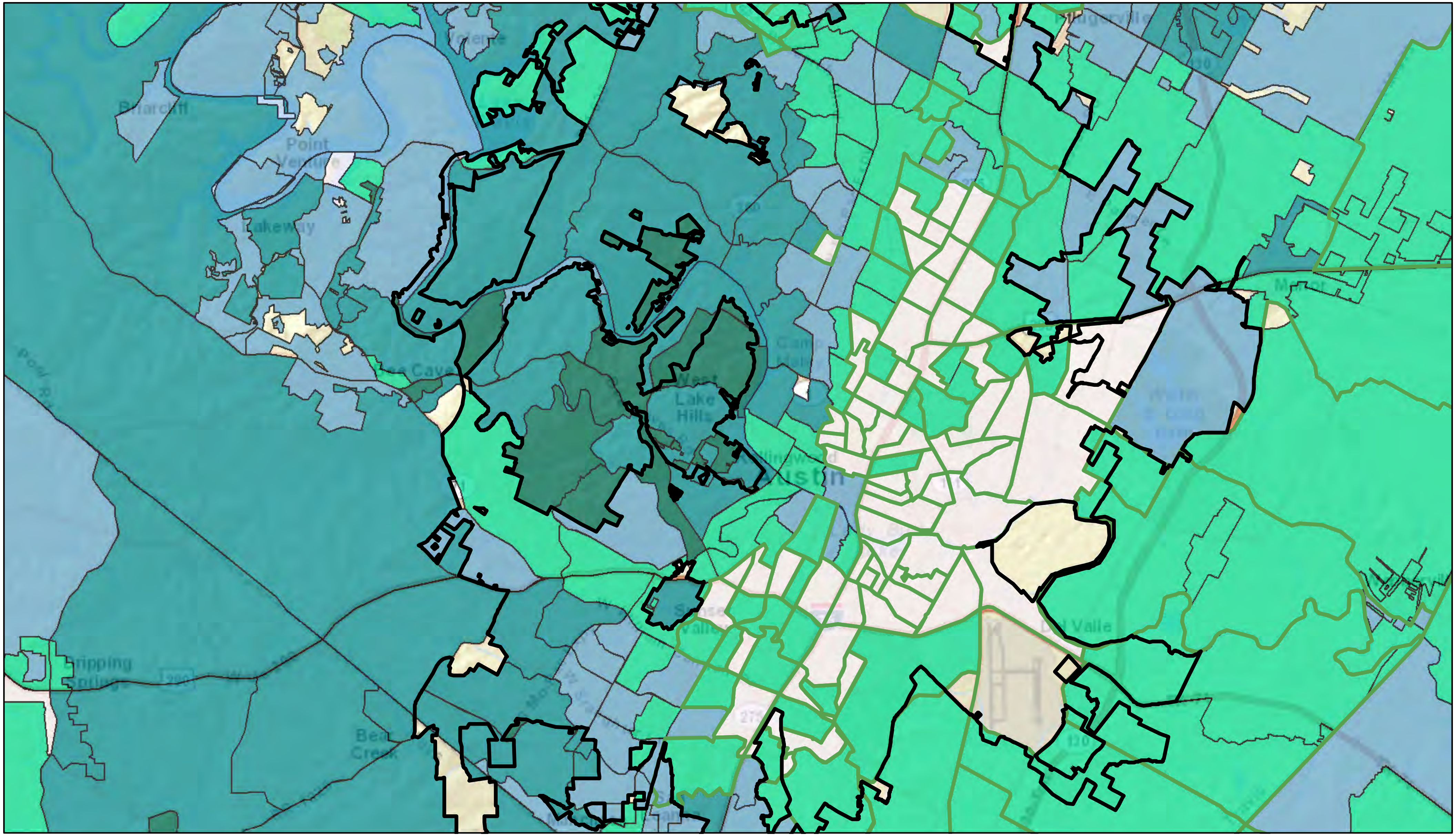
1:251,289

0 2 4 8 mi

0 3.25 6.5 13 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Median Household Income



June 3, 2014

Override 1

Low Mod Tract

MedianHouseholdIncome

B19013EST1

<$38,459

$38,459-$61,745

$61,745-$93,641

$93,641-$154,474

>$154,474

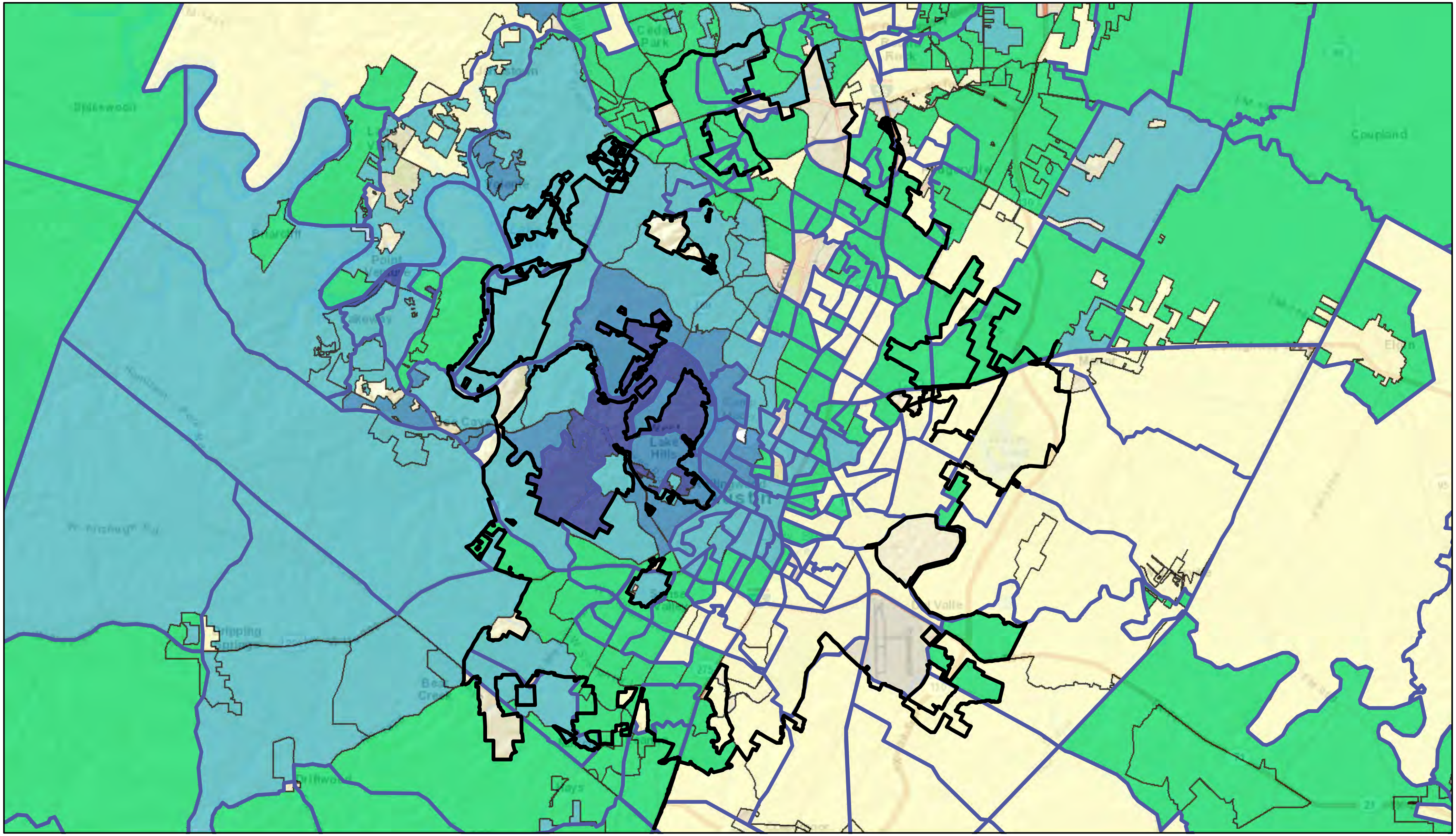
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Homebuyer Zones



June 3, 2014

Override 1

Vacancy Rate >7%

MedianHomeValue

B25097EST1

<$140,400

$140,400-$272,900

$272,900-$463,100

$463,100-$740,800

>$740,800

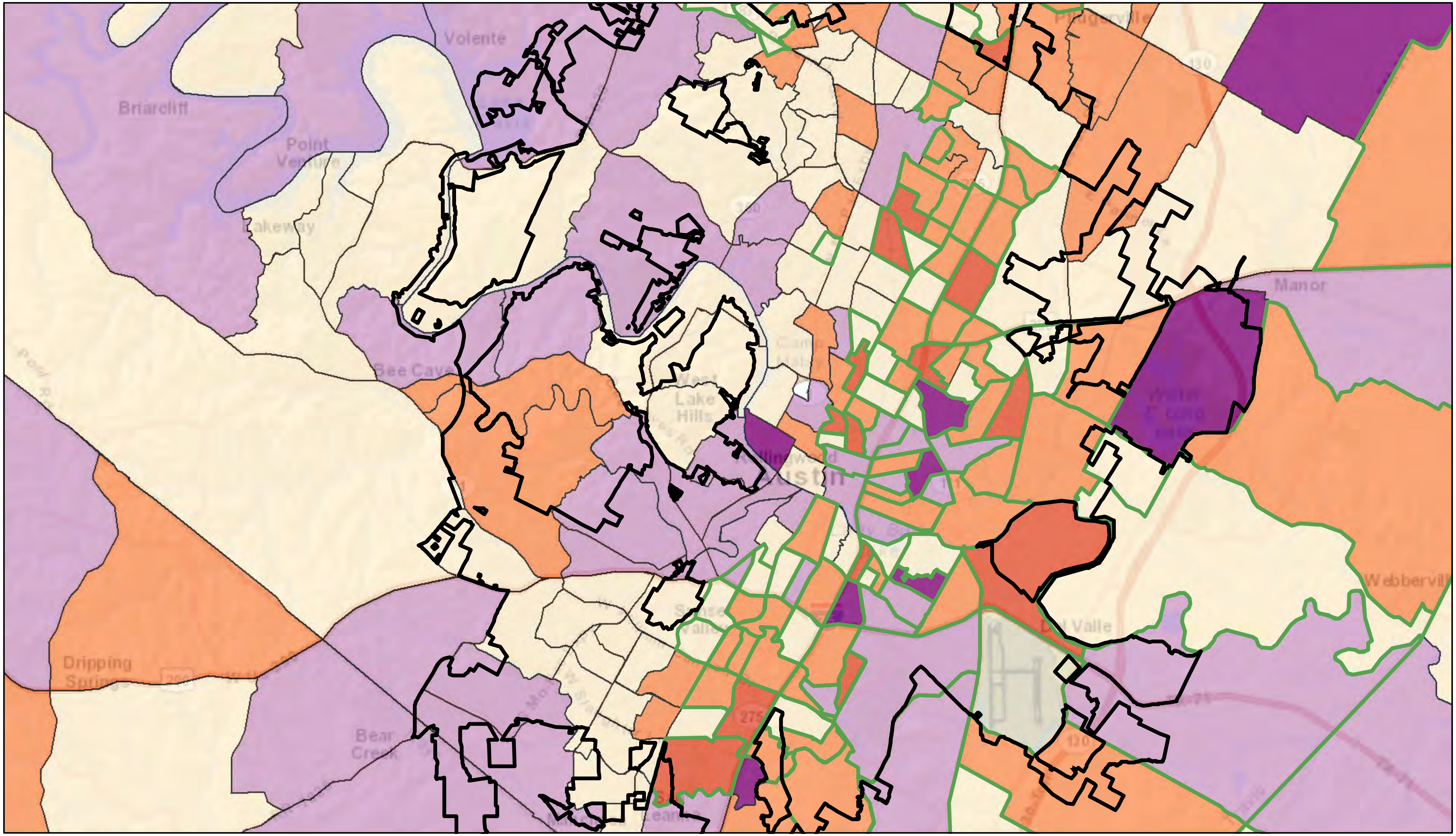
1:352,493

0 3 6 12 mi

0 4.75 9.5 19 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Change in Poverty Rate



