



Who Can Afford Austin's Affordable Housing?

A Survey of Affordable Unit Residents in the 78702 Zip Code

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The City of Austin must supply its growing population with a range of Affordable Housing options to meet resident demand. Currently, Affordable programs are targeted to specific income levels based on the overall Austin-Round Rock area. These targets do not reflect income diversity across Austin zip codes and demographics. We wanted to know how city-supported programs are impacting their intended beneficiaries. We explored this question by surveying residents of Affordable rental units in 78702 that are supported, and monitored, by the city.

EXECUTIVE SUMMARY

The City of Austin, Texas, has struggled with the complex problem of affordability for decades.¹ As a fast-growing metropolis currently home to nearly 950,000 residents, the issue of affordability is as pressing as ever, with multiple city initiatives in housing,² building code revision,³ municipal planning,⁴ transportation,⁵ and education⁶ linked to the central question: Who exactly can afford to live in Austin and where do these different segments of the populace live?

Multiple studies have investigated the distribution and characteristics of residents in Austin, and their findings are startling.^{2,7-10} As of 2015, Austin was ranked as the third most economically segregated major metropolitan area in the United States.⁸ Stratification and segregation are linked to intergenerational mobility and, thus, overall prosperity.¹¹ Intergenerational mobility—the ability of children to attain a higher socioeconomic level than their parents—is low when segregation and income inequality are high. This presents a far different picture than the city's "Imagine Austin" vision of a "beacon of sustainability, social equity and economic opportunity...where the necessities of life are affordable and accessible to all."⁴

Despite intense study citywide, significant data gaps complicate analysis of the impact of city-supported Affordable housing programs. (Note: Throughout the report, "Affordable" refers to units/programs directed at residents earning less than 80% of the Austin-Round Rock median family income, while "affordable" is used generically to mean lower cost.) Multiple programs are assessed under different criteria by a variety of governmental and nongovernmental entities, so determining overall impacts and numbers of residents served can be difficult. Data is not consistently centralized and/or standardized. Most importantly, programs are overwhelmingly viewed through the lens of the number of Affordable units provided, with little to no consistent, centralized, and readily accessible information available on the residents of the Affordable units. We sought to address this deficit, beginning with residents within the 78702 zip code.

This is the first of a series of papers profiling the residents of Affordable housing units in Austin. Over the course of the series, we will present a view on affordability that focuses on residents in order to inform broader data-collection and policy planning initiatives. This first paper establishes the landscape and presents survey data collected directly from Affordable unit residents within the 78702 zip code.

Our survey of residents of 100% Affordable rental properties in 78702 revealed that

- These Affordable units are primarily serving residents with extremely low median family income (MFI).
- Resident demographics in these units reflect the demographics of 2000 rather than 2015—that is, before the pressures of gentrification and displacement came into play.
- Currently the Affordable units in 78702 are meeting the needs of extremely low-income Hispanic residents according to pre-displacement (2000) demographic profiles. However, they are underserving the extremely low-income Black population and seriously underserving the extremely low-income non-Hispanic White population.
- Most residents learned about their units through personal networks or through service organization referral, calling into question efforts to digitize Affordable housing listings and application processes.
- Residents are generally happy with their Affordable housing.

Affordable housing programs do not currently collect critical resident demographic data so that they can assess program impact. With at least 11,000 units proposed or in process under various city programs,¹² we need systems to collect this data enacted now. Subsequent studies will explore subjective resident experience and compare 100% Affordable unit properties to those with 50% or fewer Affordable units.

BACKGROUND

This disconnect between the vision of an affordable Austin and our reality exists despite multiple initiatives¹³ that seek to make the cost of housing, the single largest living expense for most Austin residents,¹⁴ attainable and equitable. These programs are funded and managed, at the city, county, and/or federal levels.

In Austin, two U.S. Department of Housing and Urban Development (HUD)-funded public housing authorities, HACA (the Housing Authority of the City of Austin) and HATC (the Housing Authority of Travis County) directly provide 2,083 Affordable housing units and distribute 6,483 housing vouchers.⁷ The largest HACA voucher program, Housing Choice, is available to residents earning \leq 50% of the MFI for the HUD-designated metropolitan area of Austin-Round Rock. As of 2017, this means earning no more than \$28,500/year for a single person and no more than \$40,700/year for a family of four. Other voucher programs, as well as the Affordable housing rental units themselves, are available to residents earning \leq 80% MFI, with specific tiers dependent on the program. Non-profit affiliates of the two housing authorities, the Austin Affordable Housing Corporation and the Strategic Housing Finance Corporation, provide an additional 4,436 Affordable units.⁷ Please note that there are overlaps in these programs. For example, residents may receive Housing Choice vouchers and apply them to Austin Affordable Housing Corporation-operated units.

Additional Affordability programs administered by the City of Austin Neighborhood Housing and Community Development (NHCD) Department are intended to increase the number and breadth of Affordable housing options. These have been supported by a combination of federal and local funding sources, including past city bond initiatives. Two of the programs provide favorable loans to developers to build or rehabilitate properties for rental or purchase—the Rental Housing Development Assistance (RHDA) and the Acquisition and Development (A&D) programs. Affordable units in the two programs are primarily targeted towards residents earning \leq 50% MFI, though overall scoring of RHDA and A&D applications depends on the total number of Affordable units, the distribution of Affordable units with respect to MFI, the location of the property, the affordability period, and whether certain high-need populations are served. Austin has 180 A&D Affordable units and 3525 RHDA Affordable units.¹²

Under a third NHCD-monitored initiative, Developer Incentive or Density Bonus (DB) programs, developers receive code variances for items such as increased density or increased footprints in exchange for providing an agreed-upon percentage of Affordable units in their properties. Developers may also pay fees into an affordable housing fund in lieu of constructing units themselves. Austin currently has 2,413 Affordable units created through DB.¹² DB is in effect in high density areas and transportation corridors throughout Austin; each area has slightly different allowable parameters.

