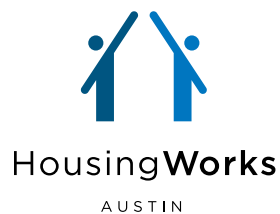


Finding the Balance: Low-Wage Jobs and Affordable Housing in the City of Austin

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The City of Austin &
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Executive Summary

Achieving a balance between affordable housing and low- and moderate-wage jobs helps to create vibrant, diverse communities and contributes to long-term, sustainable growth, as envisioned in the Imagine Austin Comprehensive Plan. Benefits of locating housing and jobs within proximity of each other can include reduced transportation costs (typically the second highest household expense), reduced vehicle miles traveled, reduced traffic congestion, and reduced negative environmental impacts associated with automobile usage.

In this report, HousingWorks explores the relationship between low-wage workers and housing that is affordable to those workers across the entire City of Austin. To explore the jobs-housing balance ratio, HousingWorks utilized employment data from Longitudinal Employer-Household Dynamics (LEHD), data on subsidized housing from the City of Austin's Neighborhood Housing and Community Development Department (NHCD), and data on market-rate housing from Capitol Market Research (CMR).

With 96,709 low-wage jobs, the City of Austin would need to have nearly 65,000 affordable units (30% Median Family Income) dispersed throughout the city, in proximity to jobs, in order to achieve a perfect balance. In contrast, there are only approximately 18,500 subsidized units plus a handful of market-rate units affordable to people at or below 30% MFI in the City of Austin.

Looking at smaller geographic areas, the report highlights seven zip codes (including downtown and surrounding areas) that have significant gaps between the number of low- and moderate-wage jobs and housing that is affordable to those workers. In addition, the report highlights three zip codes with more affordable housing than low- and moderate-wage jobs.

In order to address areas of mismatch and to better link low- and moderate-wage workers with housing that is affordable to them, the City of Austin should carefully consider the following policies:

1. Adopt and Implement Homestead Preservation Districts and TIFs.
2. Invest in Areas that Increase Geographic Dispersion of Affordable Housing.
3. Consider Commercial Linkage Fees.
4. Facilitate Pilot Employer-Assisted Housing Program.
5. Integrate Jobs-Housing Data into Central Texas Opportunity Map.

Details on each of the recommendations are provided in the following report.



Background

Land use patterns in the United States have been shaped by two major factors – (1) transportation advancements and investments (primarily due to the advent of the automobile); and (2) zoning and housing finance policies that gave preference to single use and income-homogenized housing. One of the major impacts on land use has been the separation of uses: housing, recreation, jobs, retail, entertainment have each been assigned their own unique and separate areas of town.

This separation of uses has created a myriad of interrelated impacts, most notably, an increased reliance on automobiles, increased Vehicle Miles Traveled (VMTs), increased traffic congestion, decreased air quality, and increased public infrastructure costs.

These impacts have been notable in the City of Austin. Through both population growth and annexation, the population of the City of Austin has doubled approximately

every 20 years, and this trend is anticipated to continue into the future. To reverse historic patterns of income segregation, the Imagine Austin Comprehensive Plan envisions a compact and connected city, in which all parts of town include a diversity of housing types, employment and educational opportunities, transportation, recreation, and retail.

The Imagine Austin Comprehensive Plan includes eight priority programs, one of which is to develop and maintain household affordability throughout Austin. The city established a short-term goal to “Identify gaps in affordability throughout the city and set numerical targets for housing that is affordable to a variety of households, including workforce, supportive, low-income, families with children, and senior housing.”¹ The result of this Jobs-Housing Balance Report will help to identify those gaps and set targets for increased linkage between jobs and affordable housing.

(1) Imagine Austin Comprehensive Plan, City Council Adopted June 15, 2012, page 202.

What is Jobs-Housing Balance?

Ideally, the number of housing units in a given area should accommodate the number of workers in that same area. If there are a lot of jobs and not enough housing, a housing shortage and escalating housing prices ensue. If there are a lot of housing units and not enough jobs, workers have to travel for employment and significant pressure on transportation infrastructure and increasing household transportation costs ensue.

The American Planning Association (APA) defines jobs-housing balance as a planning tool that can be used to identify and help achieve a balance in the number of jobs and the number of housing units in a jurisdiction. There are several different ways to measure jobs-housing balance including:

- Jobs to housing units (both occupied and vacant)
- Jobs to occupied housing units
- Jobs to households
- Jobs to employed residents

While each of these units of measure has distinct advantages and disadvantages, the most widely accepted measurement of jobs-housing balance is based on a ratio that compares the total number of jobs and the total number of housing units in a particular area.

Jobs-Housing Ratio:

of jobs/ # of housing units

The APA considers the following ratio table to be a standard target for creating balance between jobs and housing:

Jobs-Housing Measurement	Target Standard (Balance)	Target Range (Balance)
Jobs to Housing Unit Ratio	1.5:1	1.3:1 to 1.7:1 1.4:1 to 1.6:1
Jobs to employed resident ratio	1:1	.8:1 to 1.25:1

The target data is based on the assumption that the average number of workers per household is 1.5. However, this target can be adjusted to accommodate a particular character of a community (e.g., large households) or specialized labor force characteristics.