June 3, 2014

Override 1

Low Mod Tract

PercentPointChangeInPovertyRate

PPT_POV_RATE

<-7.54

-7.54-0.06

0.06-5.99

5.99-15.23

>15.23

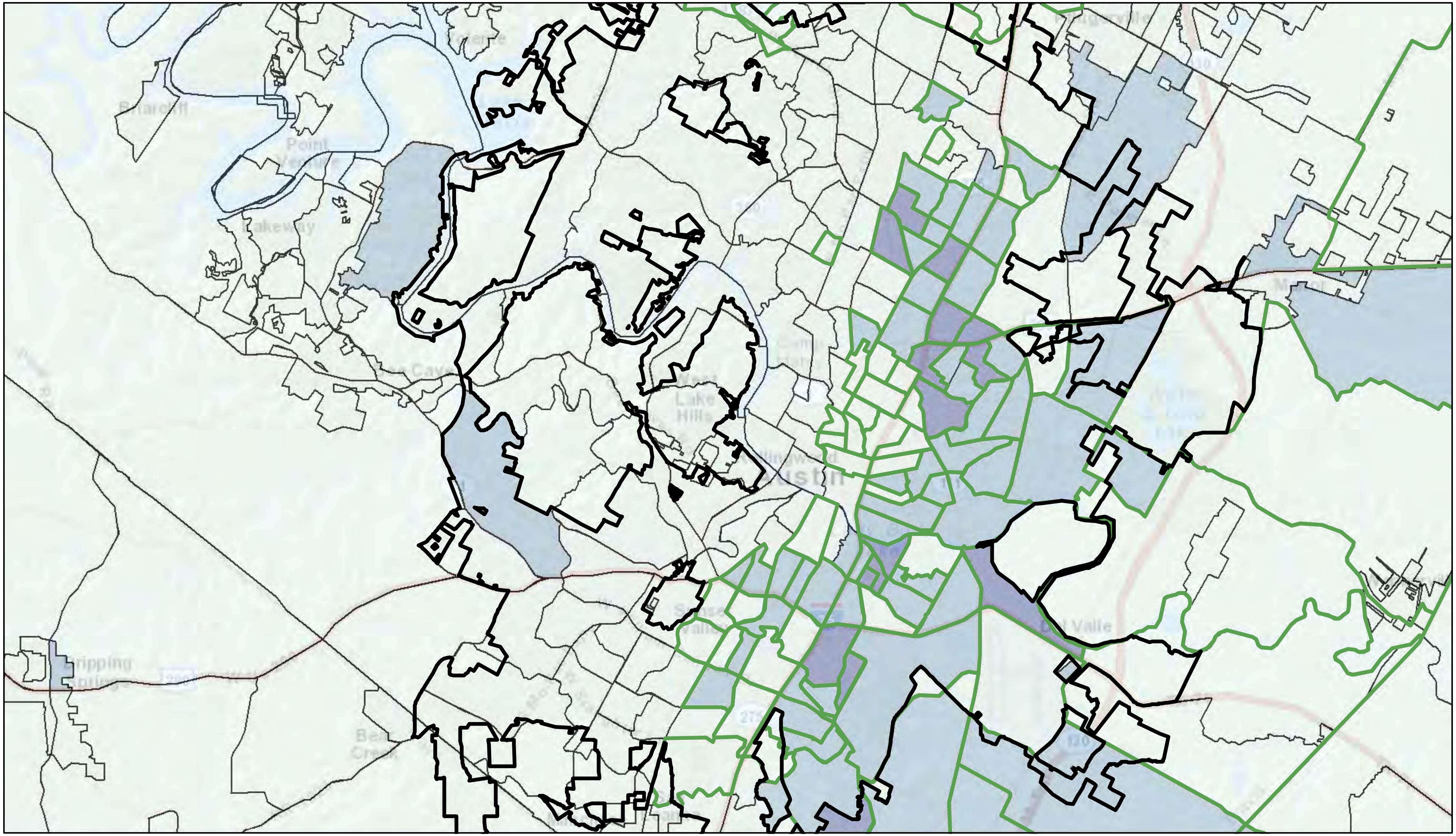
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Change in % Non-English Speaking



June 3, 2014

Override 1

Low Mod Tract

NonEnglishSpeaking

B16005NE_PCT

<3.5%

3.5-13.56%

13.56-34.35%

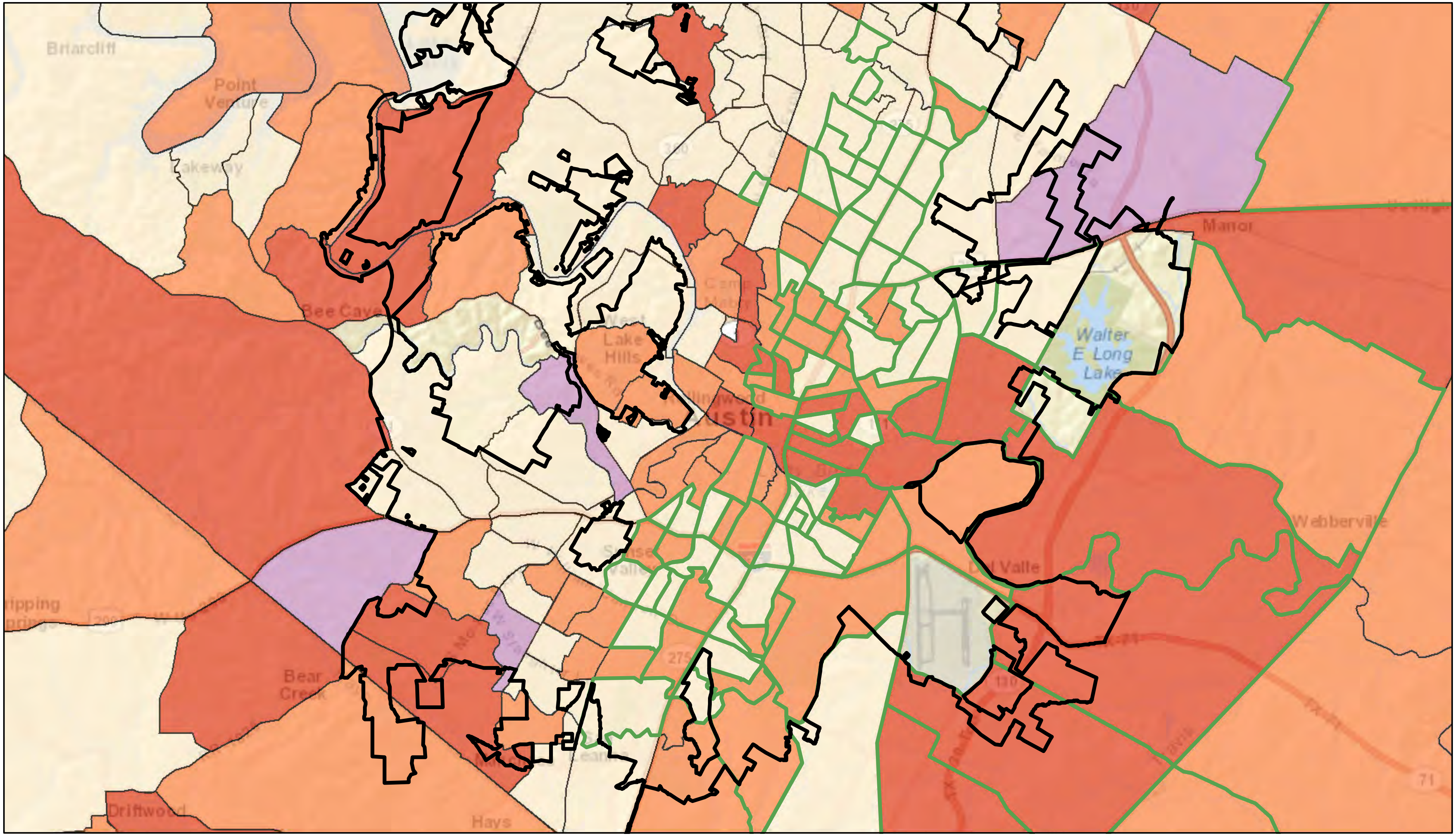
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Change in Median Rent