All told, these numbers demonstrate how much remains to be done. The programs detailed above provide 12,637 Affordable housing units in Austin for residents \leq 80% MFI. The City of Austin will need 60,000 additional Affordable units \leq 80% MFI by 2025 to keep pace with population growth.¹² And that is simply to maintain the current state of affordability. Further curbing costs for high need residents, or providing housing to a higher number of our extremely low-income residents, would require even more units added. To be clear, there are significant affordability issues at higher % MFIs as well, some of which are addressed through homebuyer and renter assistance programs. But for the scope of our study we focused on units intended to serve the population \leq 80% MFI.

METHODOLOGY

A previous study by Vanstone compared the income distribution in 78702 with MFI values for the entire Austin-Round Rock metropolitan area.¹⁵ Since Affordability programs are tiered by overall metropolitan MFI, they do not adequately address demographic differences in MFI. This is of particular interest for areas of the City undergoing demographic shifts due to gentrification, as inappropriately priced housing can accelerate displacement of long-term residents.¹⁶⁻¹⁷ The 78702 zip code encompasses much of east Austin, an area that has housed a high percentage of African American and Hispanic residents for most of the city's history: East Austin was first settled due to land price and availability, then later intentionally reinforced as a segregated zone by Austin's notorious 1928 City plan and decades of red-lining.¹⁸

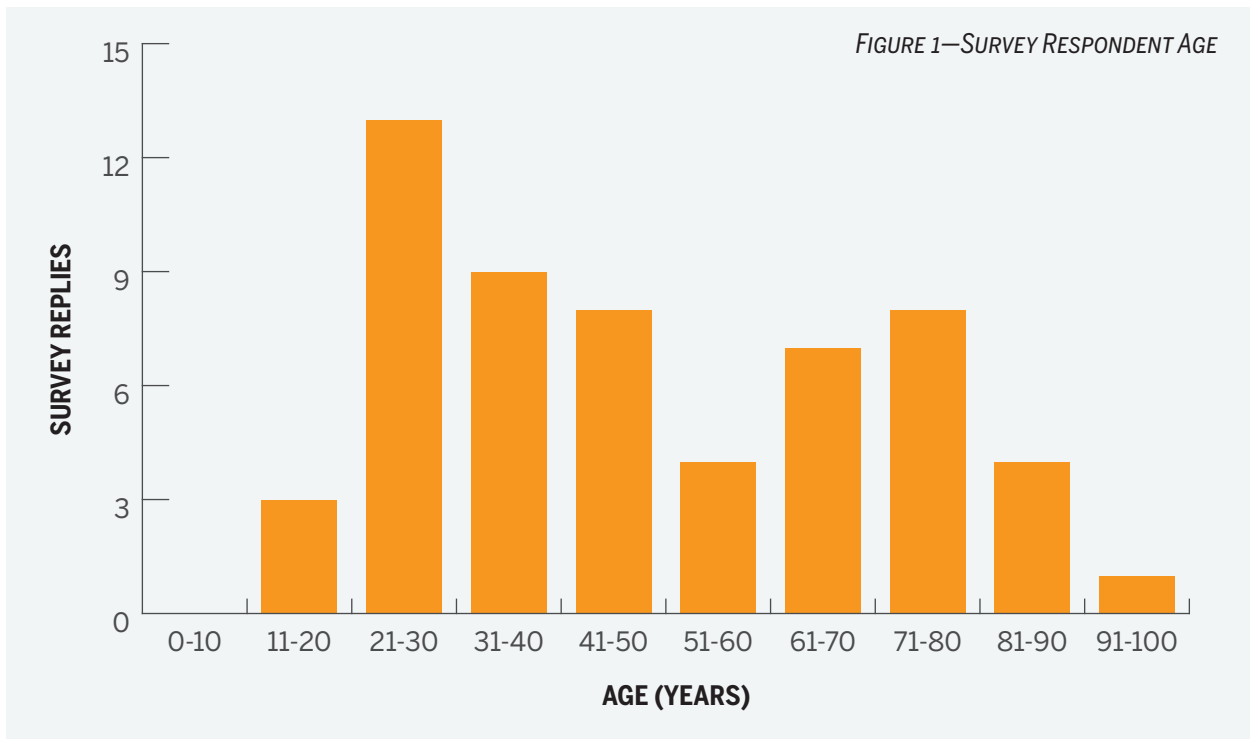
We maintained focus on 78702, but shifted our attention to residents. There are 702 Affordable units in 78702 (674 of these are rentals).¹² We designated 441 of the 702 as 100% Affordable properties—this includes single family units, duplexes, and multifamily complexes in which all of the units are Affordable units. The remaining 261 units are distributed across multifamily complexes ranging from 10% to 98% Affordable. Our initial survey sought to characterize the residents of Affordable units in 100% Affordable properties.

