



CITY OF AUSTIN

Comprehensive Housing Market Analysis and Barriers to Housing Choice

December 1, 2014



BBC
RESEARCH &
CONSULTING

Presented by

Heidi Aggeler
1999 Broadway, Suite 2200
Denver, Colorado 80202
(303) 321-2547
aggeler@bbcresearch.com

Agenda for today

- **Study Methodology**
- **Public Input Process**
- **Primary Demographic Changes**
- **Housing Needs Reported by Residents**
- **Housing Market Affordability**
- **Impediments to Fair Housing Choice**

Study methodology

- I. Review of demographic changes 2000-2012 and 2007-2012**
- II. Analysis of housing market changes**
- III. Update of housing gaps**
- IV. Development of ZIP code level housing model**
- V. Review of policies and programs to address housing needs**
- VI. Examination of barriers to fair housing choice**
- VII. Development of recommendations**

Above informed by significant public input process

Public outreach methods

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

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

Public input

Voluntary survey



Austin Housing Choice Paper Survey

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

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

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

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

CURRENT HOUSING CHOICES

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

- Homeowner
- Renter
- Living with others but not paying rent
- Living with others, not paying rent, but helping with other bills or child care
- Homeless
- Other (please specify): _____

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

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

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

Targeted approach:

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

RESULTS

5,315

Austin resident responses

943

In-commuter responses

Online survey Austin resident demographics

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

Supplemental paper survey

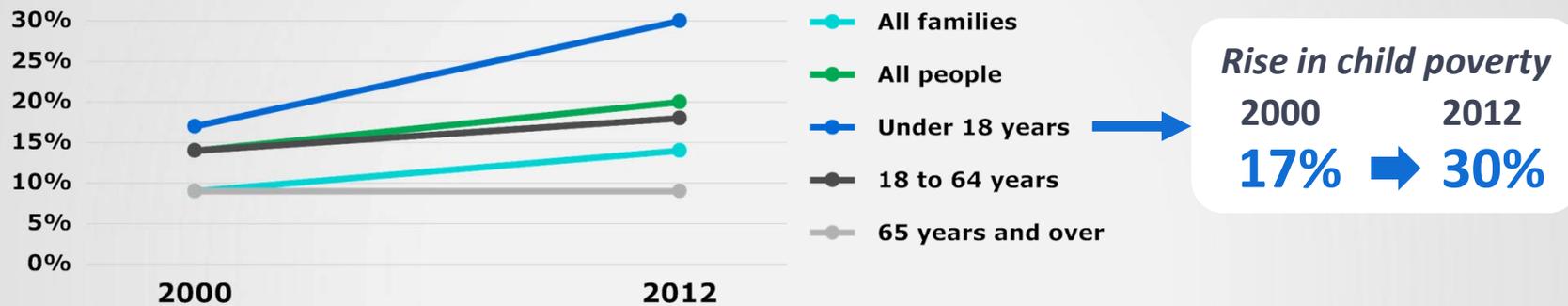
- 202 surveys returned
- 31% Hispanic (61)
- 27% African American (55)
- 50% have a member with a disability (101)

Primary demographic changes

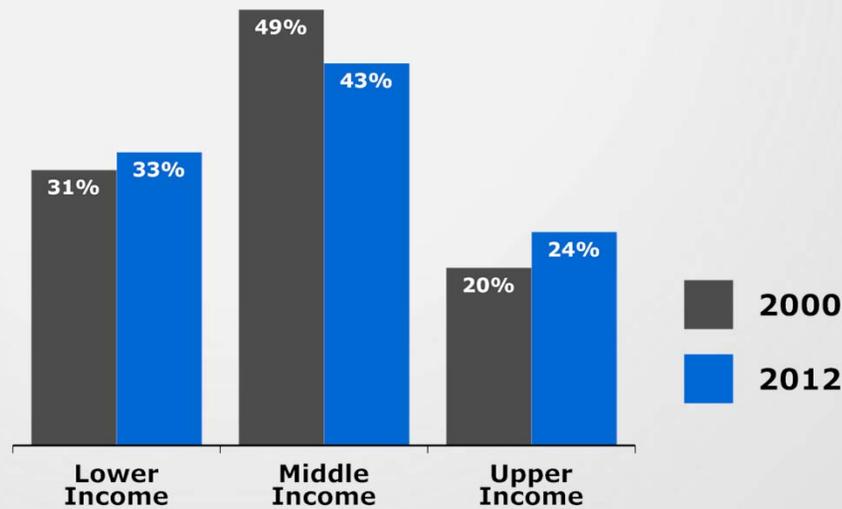
- Changing age distribution. Young Adults (67,000) and Baby Boomers (64,000) **70%** of 2000-2012 growth
- Continued shift away from families (32% in 1970 **➔25%**)
- Majority “minority” city due to Hispanic growth. Decline in African Americans (residents **↓2.3%**, families **↓18%**)
- Decline in proportion of persons with disabilities (15% in 2000 **➔10%**)
- Decreasing middle class and rise in poverty (slide 7)