June 3, 2014

Override 1

Low Mod Tract

ChangeInMedianRent

PCT_MED_CONTRACT_RENT

-193.9--27.58%

-27.58-16.62%

16.62-35.42%

>35.42%

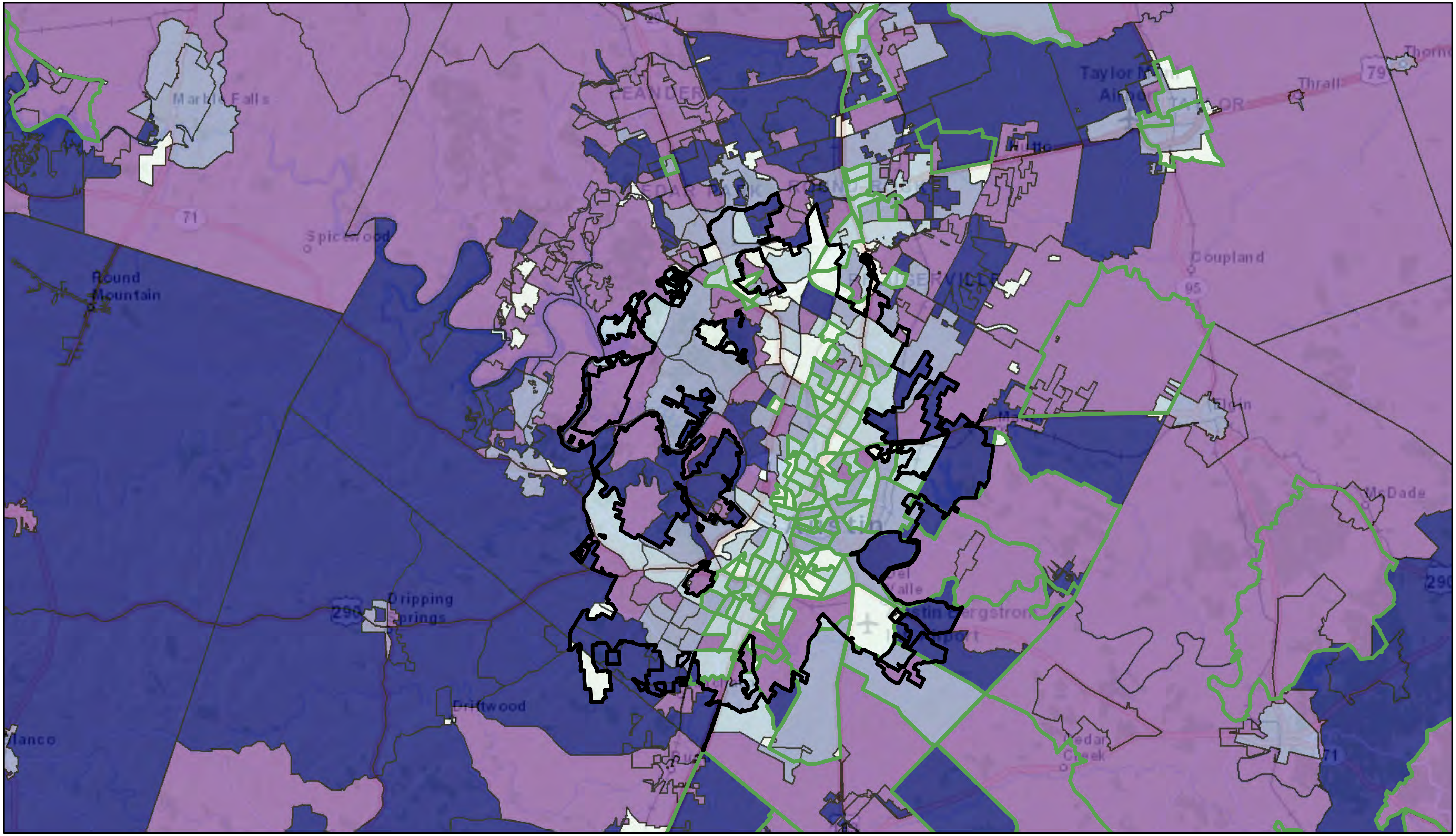
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - % Owner Occupied Housing



June 3, 2014

Override 1

Low Mod Tract

OwnerOccupiedHousing

B25009EST2_PCT

<18.58% Owner Occupied

18.58-47.9% Owner Occupied

47.9-69.59% Owner Occupied

69.59-87.34% Owner Occupied

>87.34% Owner Occupied

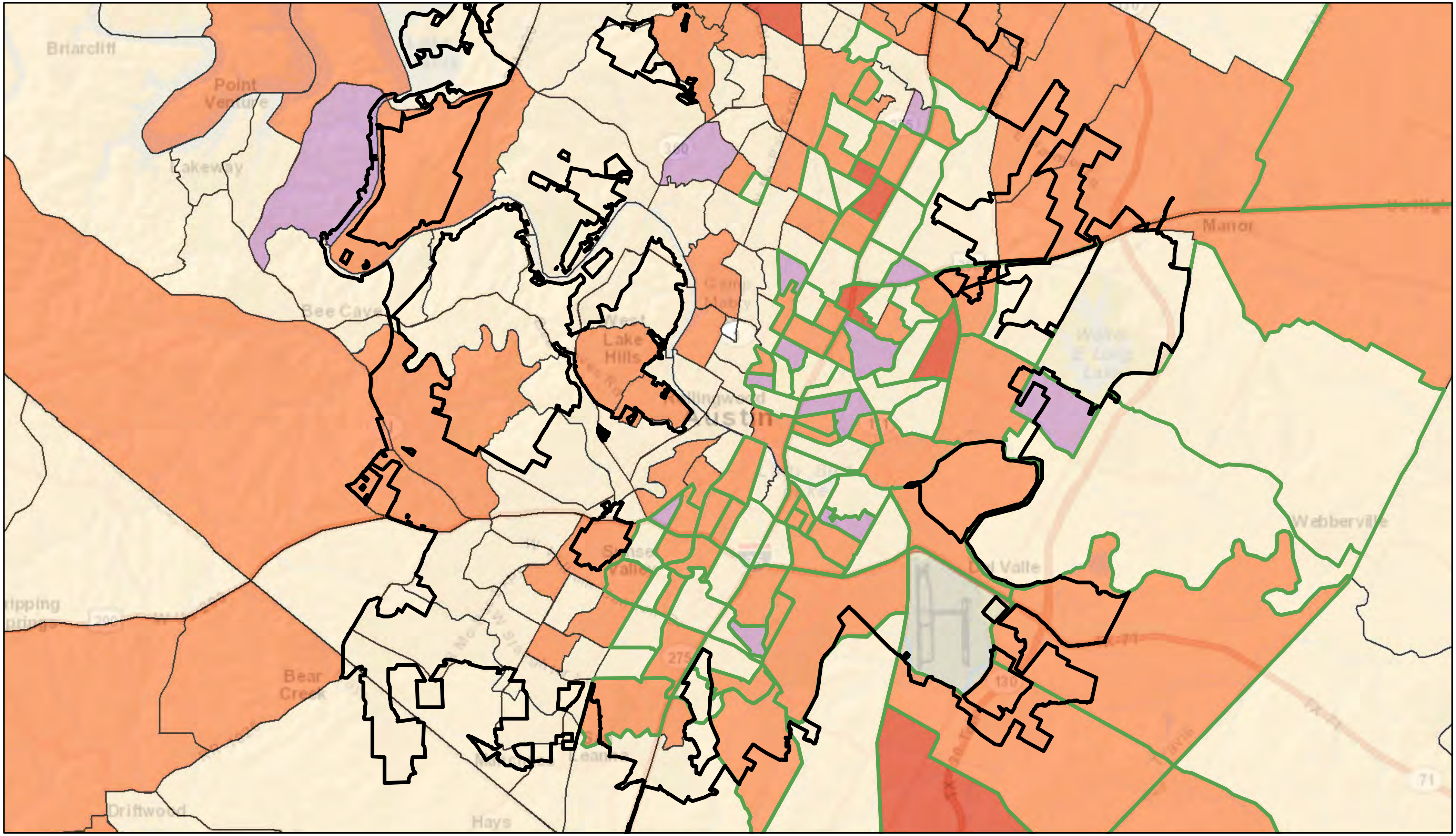
1:504,505

0 4.25 8.5 17 mi

0 5 10 20 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Workforce Development Opportunities



June 3, 2014

Override 1

Low Mod Tract

PercentPointChangeUnempRate

PPT_UNEMPLY_RATE

-16.38--2.55

-2.55-2.94

2.94-9.17

>9.17

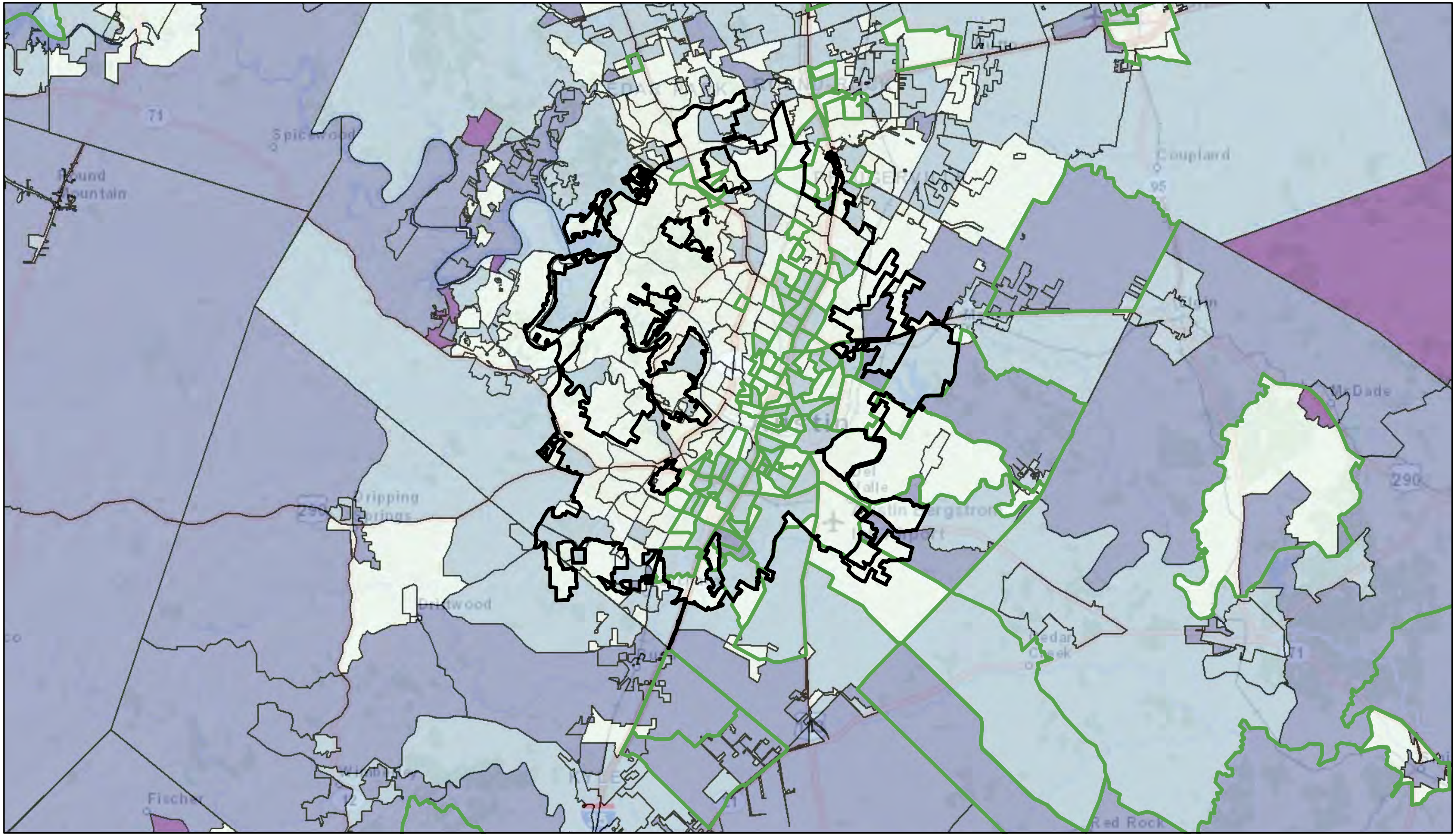
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Workers with Long Commutes