It is important to note that there is no standard numerical equation for the perfect jobs-housing balance. In fact, there is both a quantitative and qualitative aspect to jobs-housing balance. Numerical equality could be achieved but the labor force could be completely mismatched with the housing availability. For example, a factory could provide 100 jobs (90% of which are low-wage), while the only available housing is high-end, single-family product. Thus, the jobs-housing balance is a guideline and a tool for achieving harmony and balance.



The table below shows common scenarios of jobs-housing imbalance:²

Jobs	Housing Units	Example
Too Many Low-Wage	Too Few Low-End	Suburban Employment Centers or Edge Cities
Too Many High-Wage	Too Few High-End	Downtown Employment Areas in Central Cities
Too Few Low-Wage	Too Much Low-End	Older Suburbs and Central City Neighborhoods
Too Few High-Wage	Too Much High-End	High-Income Bedroom Communities

Typically, the jobs-housing balance is explored for a county or region (assuming a regional workforce) and includes the entire range of jobs (from low-wage to high-wage) and housing (from deeply affordable multifamily to extremely expensive single family). For example, the Metropolitan Washington Council of Governments advocates for a 1.6:1

Jobs-Housing Ratio as a benchmark across the entire region. However, looking at the total number of jobs (at all wage levels) and the total availability of housing units (regardless of cost) can obscure some of the nuances and challenges within submarkets.

As a research, education, and advocacy organization devoted to affordable housing in the Austin region, Housing Works has a special interest in low-wage workers and housing that is affordable to those households. In the 2010 report, *Building and Retaining an Affordable Austin*, HousingWorks first explored the balance between jobs and housing. HousingWorks analyzed jobs and housing data from four zip codes in Northwest Austin and found 17,000+ low-wage jobs but only approximately 7,000 affordable units. In this expanded analysis, HousingWorks is specifically exploring the relationship between low-wage workers and housing that is affordable to those workers across the entire City of Austin.

⁽²⁾ City of Austin, Neighborhood Housing and Community Development Department (NHCD).

Why Does Jobs-Housing Balance Matter?

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 Comprehensive Housing Market Study, the need for low-income units increased from approximately 37,000 in 2009 to 48,000 rental units in 2014.

The renters highlighted in these reports are comprised primarily of service workers in retail, food service, arts, entertainment, and recreation. Given the City of Austin's national (and international) recognition for music, festivals, and food, these workers are not only vital economically, but also essential in maintaining the fundamental identity of the City of Austin.

In 2013, Austin was ranked fourth in the United States (behind Honolulu, Los Angeles, and San Francisco) for most time wasted in traffic.³ As a result of development, transportation, and job distribution patterns of the greater Austin area, the growing population is facing increased congestion, declining air quality, increased transportation costs, and increased infrastructure expenses. Today, nearly half of all workers in Central Texas cross a county line to get to their place of employment.⁴ A jobs-housing imbalance can result in unnecessary in-commuting and out-commuting, thus putting pressure on both the transportation system and household transportation expenses.

The low-income population faces particular challenges. Low-income households typically rely on either public transportation or cars that lack both fuel efficiency and reliability. With fewer affordable housing options, low-wage households are commuting increased distances to work. Often the "affordable" housing options are outside of areas serviced by public transportation. Such practices, over time, have a noticeable effect on green house gas emissions and public infrastructure.

The City of Austin is in the course of revising its existing Land Development Code – through a process known as CodeNEXT. One of the consistent messages, which was clearly articulated in the May 5, 2014, Code Diagnosis, is that the current LDC does not align with Imagine Austin and perpetuates an auto-dependent culture that thrives on the separation of land uses. As more mixed-use development is encouraged throughout the City of Austin, particularly in Imagine Austin Activity Centers and Transit-Oriented Districts (TODs), it will be increasingly critical to develop local benchmarks for housing – particularly affordable housing – throughout the community.

Achieving a balance between housing and jobs helps to create vibrant, diverse communities and contributes to long-term, sustainable growth.

(3) INRIX Traffic Scorecard Annual Report, 2012-2013.

(4) Capital Area Council of Governments, Commuting Patterns 2002-2010, <http://www.capcog.org/data-maps-and-reports/central-texas-regional-data/#housingaffordability>.