Primary demographic changes, continued

Rise in poverty



Shift in middle income households



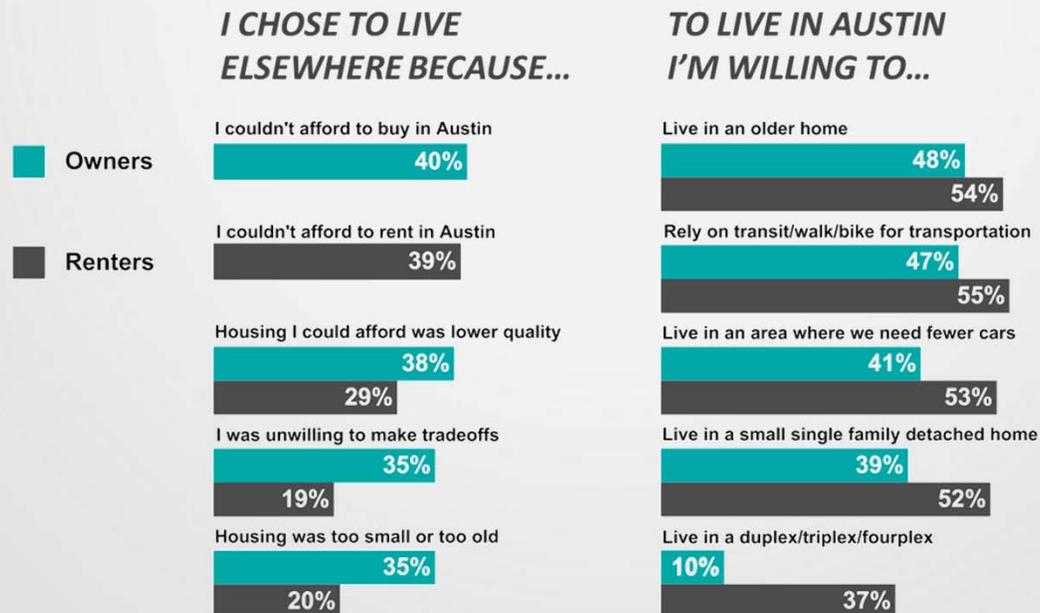
How have demographic changes affected housing demand?

- **Growth in wealthier households has:**
 - Driven demand for luxury homes
 - Driven demand for amenity-rich rentals
(Renters earning >\$75,000 up 74% from 2007)
 - Tightened rental market for low income renters
- **Growth in non-family households has:**
 - Driven demand for multifamily products downtown, surrounding neighborhoods
- **Growth in poverty (coupled with lack of affordable housing) has:**
 - Increased housing cost burden and rental gap

Why have households left Austin?

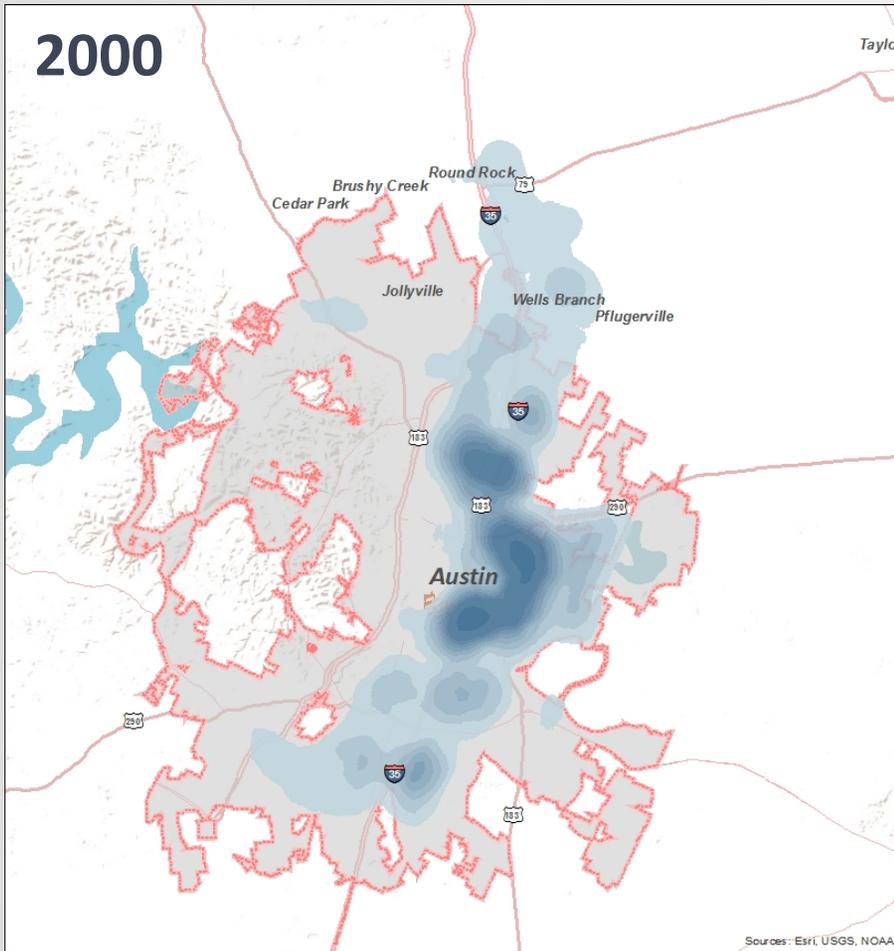
	Affordability	Schools	Traffic	Taxes
African American families (n=20)	60%	40%	15%	5%
Hispanic families (n=57)	51%	21%	7%	7%
All non-white families (n=79)	66%	30%	11%	9%
White families (n=116)	59%	29%	9%	9%

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



Where have minority households gone?