June 3, 2014

Override 1

CommuteTimeGT60Min

Low Mod Tract

B08303_60PLUS_TTW_PCT

- <4.75%
- 4.75-13.8%
- 13.8-28.79%
- 28.79-64.1%
- >64.1%

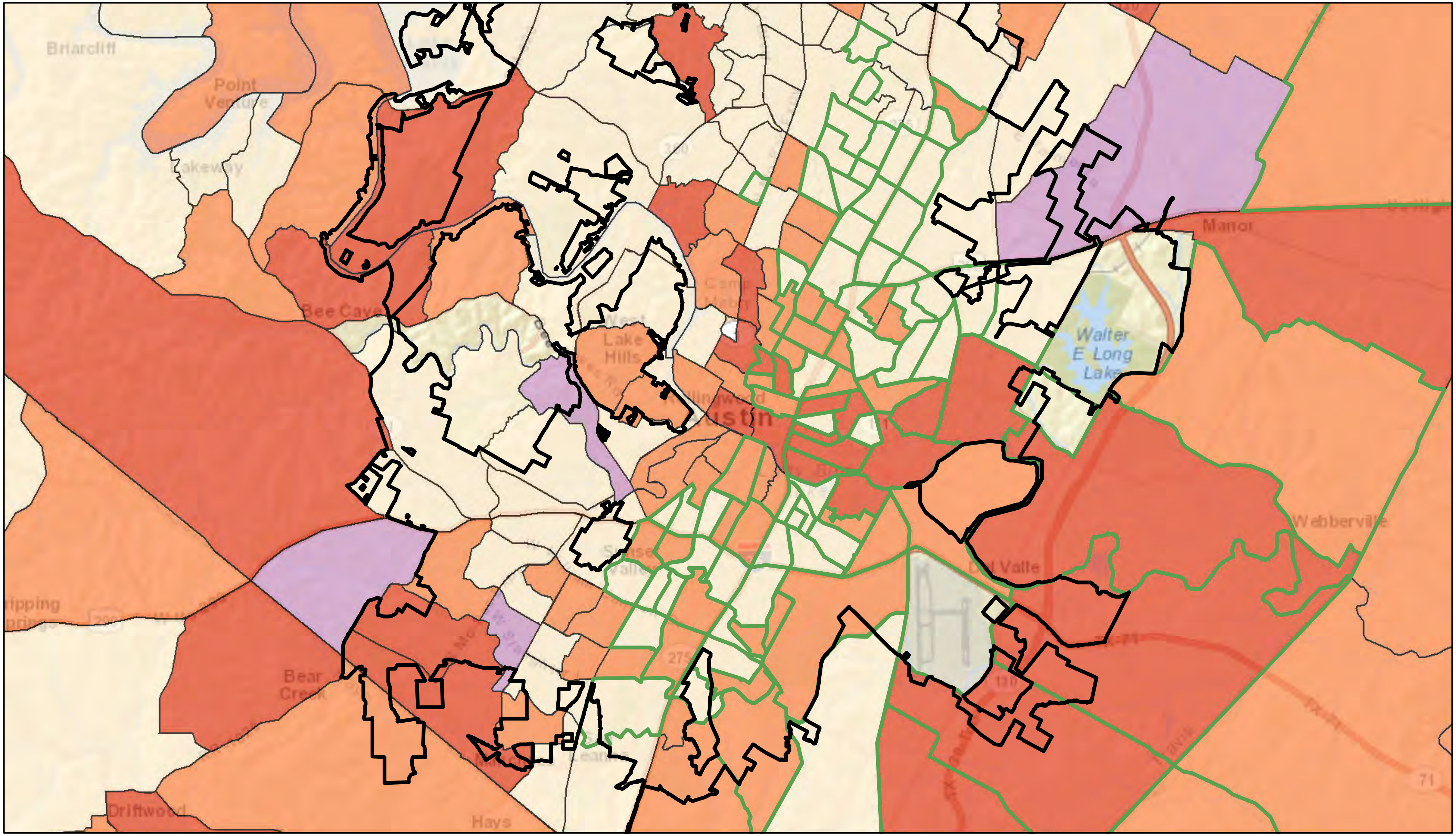
1:504,505

0 4.25 8.5 17 mi

0 5 10 20 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Risk of Homelessness from Increased Rent



June 3, 2014

Override 1

Low Mod Tract

ChangeInMedianRent

PCT_MED_CONTRACT_RENT

-193.9--27.58%

-27.58-16.62%

16.62-35.42%

>35.42%

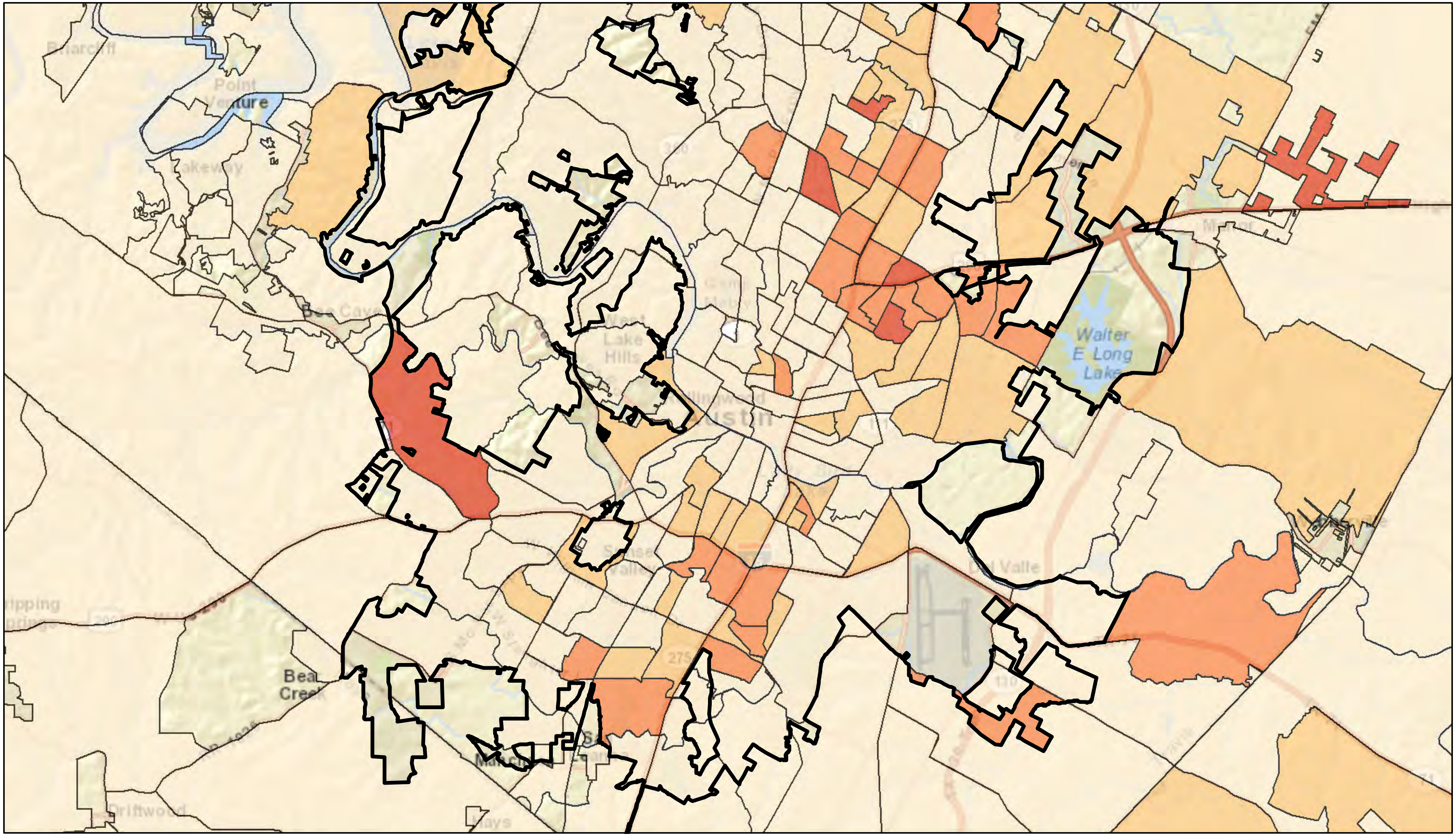
1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CPD Maps - Risk of Homelessness from Housing Instability



June 3, 2014

Override 1 **ELIHHWithOvercrowding**

T10_LE30_OC_PCT

<5.49%

5.49-17.91%

17.91-35.9%

35.9-70.69%

1:252,252

0 2 4 8 mi

0 3.5 7 14 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Appendix III: Program Guidelines and Supporting Documents

Appendix IIIA: Resale and Recapture Policies

RESALE AND RECAPTURE POLICIES

Participating Jurisdictions (PJs) undertaking HOME-assisted homebuyer activities, including any projects funded with HOME Program Income (PI), must establish written resale and/or recapture provisions that comply with HOME statutory and regulatory requirements. These provisions must also be set forth in the PJ's Consolidated Plan. The written resale and/or recapture provisions that a PJ submits in its annual Action Plan must clearly describe the terms of the resale and/or recapture provisions, the specific circumstances under which these provisions will be used (if more than one set of provisions is described), and how the PJ will enforce the provisions for HOME-funded ownership projects. HUD reviews and approves the provisions as part of the annual Action Plan process.

The purpose of this section is to provide the "resale" and "recapture" policies of the City of Austin's Neighborhood Housing and Community Development Department (NHCD) and its subrecipient, the Austin Housing Finance Corporation (AHFC). As stated above, HOME requires that PJs utilize resale and/or recapture provisions to ensure continued affordability for low- to moderate-income homeowners and as a benefit to the public through the wise stewardship of federal funds.

NHCD has three programs which use HOME funds to assist homeowners or homebuyers:

1. Down Payment Assistance (DPA) - new homebuyers;
2. Acquisition and Development (A&D) - developers of new ownership housing, and;
3. Homeowner Rehabilitation Loan Program (HRLP) - owners of existing homes.

Resale

This option ensures that the HOME-assisted units remain affordable over the entire affordability period. The Resale method is used in cases where HOME funding is provided directly to a developer to reduce development costs, thereby, making the price of the home affordable to the buyer. Referred to as a "Development Subsidy," these funds are not repaid by the developer to the PJ, but remain with the property for the length of the affordability period.

Specific examples where the City of Austin would use the resale method include:

1. providing funds for the developer to acquire property to be developed or to acquire affordable ownership units;
2. providing funds for site preparation or improvement, including demolition; and
3. providing funds for construction materials and labor.