We delivered standardized surveys door-to-door to assess demographics, background, and self-reported quality of life in three multifamily complexes and nine single-family units. Surveys were anonymous and data was only analyzed in aggregate—thus, no survey could be associated with a resident or a property. Survey methodology was approved by Huston-Tillotson's Institutional Review Board. In total, we collected surveys representing 13.4 % of the units in 100% Affordable properties. Data were analyzed in MATLAB. Reported median family income was compared to Austin-Round Rock MSA median family values for the appropriate household size. Race and ethnicity responses for surveys which indicated Hispanic ethnicity but not Latino race were tallied twice; thus combined ethnicity and race percentages exceed 100%.

RESULTS

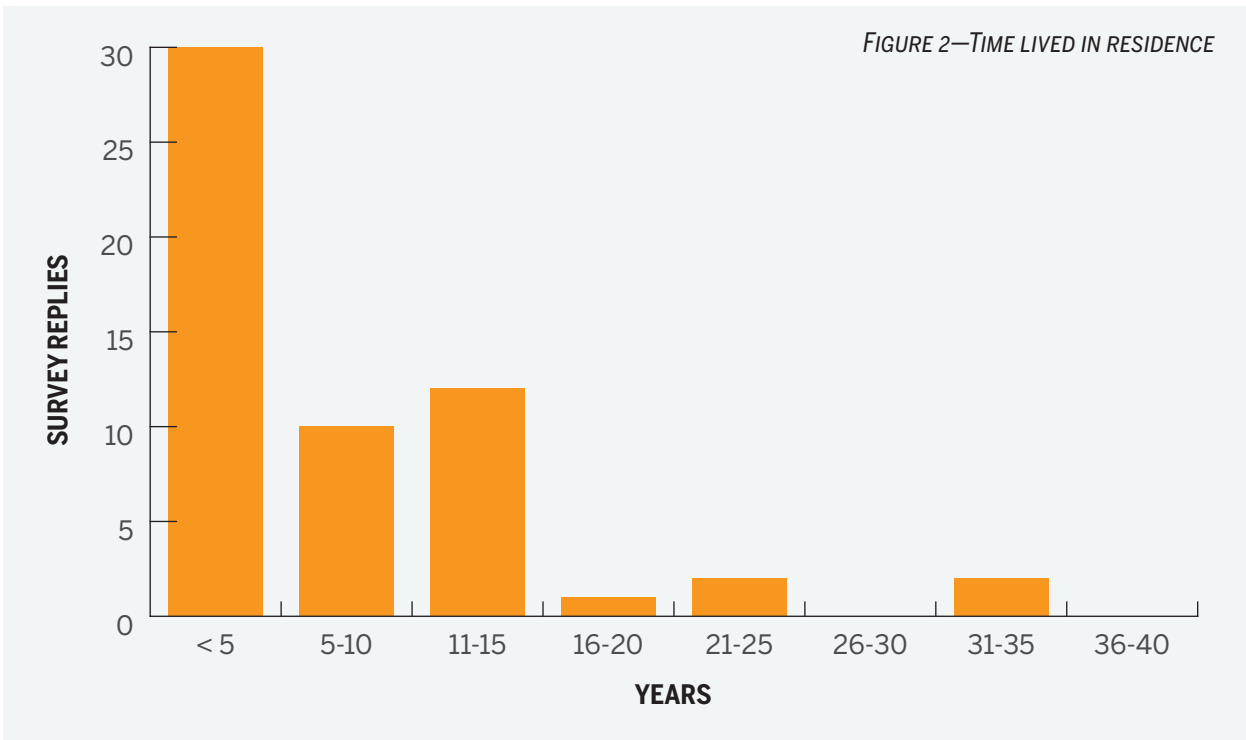
Figure 1 displays age distribution of respondents. The distribution is bimodal; median age is 43 years (average age 48), with a significant younger and older population present. Median age of the general population in 78702 is 32. Some units enacted policies focused on selected vulnerable populations; hence we would expect Affordable residents to be younger (e.g. foster-care children transitioning from care) and older (e.g. retirees) than the general population. Furthermore, several of those surveyed identified as students. These two factors potentially explain the bimodal age distribution.

The majority of those surveyed were female (63%), which is a higher percentage than the general population in 78702 (50% female). One reason for the gender skew owes to the majority of single-parent families having a female head of household (80%). But, even in multi-adult residences, females were more likely to respond. In those instances, 70% of respondents were female, suggesting that women were more likely to complete the survey.