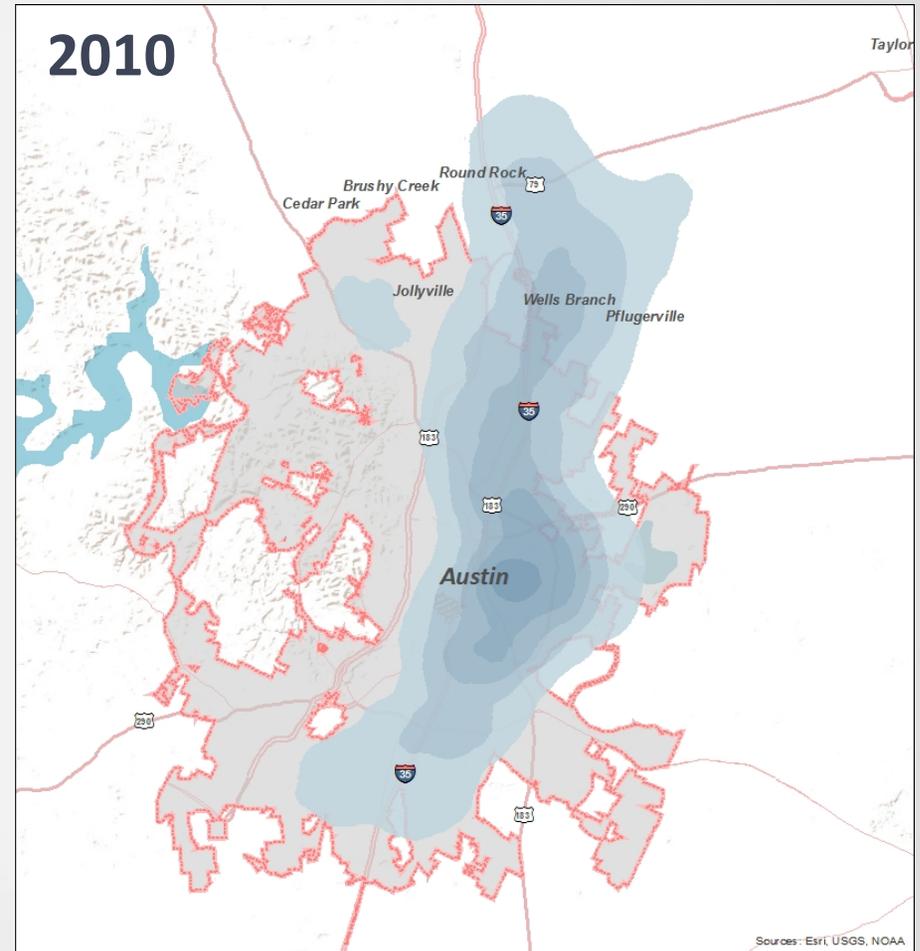
African American Population



African American Population
2000 Census

Low Density
Moderate Density
High Density

University of Texas
Austin City Boundary



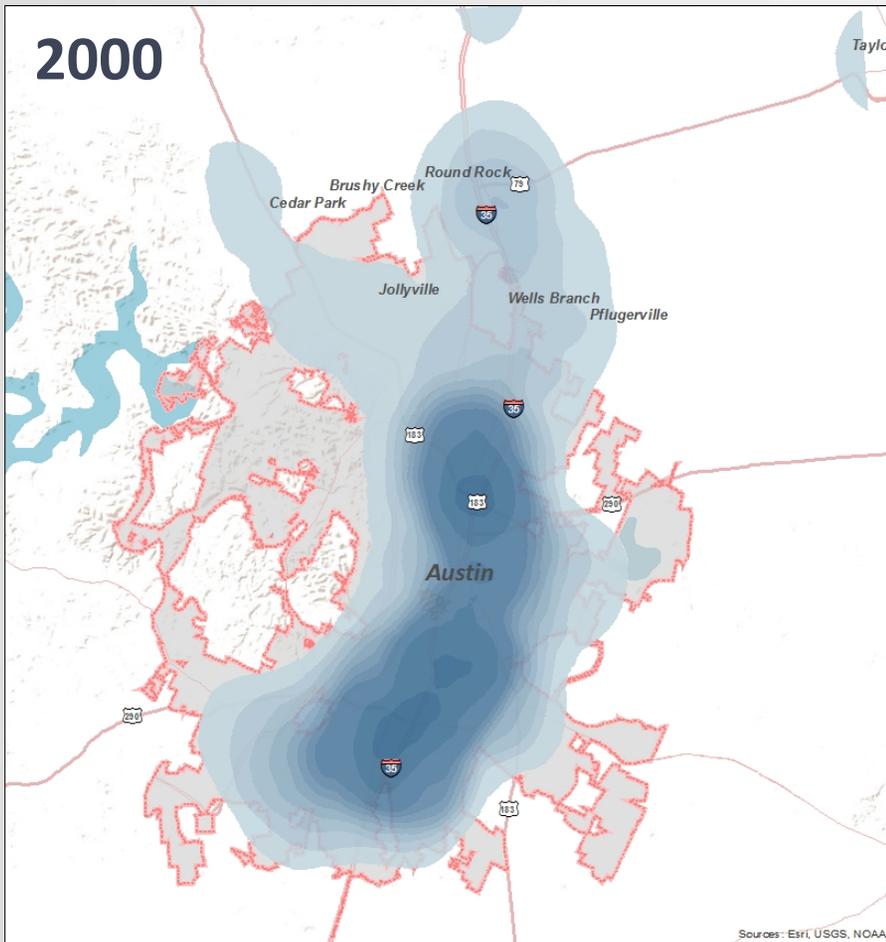
African American Population
2010 Census

Low Density
Moderate Density
High Density

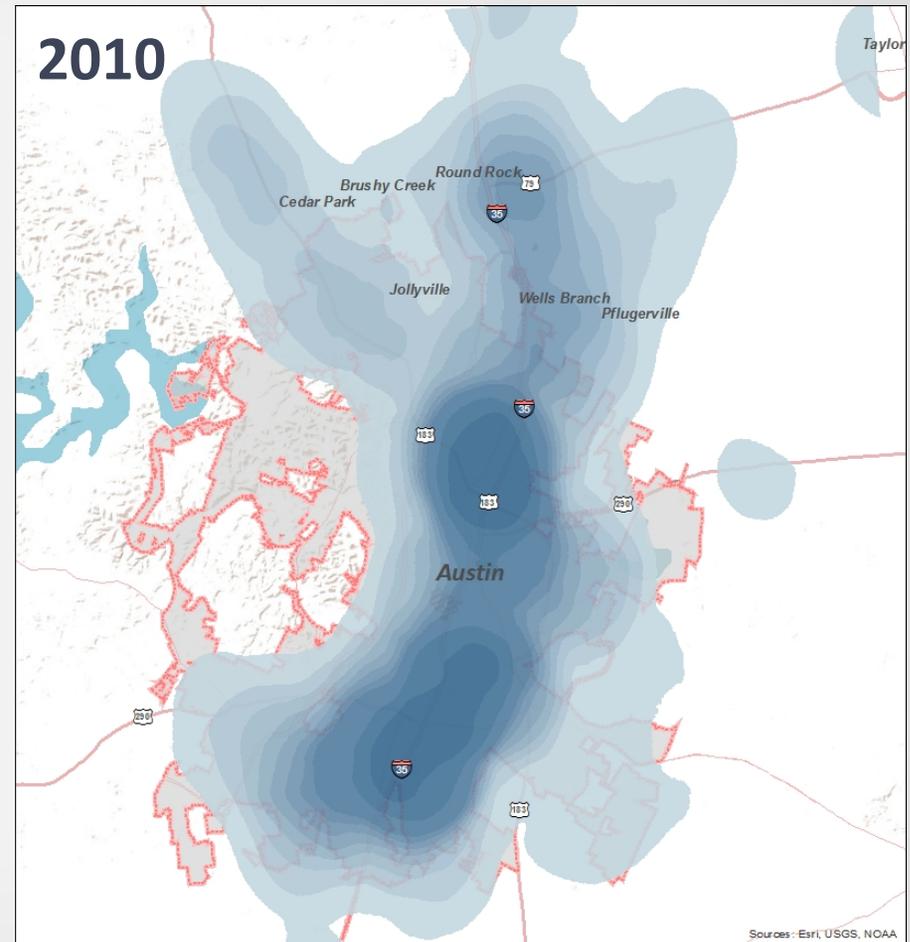
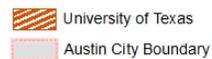