The City of Austin Resale Policy

Notification to Prospective Buyers. The resale policy is explained to the prospective homebuyer(s) prior to signing a contract to purchase the HOME-assisted unit. The prospective homebuyer(s) sign an acknowledgement that they understand the terms and conditions applicable to the resale policy as they have been explained. This document is included with the executed sales contract. (*See attached Notification for Prospective Buyers on Page IV-11*.)

Enforcement of Resale Provisions. The resale policy is enforced through the use of a Restrictive Covenant signed by the homebuyer at closing. The Restrictive Covenant will specify:

1. the length of the affordability period (based on the dollar amount of HOME funds invested in the unit; either 5, 10, or 15 years);
2. that the home remain the Buyer's principal residence throughout the affordability period; and
3. the conditions and obligations of the Owner should the Owner wish to sell before the end of the affordability period, including;

    a. the Owner must contact the Austin Housing Finance Corporation in writing if intending to sell the home prior to the end of the affordability period;
    b. The subsequent purchaser must be low-income as defined by HOME, and occupy the home as his/her new purchaser's primary residence for the remaining years of the affordability period. (However, if the new purchaser receives direct assistance through a HOME-funded program, the affordability period will be re-set according to the amount of assistance provided); and
    c. The sales price must be affordable to the subsequent purchaser; affordable is defined as limiting the Principal, Interest, Taxes and Insurance (PITI) amount to no more than 30% of the new purchaser's monthly income.

Fair Return on Investment. The City of Austin will administer its resale provisions by ensuring that the Owner receives a fair return on his/her investment and that the home will continue to be affordable to a specific range of incomes. Fair Return on Investment means the total homeowner investment which includes the total cash contribution plus the approved capital improvements credits as described below:

1. The amount of the down payment;
2. The cost of any capital improvements, <u>documented with receipts provided by the homeowner</u>, including but not limited to:

    a. Any additions to the home such as a bedroom, bathroom, or garage;
    b. Replacement of heating, ventilation, and air conditioning systems;
    c. Accessibility improvements such as bathroom modifications for disabled or elderly, installation of wheel chair ramps and grab bars, any and all of which must have been paid for directly by the Owner and

which were not installed through a federal, state, or locally-funded grant program; and

d. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.

Note: All capital improvements will be visually inspected to verify their existence.

3. The percentage of change as calculated by the Housing Price Index (HPI) Calculator of the Federal Housing Finance Agency. The HPI Calculator is currently located at www.fhfa.gov/Default.aspx?Page=86 and projects what a given house purchased at a point in time would be worth today if it appreciated at the average appreciation rate of all homes in the area. The calculation shall be performed for the Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area.

Affordability to a Range of Buyers. The City will ensure continued affordability to a range of buyers, particularly those whose total household incomes range from 65 percent to no greater than 80 percent MFI. If the City of Austin or the Austin Housing Finance Corporation implements a Community Land Trust, the range of incomes will be broadened considerably.

Sales prices shall be set such that the amount of Principal, Interest, Taxes, and Insurance does not exceed 30 percent of the new Buyer's annual income. For FY 2012-13, the affordable sales price shall not exceed $175,000, which would be affordable to a 4-person household at 80 percent MFI at today's lower home mortgage interest rates.

Example: A home with a 10-year affordability period was purchased six years ago by a person (the "original homeowner") who now wishes to sell. The original homeowner's mortgage was $52,250 at 6.75% interest for 30 years, and has made payments for 72 months. The current mortgage balance is $48,270. The principal amount paid down so far is $3,980.

Calculating Fair Return on Investment.

Down payment: The original homeowner was required to put down $1,000 earnest money at the signing of the sales contract.

Cost of Capital Improvements: The original homeowner had a privacy fence installed four years ago at the cost of $1,500 and has receipts to document the improvement. A visual inspection confirmed the fence is still in place.

Percentage of Change. The original purchase price for the home was $55,000 and the amount of developer subsidy was $25,000, thus requiring the 10-year affordability period.

For the purposes of using the Federal Housing Finance Agency's Housing Price Index calculator, the home was purchased in the 3rd Quarter of 2006, and will be calculated using the most current quarter available, 1st Quarter 2012. Using the Housing Price Index calculator, the house would be worth approximately $61,112.

Calculating the Fair Return to the Original Owner:	
Down payment:	$1,000
Capital Improvements:	$1,500
Principal Paid:	$3,980
Increase in value per HPI:	$6,112
	$12,592 Fair Return on Investment

In order to realize a fair return to the original homeowner, the sales price must be set at roughly $61,000 (i.e., $55,000 [$3,980 in principal payments made plus remaining mortgage balance of $48,270] +$1,000 down payment + $1,500 capital improvements + $6,112 HPI increase = $60,862)

Affordability for a Range of Buyers. If the original homeowner sets the sales price at $61,000 to get a fair return on investment, and if current (2012) assumptions are used for front/back ratios, interest rates, insurance, taxes, an 80% Loan-to-Value (LTV) Ratio, etc., the monthly PITI would be approximately $483.

The PITI of $483 could, in theory, be supported by an annual household income of $19,500 and not exceed 30% of the subsequent homeowner's monthly income. The housing costs could be supported more realistically by households with incomes between 50% and 80% MFI. <u>However, with an 80% LTV ratio, most buyers will require down payment assistance which, if HOME funds are used, would create a new affordability period based on the level of the new HOME investment</u>.

If the subsequent homeowner does not require any HOME subsidy to purchase the home, the affordability period would end in 4 years at which time the subsequent homeowner could sell to any buyer at any price.

Recapture

Under HOME recapture provisions financial assistance must be repaid if it is provided directly to the buyer or the homeowner. Upon resale the seller may sell to any willing buyer at any price. The written agreement and promissory note will disclose the net proceeds percentage if any that will be allotted to the homebuyer and what proceeds will return to the PJ. Once the HOME funds are repaid to the PJ, the property is no longer subject to any HOME restrictions. The funds returned to the PJ may then be used for other HOME-eligible activities.

The City of Austin Recapture Policy

The City of Austin and Neighborhood Housing and Community Development (NHCD) HOME funded program under the recapture provisions is the Down Payment Assistance Program (DPA). The Austin Housing Finance Corporation's (AHFC) HOME funded program under recapture provisions is the Homeowner Rehabilitation Loan Program (HRLP).

The (HOME) federal assistance will be provided in the form of a 0% interest, deferred payment loan. The fully executed (by all applicable parties) and dated Written Agreement, Promissory Note and Deed of Trust will serve as the security for these loans. The Deed of Trust will also be recorded in the land records of Travis County or Williamson County.

The payment of the DPA or HRLP Promissory Note is made solely from the net proceeds of sale of the Property (except in the event of fraud or misrepresentation by the Borrower described in the Promissory Note).

The City of Austin and/or AHFC/NHCD may share any resale equity appreciation of HOME-assisted DPA or HRLP loans with the Borrower/Seller according to the following two recapture models:

Standard Down Payment Assistance. The City of Austin will calculate the recapture amount and add this to the existing payoff balance of the DPA loan. The entire payoff balance must be paid to AHFC/NHCD before the homebuyer receives a return. The recapture amount is limited to the net proceeds available from the sale. However, the amount of standard Down Payment Assistance will be forgivable at the end of maturity date if the borrower met all of the program requirements.

Appraised Value of Property or Sales Price (whichever is less)		$
Original Senior Lien Note Amount	(-)	$
Any reasonable and customary sales expenses paid by the Borrower in connection with the sale (Closing costs)	(-)	$
Net proceeds		$
DPA Original Note Amount	(-)	$
Equity to Borrower/Seller	=	$

Shared Equity Down Payment Assistance (DPA). The City of Austin and AHFC/NHCD will permit the Borrower/Seller to recover their entire investment (down payment and capital improvements made by them since purchase) before recapturing the HOME investment. The recapture amount is limited to the net proceeds available from the sale.

Down Payment Formula. Equity to be shared: The Appraised Value of the Property at time of resale less original senior lien Note, less borrower's cash contribution, less capital improvement recapture credit, less the Original Principal Amount of Mortgage Assistance under the DPA Mortgage, calculated as follows:

Appraised Value of Property or Sales Price (whichever is less)		
Original Senior Lien Note Amount	(-)	$
Any reasonable and customary sales expenses paid by the Borrower in connection with the sale (Closing costs)	(-)	$
Net proceeds		$
Borrower's Cash Contribution	(-)	$
Capital Improvement Recapture Credit	(-)	$
DPA Mortgage Assistance Amount	(-)	$
Equity to be Shared	=	

The homebuyer's entire investment (cash contribution and capital improvements) must be repaid in full before any HOME funds are recaptured. The capital improvement recapture credit will be subject to:

1. The borrower having obtained NHCD approval prior to his/her investment; and
2. The borrower providing proof of costs of capital improvements with paid receipts for parts and labor.

Calculation of Shared Equity Percentage. Percentage shall remain the same as calculated at initial purchase (as set forth above).

Shared Equity Payment Due to NHCD or the City of Austin. Shall be (Equity to be shared) x (Shared Equity Percentage), calculated as follows:

Equity to be shared		$
Shared Equity Percentage	X	%
Shared Equity Payment Due to NHCD/City of Austin	=	$

Total Due to NHCD or City of Austin. Shall be the total of all amounts due to NHCD or the City of Austin calculated as follows:

Mortgage Assistance Amount		$
Interest and Penalties	+	$
Shared Equity Payment	+	$
Total Due to NHCD/City of Austin	=	$

HRLP Homeowner Reconstruction Formula. Upon executing and dating the Promissory Note, Written Agreement and the Deed of Trust the parties agree that the Mortgage Assistance Amount provided to Borrower by AHFC is to be 25% of the Borrower's/Sellers equity in the Property.