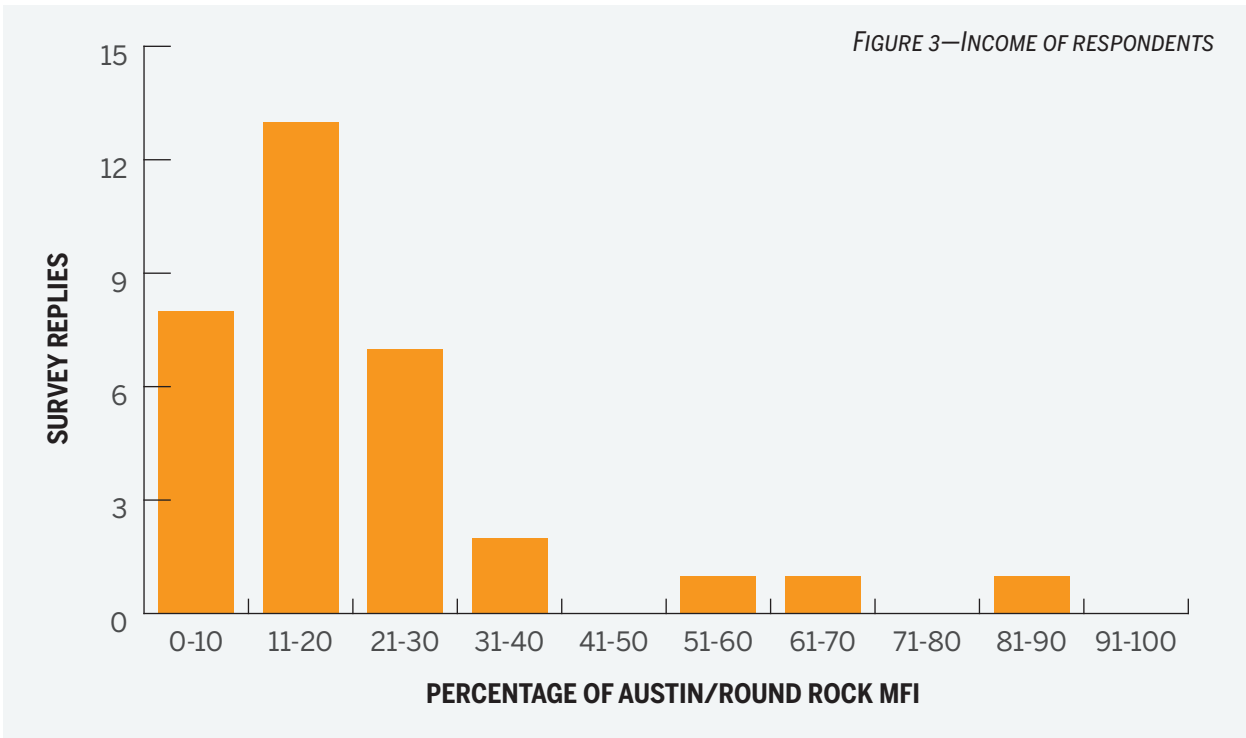


The median number of adults per residence is 1 (average 1.5) and the median number of children is 0 (average 1.2), with almost half of all houses having no children (46%). The median number of adults per residence in 78702 is 2, with about half having children in them. A likely source of fewer people and children per unit relates to a higher representation of the elderly in Affordable housing, with most of the childless residences containing a single adult of median age 69 (average 65).

Figure 2 displays the time that survey respondents had lived in the residence. It is clear that many residents have not been in their Affordable unit long, with median residence of 4 years (average 7). The median age of residents who have lived in affordable housing more than 10 years is 74 (average 64), suggesting that many younger people treat this type of Affordable housing as a more temporary option, while the elderly tend to stay. Younger residents may also be more likely to eventually exceed the 140% MFI cap on income prescribed for continued residence in an Affordable unit.



The median monthly income of survey residents was \$800 (average \$1,182), which is significantly lower than that of 78702 overall (median monthly income of \$3,200 in 2015). Monthly income of 78702 residents varies significantly with race, with a lower median monthly income for Black (\$1,800) and Hispanic (\$2,500) households. Nonetheless, the median monthly income of the survey respondents is less than half of the median for any race/ethnicity in 78702. *Figure 3* shows the income of the respondents normalized by the Austin-Round Rock MFI. It is clear that this Affordable housing serves some of the poorest households in Austin, with a median income of 17% MFI (average 25% MFI). Although the RHDA program is designed to provide Affordable housing to residents \leq 50% MFI, these units are serving the extremely low-income section of the community (defined as \leq 30% MFI).