University of Texas
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Where have minority households gone?

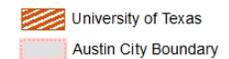
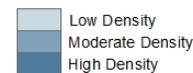
Hispanic Population



Hispanic Population
2000 Census



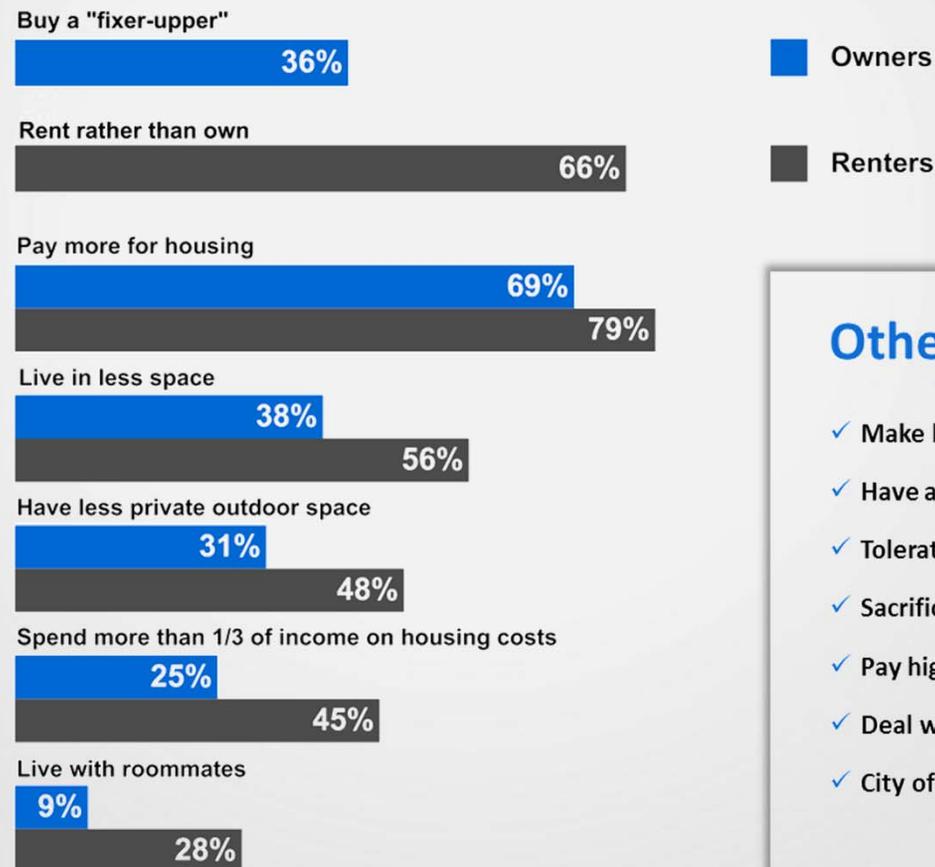
Hispanic Population
2010 Census



What residents told us about their housing needs

TO LIVE IN AUSTIN, I WAS WILLING TO...