Equity to be Shared. The Appraised Value of the Property at time of resale, less closing costs, homeowner's cash contribution (if any), capital improvement recapture credit, AHFC original assistance amount, calculated as follows:

Appraised Value of Property or Sales Price (whichever is less)		
Any reasonable and customary sales expenses paid by the Borrower/Seller in connection with the sale (Closing costs)	(-)	$
Homeowner's Cash Contribution	(-)	$
Capital Improvement Recapture Credit	(-)	$
AHFC or the City of Austin Original HRLP Assistance Amount	(-)	$
Equity to be Shared	=	

Calculation of Shared Equity Percentage: Percentage shall remain the same as initially determined (as set forth above). Shared Equity Payment Due to AHFC or the City of Austin: Shall be (Equity to be shared) x (Shared Equity Percentage), calculated as follows:

Equity to be shared	$
Shared Equity Percentage	25%
Shared Equity Payment Due to AHFC or the City of Austin	= $

Total Due to AHFC or the City of Austin: Shall be the total of all amounts due to AHFC or the City of Austin calculated as follows:

Existing Owing HRLP Mortgage Assistance Amount	$
Shared Equity Percentage Payment	+ $
Sum Total Due to AHFC or the City of Austin	$

HRLP Homeowner Rehabilitation Formula. Equity to be shared: The Appraised Value of the Property at time of resale, less closing costs, homeowner's cash contribution (if any), capital improvement recapture credit, AHFC or the City of Austin's original assistance amount, calculated as follows:

Appraised Value of Property or Sales Price (whichever is less)		
Any reasonable and customary sales expenses paid by the homeowner in connection with the sale (Closing costs)	(-)	$
Homeowner's Cash Contribution	(-)	$
Capital Improvement Recapture Credit	(-)	$
AHFC and/or the City of Austin's Original HRLP Assistance Amount	(-)	$
Equity to Borrower/Seller	=	

Net proceeds consist of the sales prices minus loan repayment, other than HOME funds, and closing costs. If the net proceeds of the sale are insufficient to fully satisfy the amounts owed on the HRLP Note the AHFC or the City of Austin may not personally seek or obtain a deficiency judgment or any other recovery from the Borrower/Seller. The amount due to Lender is limited to the net proceeds, if any, if the net proceeds are not sufficient to recapture the full amount of HOME funds invested plus allow Borrower to recover the amount of Borrower's down-payment and capital improvement investment, including in, but not limited to, cases of foreclosure or deed-in-lieu of foreclosure,. If there are no net proceeds AHFC or the City of Austin will receive no share of net proceeds.

However, in the event of an uncured Default, AHFC or the City of Austin may, at its option, seek and obtain a personal judgment for all amounts payable under the Note. This right shall be in addition to any other remedies available to AHFC and/or the City of Austin. If there are insufficient funds remaining from the sale of the property and the City of Austin or the Austin Housing Finance Corporation (AHFC) recaptures less than or none of the recapture amount due, the City of Austin and/or AHFC must maintain data in each individual HRLP file that documents the amount of the sale and the distribution of the funds.

This will document that:

1. There were no net sales proceeds; or
2. The amount of the net sales proceeds was insufficient to cover the full amount due; and
3. No proceeds were distributed to the homebuyer/homeowner.

Under "Recapture" provisions, if the home is SOLD prior to the end of the required affordability period, the net sales proceeds from the sale, if any, will be returned to the City of Austin and/or AHFC to be used for other HOME-eligible activities. Other than the actual sale of the property, if the homebuyer or homeowner breaches the terms and conditions for any other reason, e.g. no longer occupies the property as his/her/their principal residence, the full amount of the subsidy is immediately due and payable.

If Borrower/Seller is in Default, AHFC and/or the City of Austin may send the Borrower/Seller a written notice stating the reason Borrower/Seller is in Default and telling Borrower/Seller to pay immediately:

(i) the full amount of Principal then due on this Note,
(ii) all of the interest that Borrower/Seller owes, and that will accrue until paid, on that amount, and
(iii) all of AHFC/or the City of Austin's costs and expenses reimbursable Recovery against the Borrower/Seller responsible for the fraud or

misrepresentation is not limited to the proceeds of sale of the Property, but may include personal judgment and execution thereon to the full extent authorized by law.

Affordability Periods

HOME Program Assistance Amount	Affordability Period in Years
$1,000 - $14,999.99	5
$15,000 – $40,000	10
Over $40,000	15
Reconstruction Projects*	20

*City of Austin policy

A HOME Written Agreement, Note and Deed of Trust will be executed by the Borrower and the City of Austin and/or the Austin Housing Finance Corporation (AHFC) that accurately reflects the resale or recapture provisions before or at the time of sale.

References: [HOMEfires Vol 5 No 2, June 2003 – Repayment of HOME Investment; Homebuyer Housing with a 'Recapture' Agreement; Section 219(b) of the HOME Statute; and §92.503(b)(1)-(3) and (c)]

City of Austin Refinancing Policy

In order for new executed subordination agreement to be provided to the senior first lien holder, the senior first lien refinance must meet the following conditions:

1. The new senior first lien will reduce the monthly payments to the homeowner, thereby making the monthly payments more affordable; or
2. Reduce the loan term;
3. The new senior lien interest rate must be fixed for the life of the loan (Balloon or ARM loans are ineligible);
4. No cash equity is withdrawn by the homeowner as a result of the refinancing actions;
5. AHFC/NHCD and/or the City will, at its discretion, agree to accept net proceeds in the event of a short sale to avoid foreclosure; and
6. Only if the borrower meets the minimum requirements to refinance, the City can re-subordinate to the first lien holder.

<u>The refinancing request will be processed according to the following procedure:</u>

1. Submit a written request to Compliance Division to verify the minimum refinancing requirements with one month in advance from the expected closing;
2. NHCD/AHFC will review the final HUD-1 Settlement Statement two weeks prior to closing the refinance.
3. If applicable, NHCD/AHFC or the City of Austin will issue written approval a week prior to the closing date.

4. NHCD/AHFC will be provided with a copy of the final, executed HUD-1 Settlement Statement, Promissory Note, and recorded Deed of Trust three days in advance of the closing date.
5. If written permission is not granted by AHFC/NHCD or the City of Austin allowing the refinance of the Senior Lien, the DPA OR HRLP Loan will become immediately due and payable prior to closing the refinance.
6. If written permission is granted by AHFC/NHCD and/or the City of Austin and it is determined that the refinancing action does not meet the conditions as stated above, the DPA OR HRLP Loan will become immediately due and payable prior to closing the refinance.
7. Home Equity loans will trigger the repayment requirements of the DPA OR HRLP Programs loans. The DPA or HRLP Notes must be paid off no later than when the Home Equity Loan is closed and funded.
8. The DPA OR HRLP Notes must be paid-in-full in order for AHFC/NHCD and/or the City of Austin to execute a release of lien.

Basic Terminology

Affordable Housing*:* The City of Austin follows the provisions established on 24 CFR 92.254, and consider that in order for homeownership housing to qualify as *affordable housing* it must:

- Be single-family, modest housing,
- Be acquired by a low-income family as its principal residence, and
- Meet affordability requirements for a specific period of time as determined by the amount of assistance provided.

The City: means the City of Austin's Neighborhood Housing and Community Development Office (NHCD) or its sub recipient, the Austin Housing Finance Corporation (AHFC).

Fair Return on Investment: means the total homeowner investment which includes the total cash contribution plus the approved capital improvements credits.

Capital Improvement: means additions to the property that increases its value or upgrades the facilities. These include upgrading the heating and air conditioning system, upgrading kitchen or bathroom facilities, adding universal access improvements, or any other permanent improvement that would add to the value and useful life of the property. The costs for routine maintenance are excluded.

Capital Improvement Credit: means credits for verified expenditures for Capital Improvements.

Direct HOME subsidy: is the amount of HOME assistance, including any program income that enabled the homebuyer to buy the unit. The direct subsidy includes down payment, closing costs, interest subsidies, or other HOME assistance provided directly to the homebuyer. In addition, direct subsidy includes any assistance that reduced the purchase price from fair market value to an affordable price.

Direct HOME subsidy for Homeowner Rehabilitation Loan Program: is the amount of HOME assistance, including any program income that enabled the homebuyer to repair or reconstruct the unit. The direct subsidy includes hard costs and soft cost according to 24 CFR 92.206

Net proceeds: are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

Recapture: The recapture provisions are established at §92.253(a)(5)(ii), permit the original homebuyer to sell the property to any willing buyer during the period of affordability while the PJ is able to recapture all or a portion of the HOME-assistance provided to the original homebuyer.

Source: Notice: CPD 12-003 http://www.hud.gov/offices/cpd/lawsregs/notices/2012/12-003.pdf

INFORMATION FOR PROSPECTIVE BUYERS

The [Five] [Ten] [Fifteen]-Year Affordability Period
&
The Restrictive Covenant Running With the Land

I understand that because a certain amount of federal funds were used by [Developer Name] to develop the property at ____, the federal government requires that certain restrictions apply to the occupancy or re-sale of this home for a period of [five (5) ten (10) fifteen (15)] years. I understand that during that [five] [ten] [fifteen]-year period, those requirements will be enforced through a legally-enforceable document called a "Restrictive Covenant Running with the Land."

Please Initial Below

If I choose to purchase this home, at the time the home is sold to me, I will sign a Restrictive Covenant Running with the Land, and it will be filed in the Official Public Records of the Travis County Clerk's Office. The requirements of the Restrictive Covenant Running with the Land are:

________ • That **I must occupy the home as my principal residence** during the [5] [10] [15]-year period in which the Restrictive Covenant is in effect;

________ • If I wish to sell the Property before the end of that period, I am required to sell it to a subsequent buyer whose total household income is **at or below 80% of the Austin area Median Family Income** in effect for the year I wish to sell the home.

________ • The sales price must be set such that I receive a **fair return** which shall be defined as:

1. The amount of any cash contributions including the down payment and principal payments made;
2. The cost of any capital improvements, documented with receipts, and including but not limited to:
   a. Any additions to the home such as a bedroom, bathroom, or garage;
   b. Replacement of heating, ventilation, and air conditioning systems;
   c. Accessibility improvements such as bathroom modifications for disabled or elderly, installation of wheel chair ramps and grab bars, any and all of which must have been paid for directly by the Owner and which were not installed through a federal, state, or locally-funded grant program; and
   d. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.

________ • The sales price must be set so that the monthly principal, interest, taxes and insurance to be paid by the subsequent buyer **will not exceed 30% of that subsequent buyer's monthly household income.**

________ • **I will notify the Austin Housing Finance Corporation (AHFC) in writing** so that AHFC can assist with the compliance of this federal regulation.

I/We acknowledge having received this information about the federal requirements involved if I/we decide to purchase this home.

Signature	Date	Signature	Date

MONITORING PLAN

The goal of the City of Austin's monitoring process is to assess subrecipient/contractor performance in the areas of program, financial and administrative compliance with applicable federal, state and municipal regulations and current program guidelines. Under this plan, select programs and project activities are monitored through one or more of the following components. The City of Austin's monitoring plan consists of active contract monitoring and long-term monitoring for closed projects.

Active Contract Monitoring

Prior to executing any agreement or obligation, monitoring takes the form of a compliance review. Verification is obtained to ensure that the proposed activity to be funded has received the proper authorization through venues such as the annual Action Plan, environmental review and fund release, and identification in the Integrated Disbursement and Information System (IDIS). A contract begins with written program guidelines, documentation and tracking mechanisms that will be used to demonstrate compliance with applicable federal, state and local requirements.

For activities implemented through external programs or third-party contracts with non-profit, for-profit and community-based organizations, a solicitation may be required in the form of a comprehensive Notice of Fund Availability (NOFA or Request for Proposals (RFP) which details performance, financial and regulatory responsibilities.