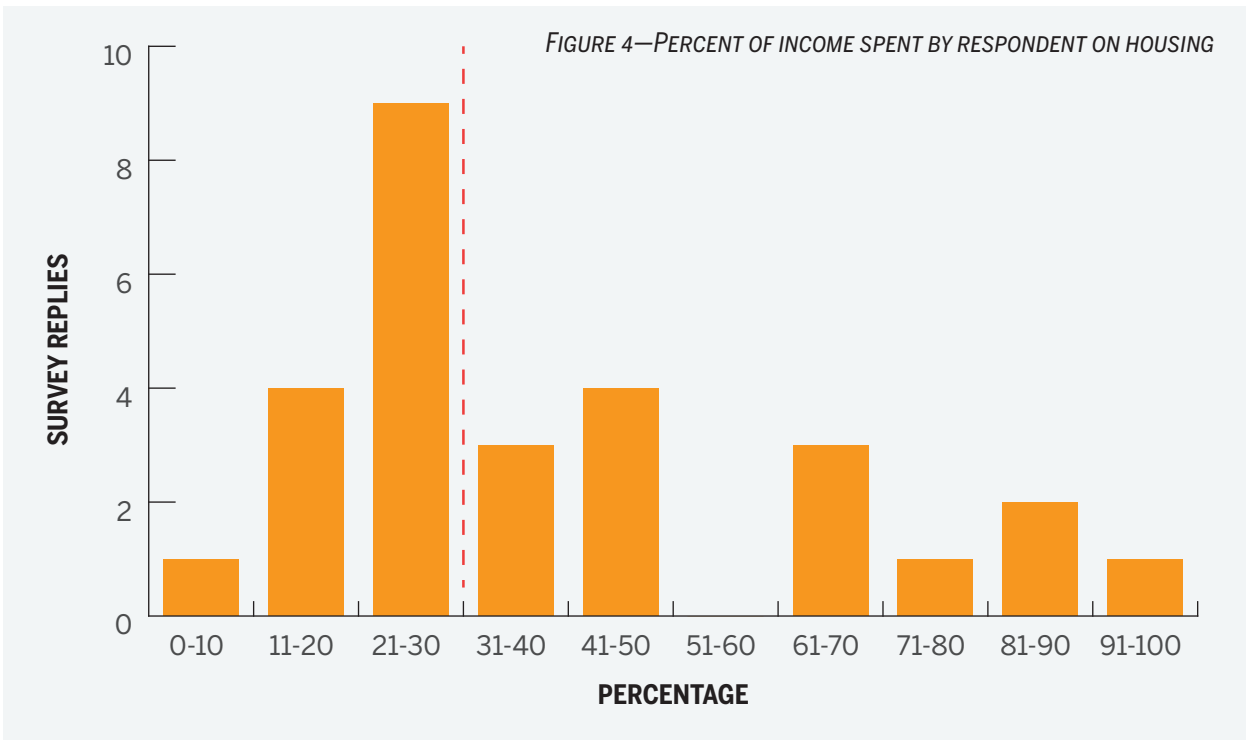


Figure 4 shows the percent of monthly income spent on housing, with 45% of all respondents spending more than 30% of their monthly income on housing (median 33%, mean 42%). HUD defines affordable housing as costing less than 30% of monthly expenditures. This raises some question as to how affordable Austin's Affordable housing really is, given that 45 % of the respondents are cost-burdened. Provisionally, this implies that even Affordable housing in Austin does not meet the HUD standard, although more investigation is warranted. Respondents may have accounted for income from social security vs. wages differently, for example. It is also likely that residents reported rental cost based on housing vouchers. Follow-up work will allow us to clarify this initial result. Despite this apparent income pressure, the majority (74%) of surveyed residents were happy with their accommodation, with very few (7%) unhappy (Figure 5).