Many residents make tradeoffs in order to live in Austin



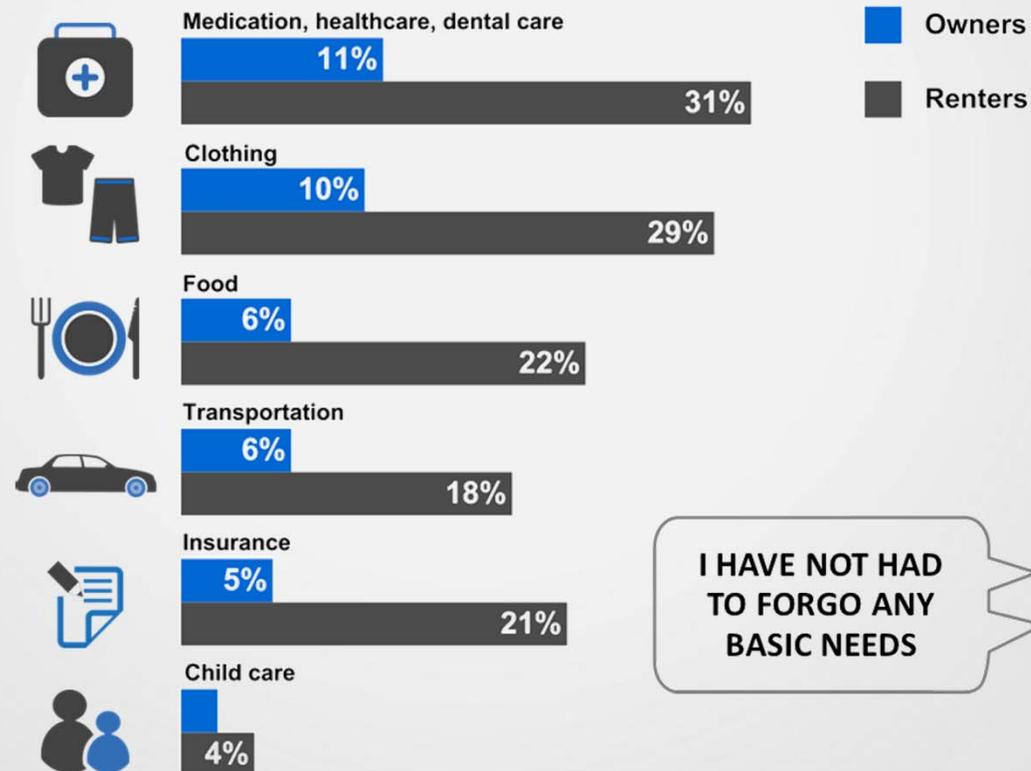
Other tradeoffs

- ✓ Make lower pay
- ✓ Have a longer commute
- ✓ Tolerate more crime
- ✓ Sacrifice school quality
- ✓ Pay higher property taxes
- ✓ Deal with traffic
- ✓ City of Austin policies

What residents told us about their housing needs

**TO AFFORD MY HOUSING COSTS
I HAVE REDUCED/GONE WITHOUT...**

Some Austin residents forgo basic needs to help offset housing costs

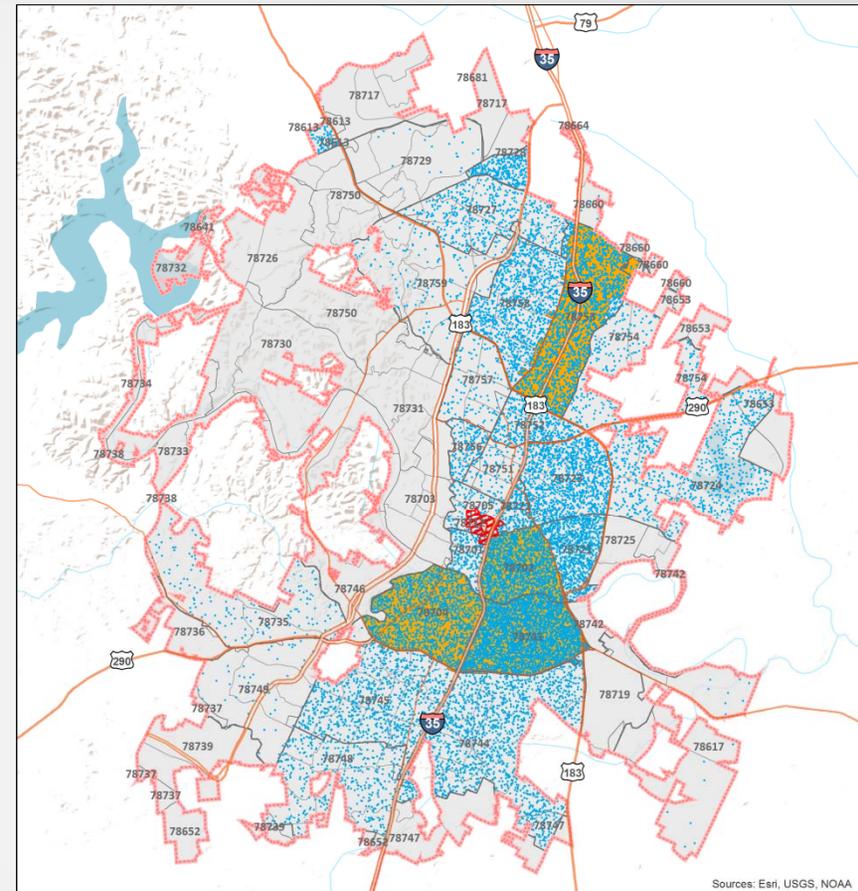


What residents told us about their housing needs

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

Housing market affordability

- Overall, renter incomes have not kept up with increased rents. Median rent is **\$200** more per month than in 2000
- Publicly subsidized rental units are concentrated in a handful of ZIP codes (78741=18%, 78753=10%, 78702=9%, 78704=9%)



Subsidized Housing by ZIP Code

● 1 Dot = 1 Subsidized Rental

■ ZIP codes with the highest concentration of publicly subsidized housing

□ Austin City Boundary

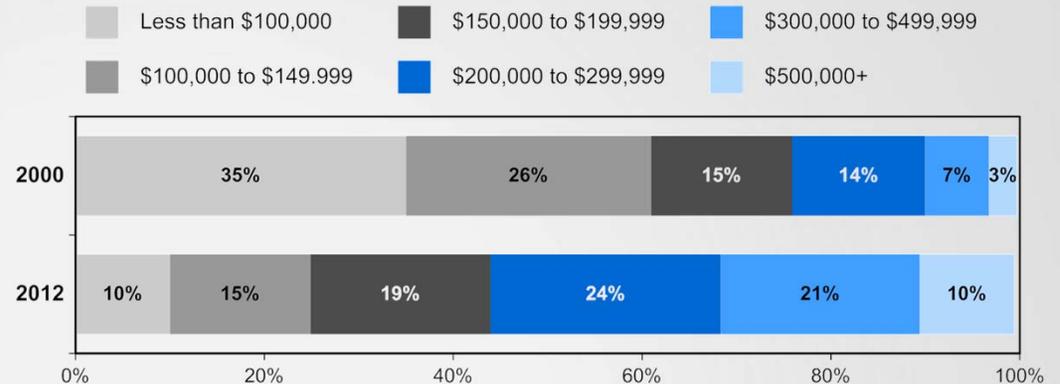
▨ University of Texas

Housing market affordability

- Shortage of affordable rentals has increased from 37,500 in 2008 to 40,900 units
- Increase almost entirely driven by loss of rentals affordable for \$20,000 to \$25,000 income households (5,000 units)
- Gap would be worse had the supply of deeply subsidized units not increased. Proportion of units affordable to <\$20,000 households (4%) stayed the same as in 2008 despite a growth in poverty.