1. Compliance Review prior to obligation of funds. Prior to entering into any agreement or to the obligation of entitlement funds, the City conducts a compliance review to verify that the program activity has been duly authorized. The compliance review consists of verifying and documenting that:

- The program activity has been approved as part of the Action Plan for the specified funding source and year;
- The availability of applicable funds for the specific activity;

- The activity has received environmental review and determination and fund release, as applicable;
  - The service provider is not listed in the System for Award Management (SAM);
  - The activity has been set up and identified in IDIS;
  - The scope of work defined in the contract has adequately addressed performance, financial and tracking responsibilities necessary to report and document accomplishments; and
  - The service provider has the required insurance in place.

After this information has been verified and documented, staff may proceed in obtaining authorization and utilization of entitlement funds for the activity.

2. Desk Review. Before processing an invoice for payment, staff reviews the invoice to verify that the item or service is an eligible expense and it is part of the contract budget. Staff also reviews performance reports and supporting documentation submitted with the invoice to ensure that the contractor is performing in accordance with the terms of the contract and the scope of work. This level of monitoring is performed on an ongoing basis throughout the duration of the contract.

3. Records Audit. The review at this level includes a review of all file documents as needed. A file checklist is used to determine if the required documents are present. Through the review of performance reports and other documentation submitted by the contractor, staff is able to identify areas of concern and facilitate corrections and/or improvements. Should problems be identified, a contractor or recipient of funds may then be provided technical assistance as necessary to reach a resolution. However, if no resolution of identified problems occurs or the contractor fails to perform in accordance with the terms and conditions of the contract, the City of Austin has the authority to suspend further payments to the contractor or recipient of funds until such time that issues have been satisfactorily resolved.

4. Selected On-Site Monitoring. A risk assessment is conducted internally and is used to determine the priority of site reviews to be conducted. Based on the results of the risk assessment, a selected number of projects may be subject to an on-site review. The performance of contractors is reviewed for compliance with the program guidelines and the terms and conditions of the contract. In particular, staff verifies program administration and regulatory compliance in the following areas:

- Performance (*e.g.* meeting a national objective, conducting eligible activities, achieving contract objectives, performing scope of work activities, maintaining contract schedule, abiding by the contract budget);
- Record keeping;
- Reporting practices; and
- Compliance with applicable anti-discrimination regulations.

There will be follow-up, as necessary, to verify regulatory and program administration compliance has been achieved.

5. Contract Closeout. Once a project activity has been completed and all eligible project funds expended, the staff will require the contractor to submit a project closeout package. The contract closeout will provide documentation to confirm whether the contractor was successful in completing all performance and financial objectives of the contractor. Staff will review and ask the contractor, if necessary, to reconcile any conflicting information previously submitted. The project closeout will constitute the final report for the project. Successful completion of a project means that all project activities, requirements, and responsibilities of the contractor have been adequately addressed and completed.

Long-term Monitoring

Acceptance of funds from Neighborhood Housing and Community Development (NHCD) Office of the City of Austin, or its sub-recipient Austin Housing Finance Corporation (AHFC) obligates beneficiaries/borrowers to adhere to conditions for the term of the affordability period. NHCD is responsible for the compliance oversight and enforcement of long- or extended-term projects and financial obligations created through City-sponsored or -funded housing and community development projects. In this capacity, NHCD performs the following long-term monitoring duties:

- Performs compliance monitoring in accordance with regulatory requirements specified in the agreement;
- Reviews and verifies required information and documentation submitted by borrowers for compliance with applicable legal obligations and/or regulatory requirements; and
- Enforces and takes corrective action with nonperforming loans and/or projects deemed to be out of compliance in accordance with legal and/or regulatory terms and conditions.

Monitoring may be in the form of a desk review, on-site visit, visual or Housing Quality Standard (HQS) inspection. Technical assistance is available to assist beneficiaries/ borrowers in understanding any aspect of the contractual obligation so that performance goals are met with minimal deficiencies.

Appendix IIIB: ESG Program Standards

CITY OF AUSTIN

Health and Human Services Department

EMERGENCY SOLUTIONS GRANT PROGRAM (ESG)

PROGRAM STANDARDS AND GUIDELINES

FY 2014-2015

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A. ESG PROGRAM DESCRIPTION

I. **General** The Emergency Solutions Grant Program (ESG), formerly known as the Emergency Shelter Grant Program, is funded through the City's Neighborhood Housing and Community Development Office (NHCD), which is made available by the U.S. Department of Housing and Urban Development (HUD). The City utilizes ESG funds to provide an array of services to assist homeless persons and persons at-risk of homelessness.

The ESG program is designed to be the first step in a continuum of assistance to help clients quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

The City's Health and Human Services Department is responsible for the implementation of ESG in compliance with the governing regulations of the ESG program. The City's Neighborhood Housing and Community Development Office (NHCD) is responsible for the planning and administration of the ESG program. The Community Development Officer (CDO) of NHCD has the authority to establish processes, procedures, and criteria for the implementation and operation of the program, and to waive compliance with any provision of these guidelines if s/he determines that to do so does not violate any Federal, state, or local law or regulation, and is in the best interest of the City. Nothing contained, stated, or implied in this document shall be construed to limit the authority of the City to administer and carry out the program by whatever means and in whatever manner it deems appropriate.

II. Allocations **The City of Austin has been allocated the following amounts for the Emergency Solutions Grant FY 2014-2016.**

ESG Category	COA Amount
Emergency Shelter Operations and Maintenance	$313,922
Rapid Rehousing – Housing Stabilization and Location	$248,130
HMIS – Scan Card Project	$21,654
Administration	$0
TOTAL	$583,706

III. Eligible Organizations The subrecipient must be a unit of local government or a private, non-profit organization, as defined by the Internal Revenue Service tax code, evidenced by having a Federal identification number, filed articles of incorporation, and written organizational by-laws.

IV. **Ineligible Organizations** An organization will not be eligible to apply for ESG funds if it meets the following conditions:

A. Outstanding audit or monitoring findings, unless appropriately addressed by a corrective action plan;
B. Current appearance on the List of Suspended and Debarred Contractors;
C. Terms and conditions of existing contract are not in full compliance;
D. History of non-performance with contracts.

V. **Matching Funds** Subrecipient organizations that receive ESG funds must provide a dollar for dollar (or 100%) match to their ESG award amount.

A. Sources of matching funds include:
   i. Cash Contributions- Cash expended for allowable costs identified in OMB Circular A-87 and A-122. *Program Income* for the ESG program can also be used as match funds.
   ii. Non-Cash Contributions- The value of any real property, equipment, goods, or services.
B. Funds used to match a previous ESG grant may not be used to match a subsequent award.

VI. **Eligible Activities** The following is a list of eligible activities for the ESG Program:

A. *Street Outreach*- Support services limited to providing emergency care on the streets, including engagement, case management, emergency health and mental health services, and transportation;

B. *Emergency Shelter*- Includes essential services, case management, child care, education, employment, outpatient health services legal services, life skills training, mental health and substance abuse services, transportation, shelter operations, and funding for hotel/motel stays under certain conditions;

C. *Homeless Prevention*- Includes housing relocation and stabilization services and short/medium-term rental assistance for individuals/families who are at risk of homelessness;

D. *Rapid Re-Housing*- Includes housing relocation and stabilization services and short/medium-term rental assistance to help individuals/families move quickly into permanent housing and achieve stability;

E. *Homeless Management Information System* (HMIS) costs; and

F. *ESG Administration* costs.

VII. Client Eligibility

A. Consultation: Evaluating individuals' and families' eligibility for H-ESG assistance in order to receive financial assistance or services funded by H-ESG, individuals and families must at least meet the minimum criteria of consultation with a case manager or eligibility specialists who can determine the appropriate type of assistance to meet their needs. Agencies must have a process in place to refer persons ineligible for H-ESG to the appropriate resources or service provider that can assist them.

B. Homeless Categories: In order to be eligible for services under the ESG Rapid Rehousing and Shelter programs, clients must meet HUD's definition of homelessness in one of the following categories:

Category (1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

a. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

c. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

Category (4) Any individual or family who:

a. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
b. Has no other residence; and
c. Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing

C. ESG Eligibility Documentation

i. *Homelessness Prevention: This program will not provide Homelessness Prevention Services.*

ii. *Rapid Re-Housing:*

a. Please refer to the *Homeless Eligibility Form* (Attachment B).
b. Subrecipient agencies must collect the required supporting documentation requested in the *Homeless Eligibility Form* in order for clients to be considered eligible for services.
c. All eligibility and supporting documentation for Rapid Re-Housing clients must be maintained in each client's file for each agency providing a service.

B. Confidentiality of Client Information

a. Subrecipients must have written client confidentiality procedures in their program policies and procedures that conform to items *b – d* below:
b. All records containing personally identifying information of any individual or family who applies for and/or receives ESG assistance must be kept secure and confidential.
c. The address or location of any domestic violence project assisted under ESG shall not be made public.
d. The address or location of any housing for a program participant shall not be made public.

VIII. Rapid Rehousing Program

There are three programs that will provide housing relocation and stabilization services: Front Steps, Downtown Austin Community Court and City of Austin Communicable Disease Unit. There is no funding available in 14-16 allocation for financial assistance so all programs will work with other resources available in the community to find financial assistance when needed for the Rapid Rehousing clients.

IX. Coordination Between Service Providers

The following list gives the types of service coordination activities to be undertaken for the ESG Program: Case management, permanent supportive housing, rapid re-housing and housing location and financial assistance.

Services will be coordinated between the downtown Austin Resource Center for the Homeless (ARCH), Downtown Austin Community Court, and in consultation with the local Continuum of Care as well as other service providers such as Austin Travis County Integral Care, Caritas of Austin, Salvation Army, Veterans Administration, Continuum of

Care Permanent Supportive Housing programs and other appropriate federal, state and local service providers.

Agency	Case Management/ Supportive Services	Permanent Supportive Housing	Rapid Rehousing/ Housing Location	Direct Financial Assistance
ESG FY 13-15 Funded Programs	X		X	
Front Steps	X	X		
Downtown Austin Community Court	X	X	X	
Other Continuum of Care programs	X	X		
City-funded Social Service Agencies	X	X	X	X

X. **Homeless Management Information System (HMIS)** Organizations receiving funding from the City of Austin for homelessness prevention and homeless intervention services are required to utilize the Local Homeless Management Information System (HMIS) to track and report client information for individuals who are at risk of homelessness or who are homeless. A high level of data quality is required.

REQUIREMENTS INCLUDE:

A. "Open settings" for Uniform Data Elements (UDE) will be used for all of the program's client records in order to reduce duplication of records and improve cross-agency collaboration around client services;
B. Data quality report(s) submitted monthly (report and minimum standards to be specified);
C. HMIS user licenses must be purchased for staff entering data into City-funded programs (may use City funds for licenses);
D. Participation in Annual Homeless Count, Annual Homeless Assessment Report (AHAR), and other required HUD reporting;
E. Participation in a minimum of 6 hours of annual training for each licensed user as well as attendance at required City-sponsored training(s) regarding HMIS and CTK ODM System.