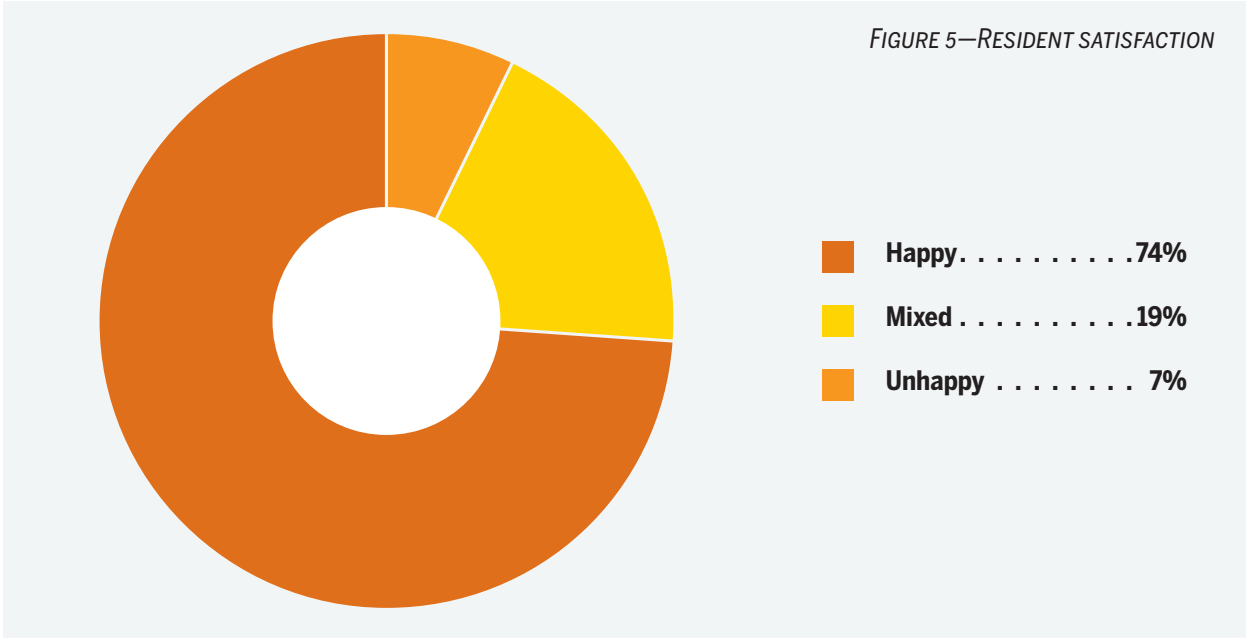
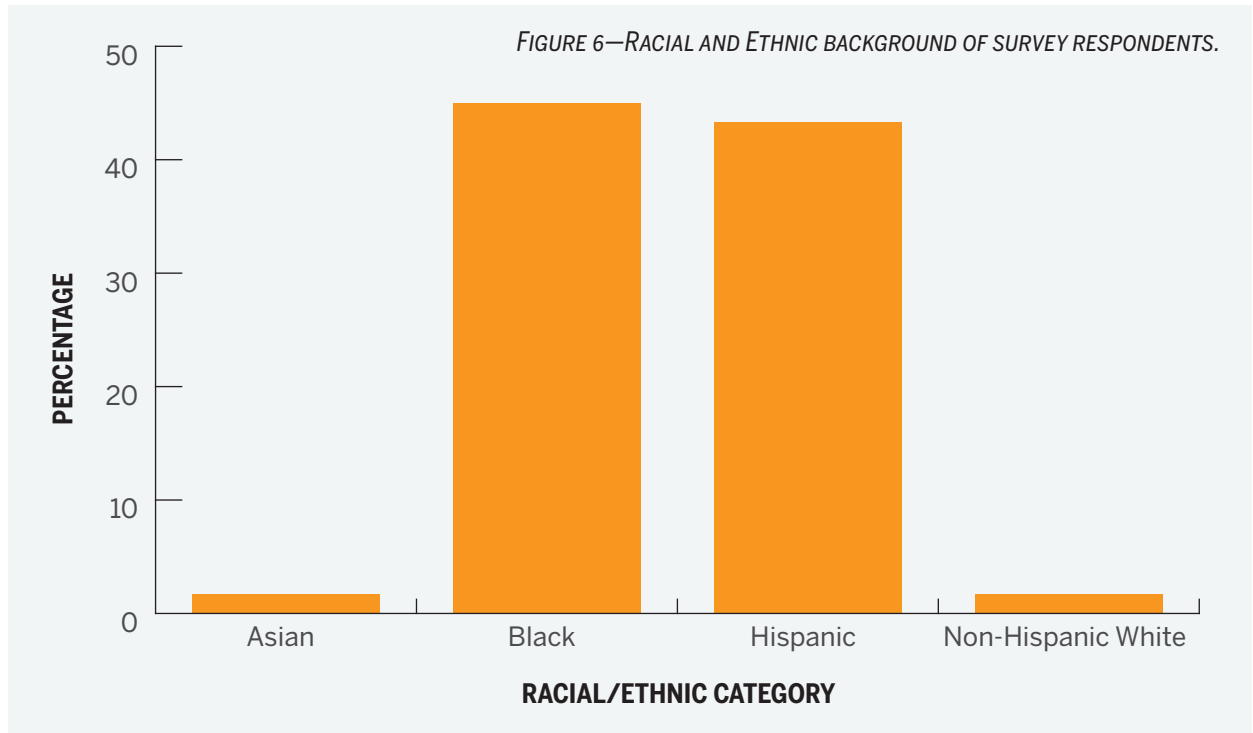
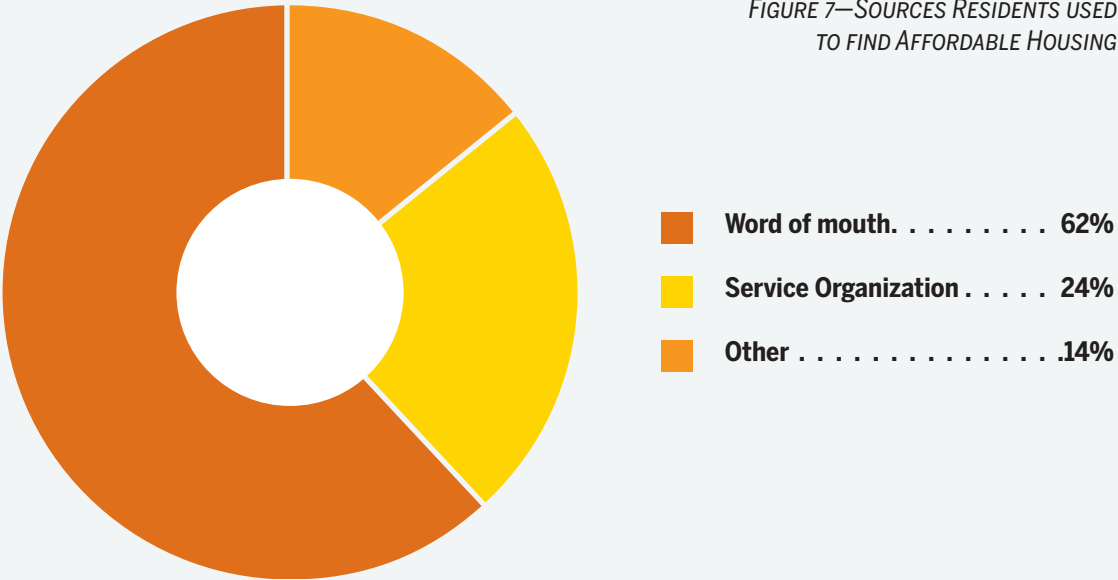


Figure 6 shows the racial and ethnic response from the surveys; most residents identify as non-White, with 47% identifying as Black, 46% as Hispanic or Latino, 2% Asian and 8% outside of these definitions. (See Methodology for notes on interpreting race and ethnicity.) The 2015 US Census survey in 78702 found 41% Hispanic, 39% non-Hispanic White, 16% Black, 3% Asian and 10% identifying outside of those definitions. Thus, the number of Hispanic and Asian survey respondents appears representative of current demographics in 78702. Survey respondents featured a disproportionately high number of Black residents and disproportionately low number of non-Hispanic White residents.



Gentrification occurs when an area experiences an influx of a high socioeconomic population into a historically economically depressed area. As property values and the costs of living increase, long-term, lower-income residents are displaced. This has been well documented in 78702.¹⁶ Interestingly, the demographics represented in the survey results are much more representative of 78702 in 2000, which then included a greater proportion of Black and Hispanic populations and a lower percentage of non-Hispanic White population. This occurred despite the fact that most residents had not lived in their units for over 10 years (Figure 2). 62% of residents did learn about their Affordable unit through personal networks (Figure 7), even detailing the friend or family member who served as a connection. This may have helped to preserve pre-displacement 2000 demographics. Indeed, 46% of respondents moved to their current unit from another address within 78702. Another 24% were referred through a service organization. Of the 14% who discovered the unit through other means, only 7% indicated that they used online sources. This has serious implications for efforts to create Affordable housing apps and digitizing the application process. Doing so may inadvertently exclude a large portion of beneficiaries of Affordable housing.