Housing market affordability

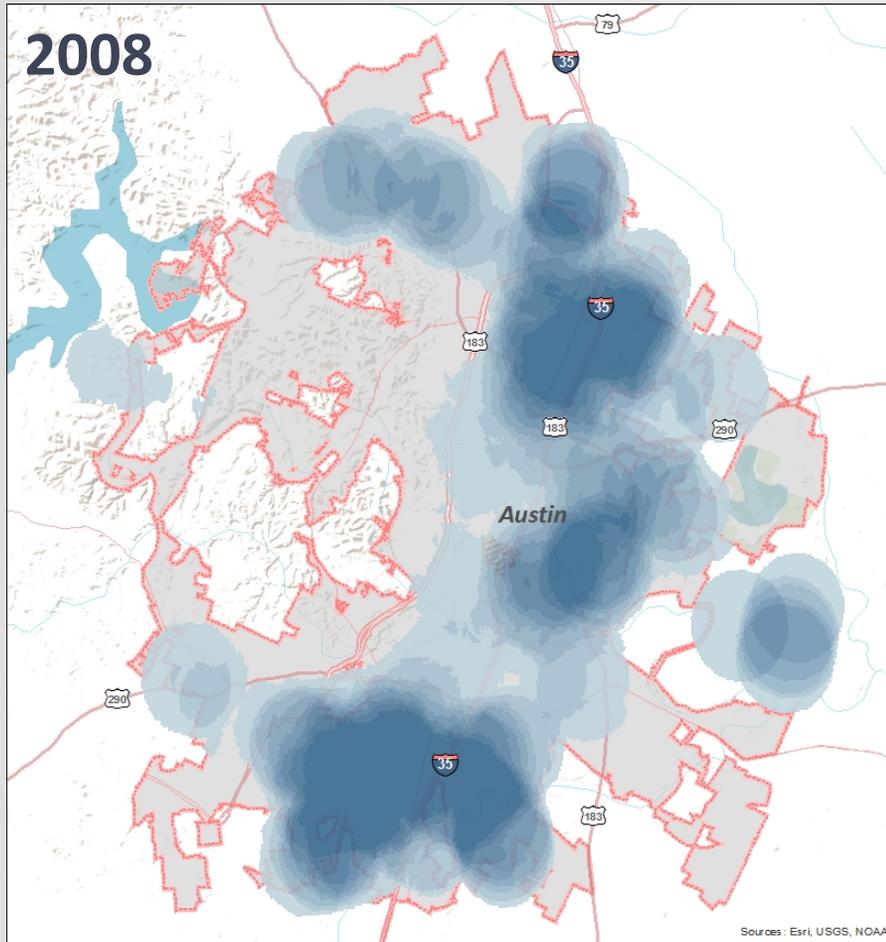
Home values have risen considerably, with 10% priced under \$100,000 (v. 35% in 2000)