The HMIS Annual Report must identify compliance levels with all of the requirements listed above as well as any feedback regarding the HMIS system.

If HMIS data quality reports consistently fall below minimum standards, the City of Austin reserves the right to withhold payments until reporting improves to at least minimum standards.

D. ESG PROGRAM MANAGEMENT

Management and operation of approved projects is the responsibility of the Subrecipient. The Subrecipient is the entity that will receive the City contract. Therefore, the subrecipient has the overall responsibility of the project's successful completion.

I. **Grant Subaward Process** At its discretion, the City may use a competitive Request for Application and comprehensive review process to award ESG funding to providers of services to homeless persons and persons at-risk of homelessness. Activities will be consistent with the City's Consolidated Plan, in compliance with local, state, and Federal requirements and the governing regulations for use of ESG funds, and in conformance with program standards. The City will enter into written agreements with selected subrecipients, and will work with subrecipients to ensure that project costs are reasonable, appropriate, and necessary to accomplish the goals and objectives of the City's overall ESG Program. The subrecipient must be able to clearly demonstrate the benefits to be derived by the services provided to homeless individuals, and to low-to-moderate income families. Performance measures will be established in the contract. All ESG award decisions of the City are final.

II. **Contracting** Subrecipients must enter into a written contract with the City for performance of the project activities. Once a contract is signed, the subrecipient will be held to all agreements therein.

A. Members of the Subrecipient organization, volunteers, residents, or subcontractors hired by the organization may carry out activities. Subrecipients must enter into a written contract with the subcontractors carrying out all or any part of an ESG project. All subcontractors must comply with the City and Federal procurement and contracting requirements.

B. All contracts are severable and may be canceled by the City for convenience. Project funding is subject to the availability of ESG funds and, if applicable, City Council approval.

C. Amendments - Any amendments to a contract must be mutually agreed upon by the Subrecipient and the City, *in writing*. Amendment requests initiated by the Subrecipient must clearly state the effective date of the amendment, in writing. HHSD staff will determine if an amendment request is allowable. HHSD reserves the right to initiate amendments to the contract.

D. Liability - Subrecipients shall forward Certificates of Insurance to the Health and Human Services Department within 30 calendar days after notification of the award, unless otherwise specified. The City's Risk Management Department will review and approve the liability insurance requirements for each contract. Subrecipients must maintain current insurance coverage throughout the entire contract period, as well as for any subsequent amendments or contract extensions.

IV. Recordkeeping Requirements

A. Project Records- The Subrecipient must manage their contract and maintain records in accordance with City and Federal policies, and must be in accordance with sound business and financial management practices, which will be determined by the City. Record retention for all ESG records, including client information, is five years after the expenditure of contract funds.
B. Client Records- The Subrecipient must maintain the following types of client records to show evidence of services provided under the ESG program:
   i. Client Eligibility records, including documentation of Homelessness, or At-Risk of Homelessness plus income eligibility and support documentation.
   ii. Documentation of Continuum of Care centralized or coordinated assessment (for client intake)

iii. Rental assistance agreements and payments, including security deposits
iv. Utility allowances (excludes telephone)

V. Reporting Requirements

A. Monthly Payment Requests and Expenditure Reports shall be submitted, in a format prescribed by the City, by the 15th calendar day of the month after the reporting month's end, which identify the allowable expenditures incurred under this contract.

B. Monthly Matching Funds Reports shall be submitted, in a format prescribed by the City, by the 15th calendar day of the month after the reporting month's end, which identify the allowable matching funds used by the Subrecipient under this contract.

C. Quarterly performance reports shall be submitted, in a format prescribed by the City, by the 15th calendar day of the month after the quarter end, which identify the activities accomplished under this contract.

D. The Federal ESG program year ends on September 30th. At completion of all activities, a Contract Closeout Report must be submitted within 30 days of the end of the contract. The subrecipient is required to supply such information, in such form and format as the City may require. All records and reports must be made available to any authorized City representative upon request and without prior notice.

E. All ESG Subrecipients must use HMIS to report on clients served by the ESG program.

VI. Program Limitations

A. *ESG Administration* costs are limited to 7.5% of the total ESG allocation.

B. ESG Street Outreach and Emergency Shelter costs are limited to the greater of: 60% of the City's 2011-12 ESG grant -or- the amount committed to emergency shelter for the City's 2010-11 ESG allocation.

C. Program Income - Income derived from any ESG activity must be recorded and reported to HHSD as program income. Such income may not be retained or disbursed by the subrecipient without written approval from HHSD and is subject to the same controls and conditions as the subrecipient's grant allocation.

D. ESG funds may not be used for lobbying or for any activities designed to influence legislation at any government level.

E. A church or religious affiliated organization must show secularism when submitting an ESG application.

F. Any ESG funds that are unallocated after the funding cycle will be reprogrammed by HHSD. Contracts that show three (3) consecutive months of inactivity (as documented by monthly reports or non-submission of required reports) will be reviewed on a case-by-case basis, and may be irrevocably canceled.

VII. Performance Standards ESG-funded programs will report into HMIS and have a high level of data quality specified in Section A. X. Homeless Management Information Systems. HMIS data quality is reviewed quarterly by City staff. All data quality is reviewed by the ECHO HMIS Administrator.

Performance measures will be reviewed quarterly by the City of Austin Health and Human Services Department. Measures will also be reviewed annually by the local Continuum of Care decision-making body, ECHO, during the annual Consolidated Evaluation and Performance Report process.

VIII. Accessibility In order to demonstrate compliance with the Americans with Disabilities Act (ADA) and Section 504 requirements, the following statements must be added to all public notices, advertisements, program applications, program guidelines, program information brochures or packages, and any other material containing general information that is made available to participants, beneficiaries, applicants, or employees:

ATTACHMENT A. DEFINITIONS

XI. Definitions Terms used herein will have the following meanings:

At Risk of Homelessness-

(1) An individual or family who: (i) Has an annual income below 30% of median family income for the area; AND (ii) Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the "homeless" definition; AND (iii) Meets one of the following conditions: (A) Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR (B)Is living in the home of another because of economic hardship; OR (C) Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; OR (D) Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals; OR (E) Lives in an SRO or efficiency apartment unit in which there reside more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; OR (F) Is exiting a publicly funded institution or system of care; OR (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved Consolidated Plan;

(2) A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute;

(3) An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) or that child or youth if living with him or her.

CDO- Community Development Officer;

Chronic Homeless Person- An individual who:

(i) Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and

(ii) Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years, where each homeless occasion was at least 15 days; and

(iii) Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability;

City- City of Austin;

ESG- Emergency Solutions Grant program;

HHSD- Health and Human Services Department;

Homeless Person(s)-

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing;

HUD- U.S. Department of Housing and Urban Development;

NHCD- Neighborhood Housing and Community Development Office;

Subrecipient- An organization receiving ESG funds from the City to undertake eligible ESG activities.

Appendix IIIC: Monitoring Plan

MONITORING PLAN

The goal of the City of Austin's monitoring process is to assess subrecipient/contractor performance in the areas of program, financial and administrative compliance with applicable federal, state and municipal regulations and current program guidelines. Under this plan, select programs and project activities are monitored through one or more of the following components. The City of Austin's monitoring plan consists of active contract monitoring and long-term monitoring for closed projects.

Active Contract Monitoring

Prior to executing any agreement or obligation, monitoring takes the form of a compliance review. Verification is obtained to ensure that the proposed activity to be funded has received the proper authorization through venues such as the annual Action Plan, environmental review and fund release, and identification in the Integrated Disbursement & Information System (IDIS). A contract begins with written program guidelines, documentation and tracking mechanisms that will be used to demonstrate compliance with applicable federal, state and local requirements.

For activities implemented through external programs or third-party contracts with non-profit, for-profit and community-based organizations, a solicitation may be required in the form of a comprehensive Notice of Fund Availability (NOFA or Request for Proposals (RFP) which details performance, financial and regulatory responsibilities.

1. Compliance Review prior to obligation of funds. Prior to entering into any agreement or to the obligation of entitlement funds, the City conducts a compliance review to verify that the program activity has been duly authorized. The compliance review consists of verifying and documenting that:

- The program activity has been approved as part of the Action Plan for the specified funding source and year;
- The availability of applicable funds for the specific activity;
- The activity has received environmental review and determination and fund release, as applicable;
- The service provider is not listed in the System for Award Management (SAM);
- The activity has been set up and identified in IDIS;
- The scope of work defined in the contract has adequately addressed performance, financial and tracking responsibilities necessary to report and document accomplishments; and
- The service provider has the required insurance in place.

After this information has been verified and documented, staff may proceed in obtaining authorization and utilization of entitlement funds for the activity.

2. Desk Review. Before processing an invoice for payment, staff reviews the invoice to verify that the item or service is an eligible expense and it is part of the contract budget. Staff also reviews performance reports and supporting documentation submitted with the invoice to ensure that the contractor is performing in accordance with the terms of the contract and the scope of work. This level of monitoring is performed on an ongoing basis throughout the duration of the contract.

3. Records Audit. The review at this level includes a review of all file documents as needed. A file checklist is used to determine if the required documents are present. Through the review of performance reports and other documentation submitted by the

contractor, staff is able to identify areas of concern and facilitate corrections and/or improvements. Should problems be identified, a contractor or recipient of funds may then be provided technical assistance as necessary to reach a resolution. However, if no resolution of identified problems occurs or the contractor fails to perform in accordance with the terms and conditions of the contract, the City of Austin has the authority to suspend further payments to the contractor or recipient of funds until such time that issues have been satisfactorily resolved.

4. Selected On-Site Monitoring. A risk assessment is conducted internally and is used to determine the priority of site reviews to be conducted. Based on the results of the risk assessment, a selected number of projects may be subject to an on-site review. The performance of contractors is reviewed for compliance with the program guidelines and the terms and conditions of the contract. In particular, staff verifies program administration and regulatory compliance in the following areas:

- Performance (*e.g.* meeting a national objective, conducting eligible activities, achieving contract objectives, performing scope of work activities, maintaining contract schedule, abiding by the contract budget);
- Record keeping;
- Reporting practices; and
- Compliance with applicable anti-discrimination regulations.

There will be follow-up, as necessary, to verify regulatory and program administration compliance has been achieved.

5. Contract Closeout. Once a project activity has been completed and all eligible project funds expended, the staff will require the contractor to submit a project closeout package. The contract closeout will provide documentation to confirm whether the contractor was successful in completing all performance and financial objectives of the contractor. Staff will review and ask the contractor, if necessary, to reconcile any conflicting information previously submitted. The project closeout will constitute the final report for the project. Successful completion of a project means that all project activities, requirements, and responsibilities of the contractor have been adequately addressed and completed.

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