FIGURE 7—SOURCES RESIDENTS USED TO FIND AFFORDABLE HOUSING



An additional reason for resident demographics reflective of 2000 rather than 2010 is that MFI differs considerably across racial and ethnic categories in 78702. The Affordable housing developments examined serve extremely low-income sections of the community ($\leq 30\%$ MFI). The population from each demographic that might be expected to earn less than 30% MFI can be predicted using income distributions for 78702. Hence, it is possible to predict the need for 30% MFI housing by demographic within 78702 using 2015 and 2000 Census data.

Figure 8 shows the projected percentage of the population that qualifies for $\leq 30\%$ MFI housing by demographic in 78702. The proportional need in the non-Hispanic White and Hispanic population has not changed significantly, while Black and Other have dropped significantly since 2000. The drop in proportional need for the Black and Other demographics is a result of their diminishing population within 78702 and not due to a significant increase in median earnings. Put simply, the Black and Other demographics are not getting richer; they are leaving the 78702 region^{16,17}.

FIGURE 8—PROJECTED ETHNIC BACKGROUND OF INDIVIDUALS IN 78702 EARNING $\leq 30\%$ MFI FROM 2000 (A) AND 2015 (B) CENSUS DATA

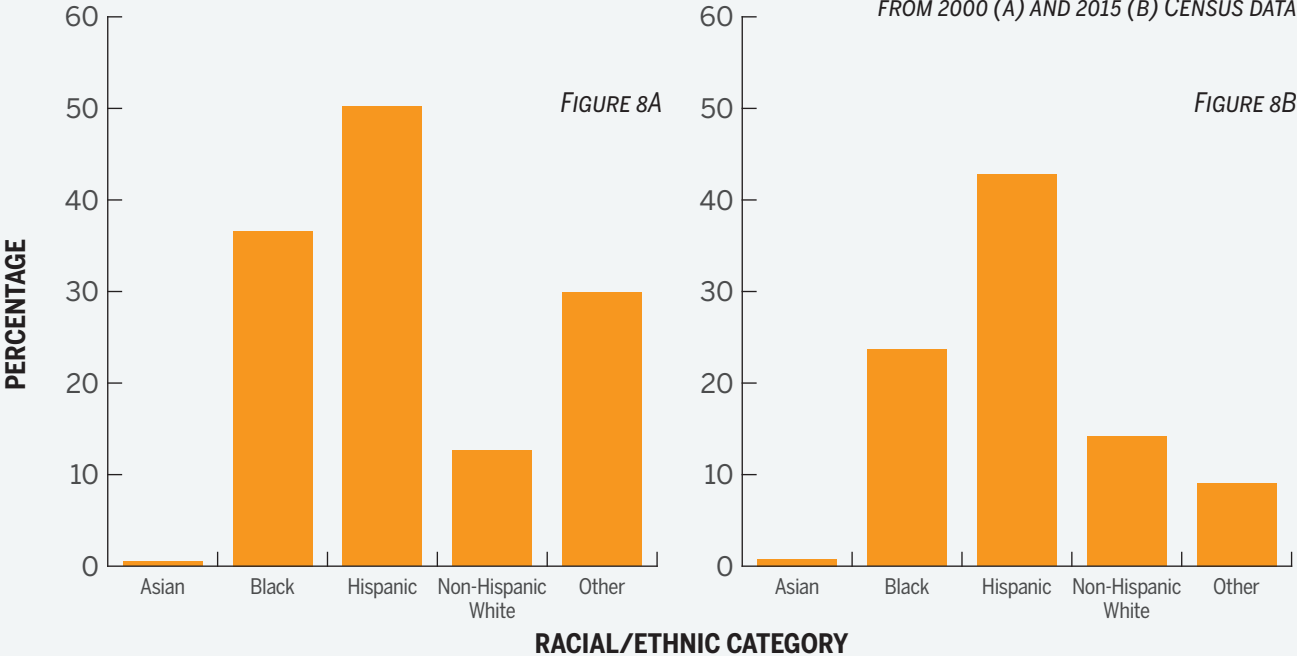


FIGURE 9—MET NEED FOR $\leq 30\%$ MFI HOUSING BASED ON 2000 (A) AND 2015 (B) CENSUS DATA OF 78702 DEMOGRAPHICS. (A) IS REPRODUCED IN (C) BUT WITH BLACK AND OTHER DEMOGRAPHICS COMBINED.