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

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

Change in affordability 0% to 80% of 2008 MFI

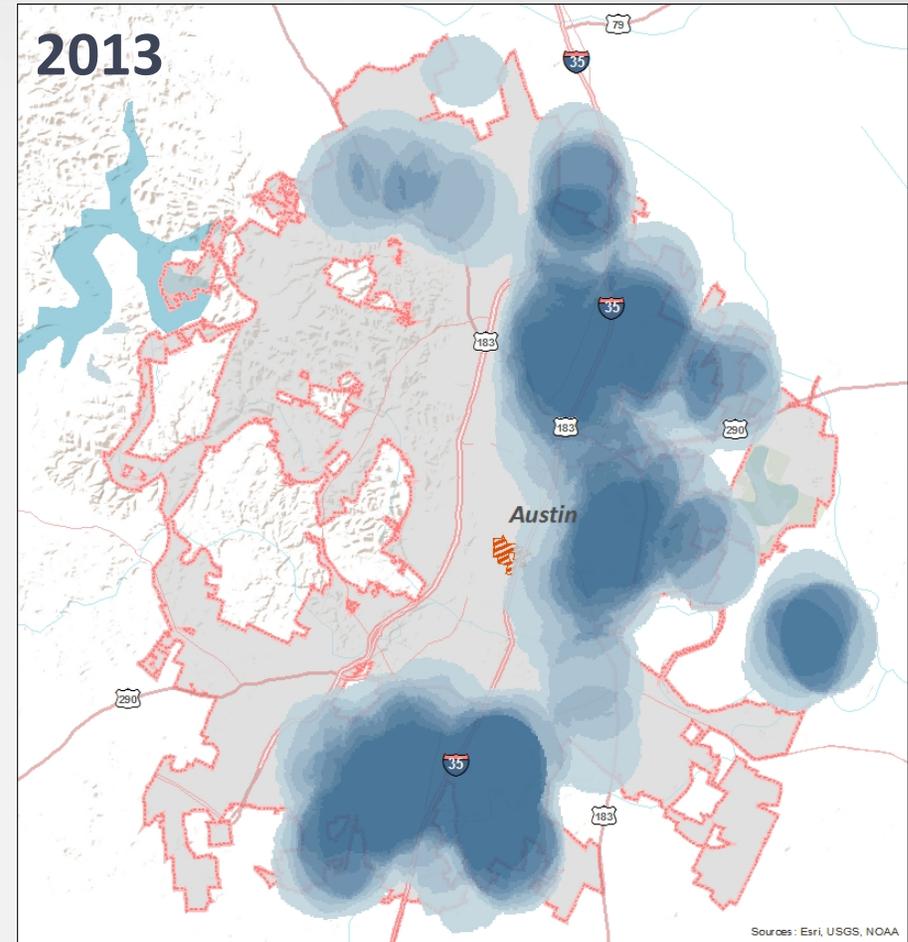


Sources: Esri, USGS, NOAA

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

Low Density
Moderate Density
High Density

University of Texas
Austin City Boundary



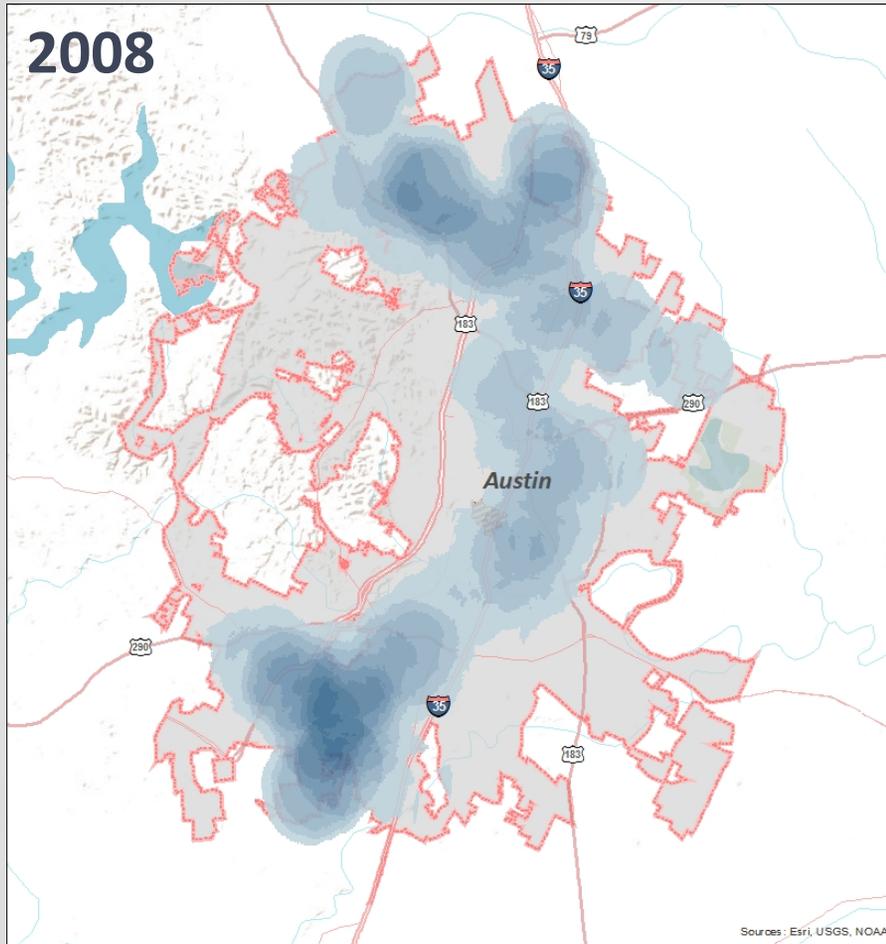
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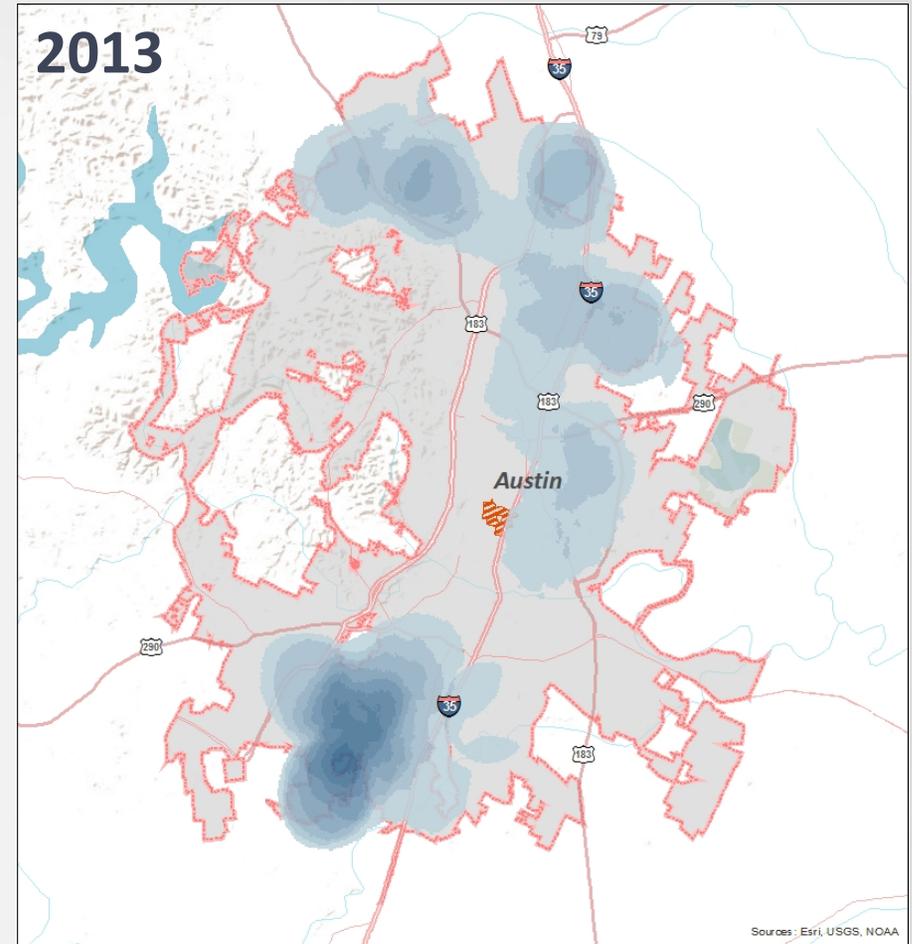
Change in affordability 81% to 95% of 2008 MFI