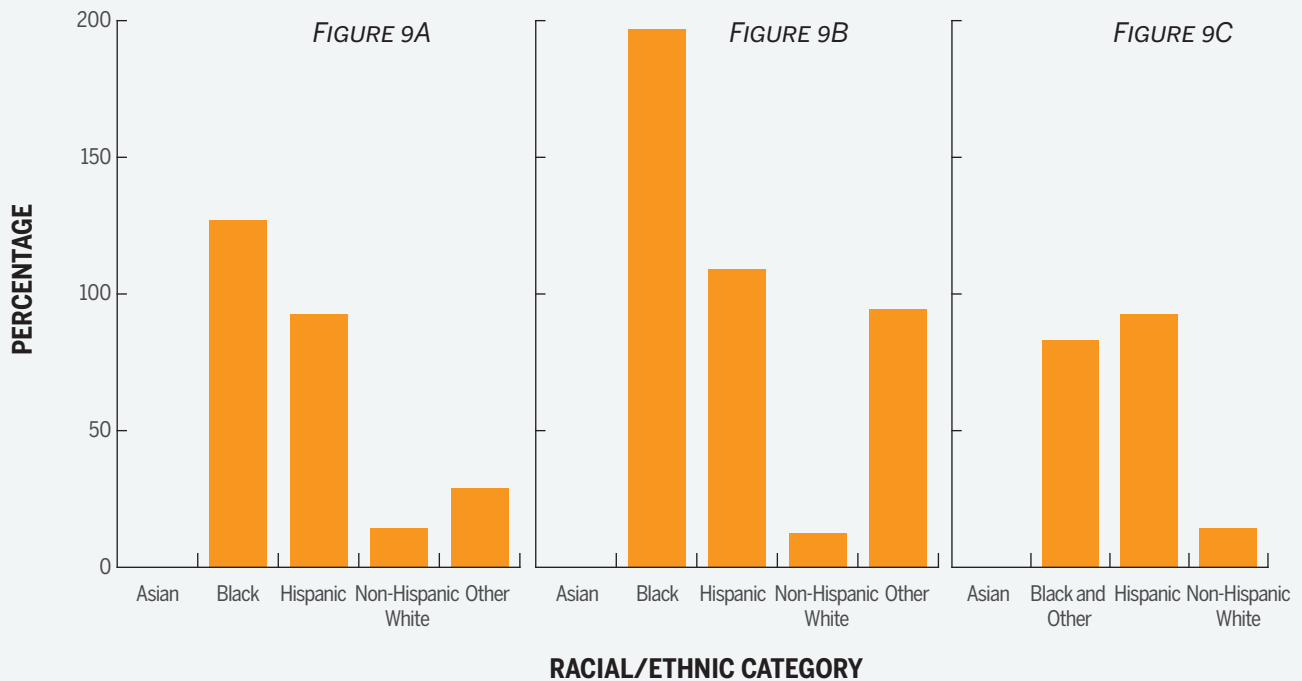


Figure 9 shows the projected proportional need for $\leq 30\%$ MFI housing in 78702 for 2000 (A) and 2015 (B) normalized by the supply implied from the survey results. (Note that the population size of the Asian demographic is too low in the survey and Census data to achieve statistical significance and was omitted from this analysis.) Based on demographically stratified need according to 2015 population numbers (Figure 9B), the extremely low-income Black and Other demographics are significantly overserved. The extremely low-income Hispanic demographic is slightly overserved and the extremely low-income non-Hispanic White demographic is severely underserved. Based on the needs of the 78702 community in 2000 (Figure 9A), the extremely low-income Hispanic community is ideally served, the extremely low-income Black demographic is slightly overserved, and both the extremely low-income non-Hispanic White and Other demographics are severely underserved. A vast majority of the Other category from Census data is comprised of two-race families, most of which were Black and some Other. In the survey, respondents were asked to identify their race and not that of the entire family. Hence, it is quite likely many of the survey respondents who identify as Black may well be from a two-race residence. If Black and Other are combined and the proportional met need from (A) is reexamined, Figure 9C is obtained. This suggests that, in fact the met need for extremely low-income Black & Other and Hispanic is much closer to ideal, with a slight underserving of the extremely low-income Black and Other demographics. The extremely low-income non-Hispanic White population remains largely underserved. Further work will clarify mixed-race household demographics and continue to explore the residence patterns of extremely low-income populations.

SUMMARY OF FINDINGS

Surveys of residents of 100% Affordable rental properties in 78702 revealed that:

- These Affordable units are primarily serving residents older and younger than the Austin average.
- These units, and presumably similar units developed through the RHDA Program, are primarily serving extremely low income ($\leq 30\%$ MFI) residents.
- Resident demographics reflect the 78702 demographics of 2000 rather than 2015—that is, before the displacement of African Americans documented by Tang and Ren¹⁶ and Tang and Falola.¹⁷
- Most residents used personal connections and word-of-mouth networks to find Affordable units. This is relevant to Affordable housing digitization plans and may explain why resident demographics remain reflective of pre-displacement (2000) demographics despite relatively short occupancy times.
- Affordable units are meeting the needs of extremely low-income Hispanic residents in 78702 according to 2000 demographic profiles. The extremely low-income Black population is underserved and the extremely low-income non-Hispanic White population is extremely underserved.
- Residents of Affordable units appear to be cost-burdened despite the fact that they are participating in an Affordable program. This bears follow-up for clarification.
- Residents are generally happy with their Affordable units.

We believe that this type of resident data is critically needed to assess program impact. With at least another 297 Acquisition and Development program units and 1,748 Rental Housing Development Association units in the pipeline, plus another 8,986 Developer Incentive/Density Bonus units proposed or in process¹², Austin needs systems to collect this data enacted now. Our next work will explore subjective resident experience and profile residents of Affordable housing in which 50% or fewer units in the property are designated Affordable.

BIOS

Amanda Masino is an Associate Professor of Biology and Director of the STEM Research Scholars at Huston-Tillotson University in Austin, TX. She is affiliated with Huston-Tillotson's Center for Sustainability and Environmental Justice, and researches connections between health and environment, including the genetic diversity of indoor bacteria.

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