2008 Inventory:
Density of Detached Single Family Units
Affordable to 81% to 95% of 2008 MFI at 2008 interest rates
(\$178,166 to \$211,281)

 University of Texas
 Austin City Boundary

 Low Density
 Moderate Density
 High Density



2013 Inventory:
Density of Detached Single Family Units
Affordable to 81% to 95% of 2008 MFI at 2008 interest rates
(\$178,166 to \$211,281)

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 Austin City Boundary

 Low Density
 Moderate Density
 High Density

Gap summary

Gap in Rental and Homeownership Supply and Demand, 2012

843,000 people

331,000 households



45% Owners
(148,000 households)



55% Renters
(183,000 households)



Renters earning <\$50,000

2012	2008
20% <u>detached</u>	v. 16%
42% <u>attached</u>	v. 36%

Renters earning <\$75,000

2012	2008
47% <u>detached</u>	v. 44%
66% <u>attached</u>	v. 64%

Units affordable to renters wanting to be owners

33% earn <\$25,000
(60,000 households)

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

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

(Ownership market more affordable only due to declining interest rates)

Housing market affordability

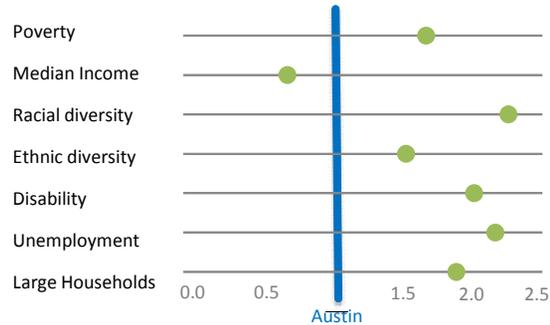
- **Housing Market Study (HMS) included zip code level model with equity and affordability indicators**
- **Definitions and output for every zip code contained in Appendix A**

Housing market data

AUSTIN ZIP CODE XXXXX

Socioeconomic Make-Up

Socioeconomics for this ZIP code relative to the city overall:



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

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

Is this ZIP code at risk of gentrification?

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

change in median rent



change in median value



Housing Affordability

Median Home Value: \$121,000

Median Rent \$870

Homeownership for residents earning less than \$50,000

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

Rentals for residents earning less than \$25,000

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

Odds that workers can afford to...



Retail and service workers
(earning about \$24,000 per year)

Buy

12%

Rent

25%



Artists & Musicians
(earning about \$31,000 per year)

22%

39%



Teachers
(earning about \$48,000 per year)

57%

84%



Tech sector professionals
(earning about \$84,000 per year)

95%

100%

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

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

Transportation

89% of ZIP code residents live within a half mile of a transit stop
\$657 is the average monthly transportation cost for workers of this ZIP code
41% of housing + transportation costs in this ZIP code are transportation-specific

Housing barriers

- Subsequent analysis more directly examines barriers to fair housing choice in Austin (Analysis of Impediments to Housing Choice, or AI)
- AI focuses on protected classes and housing choice (race, ethnicity, disability, familial status)

Preliminary findings:

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

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

Housing barriers

- **Location of affordable housing contributes to protected class concentrations**
 - Racial and ethnic minorities make up 81% of residents in high poverty, racially/ethnically concentrated areas v. 23% of overall population
- **Concentrated areas have aging community amenities, lower performing schools, high rates of unemployment and crime → lack of opportunity for protected classes**
- **City efforts to create affordable housing are limited by state law. The efforts in place may not produce units that benefit protected classes. Units may not be distributed throughout the city**

Housing barriers

Private practices contribute to housing barriers through:

- **Noncompliance with fair housing accessibility requirements**
- **Rental requirements (unreasonable look back periods, complicated rental agreements)**
- **Much higher rates of mortgage loan denials**
- **Steering of prospective homebuyers to certain neighborhoods**

Recommendations to address affordability and housing barriers

- **Adopt “early win” regulatory fixes now (Code Diagnosis)**
- **Make better use of public assets**
 - Set aside publicly owned land for mixed-income development
 - Make better use of land banking
 - More aggressively use land trusts
- **Pursue public private partnerships**
 - Explore joint effort to create a community development financial institution (CDFI), for both housing development and consumer lending, and/or transit oriented development (TOD) fund. It is critical for nonprofit and private affordable developers to act fast in this market

Recommendations, continued

- **Establish an overall affordability goal for the city**

- Boulder and Flagstaff use 10%; similar to Austin program requirements
- Manage to the goal

For example:

Require that any entitlements or funding received by developers in a geographic area move neighborhood closer to target (“target+”).

Target should not limit provision of affordable units in “oversupplied” neighborhoods (e.g., no cap on funding when affordability target is met). Preservation and creation of affordable units in these areas is important to prevent low income resident displacement.

Recommendations, continued

- **Examine impact of city housing subsidies (e.g., density bonuses) on protected classes**
- **Work with public housing providers to test programs enabling persons with disabilities in areas close to transit and services**
- **Improve builder compliance with fair housing accessibility rules (training, dedicated inspector)**
- **Require reasonable look back period and acceptance of voucher holders in city-funded projects**
- **Conduct matched-paired testing to better understand private sector barriers and determine solutions**
- **Work with surrounding communities to examine fair housing barriers on a regional level**

Discussion/Questions?