Data and Methodology

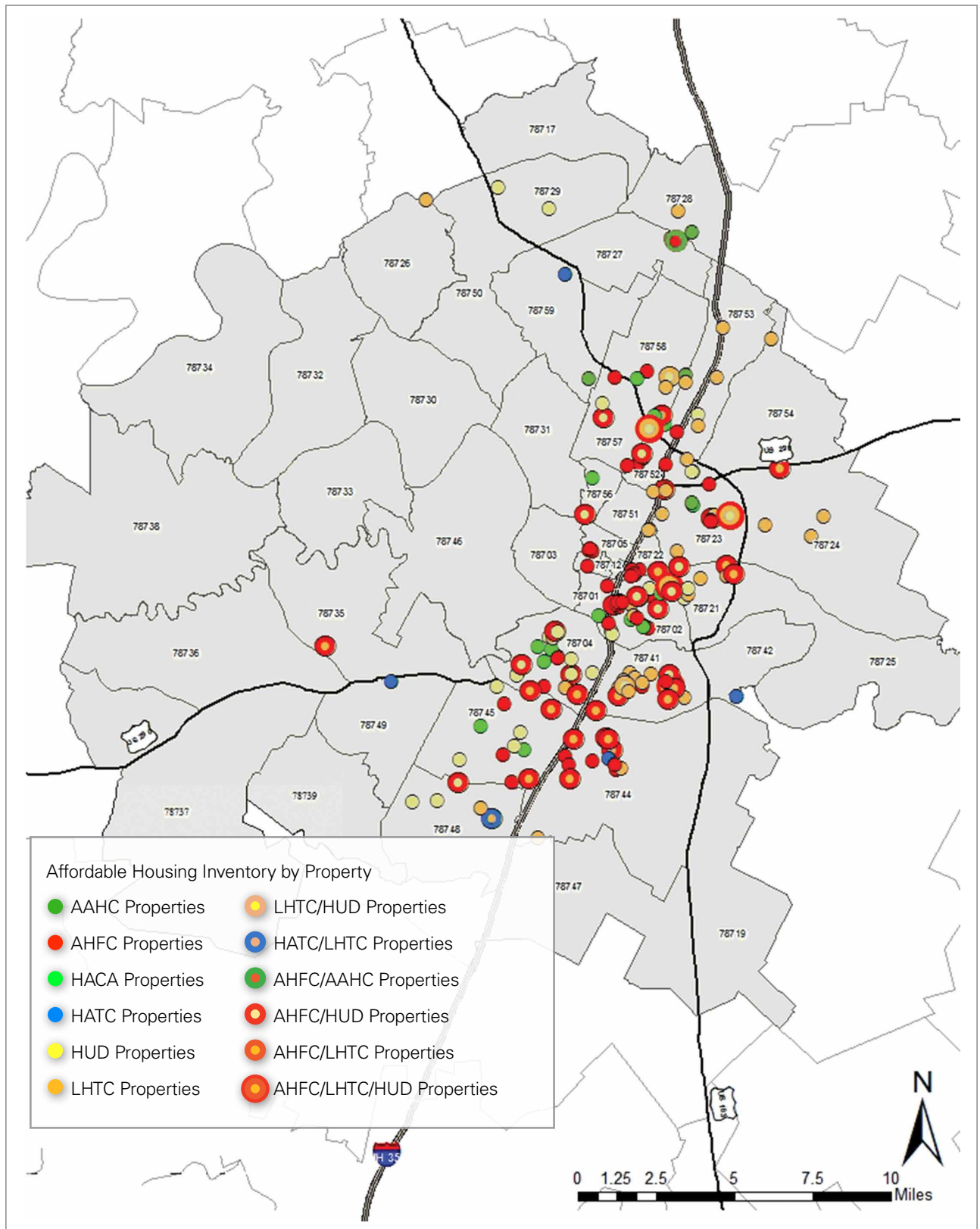
HousingWorks utilized employment data from Longitudinal Employer-Household Dynamics (LEHD), which utilizes wage records extracted from state Unemployment Insurance data and the Bureau of Labor Statistics' Quarterly Census of Unemployment and Wages. The benefit of the LEHD data is that it is publicly available and easy to analyze. The disadvantage is the LEHD data only provides minimal granularity. Jobs are divided into three categories: (1) earning \$1,250/month or less; (2) earning between \$1,251/month and \$3,333/month; and (3) earning more than \$3,333/month.

Earning \$1,250/month provides an annual salary of \$15,000/year, which represents approximately 30% Median Family Income for a one-person household in Austin-Round Rock-San Marcos MSA. For the purposes of this report, HousingWorks categorizes this as a "low-wage job."

Earning \$1,251/month to \$3,333/month provides an annual salary of between \$15,012/year and \$39,996/year. This range of wages spans between 30% MFI and nearly 80% MFI for a one-person household in the Austin-Round Rock-San Marcos MSA. The average of these two wage rates falls between 50% and 60% MFI. For the purposes of this report, HousingWorks categorizes this as a "moderate-wage job."

HousingWorks utilized both low- and moderate-wage jobs in the analysis. In order to identify the universe of housing affordable to these workers, HousingWorks analyzed both subsidized housing and market affordable housing. The City of Austin has 186 properties (comprising 18,524 units) that have 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. Subsidized housing is owned by private entities, nonprofit organizations, and public entities such as Austin Housing Finance Corporation (AHFC), the Housing Authority of the City of Austin (HACA), or Travis County Housing Authority. The map on the next page shows the location (and primary public financing tools used for each) of subsidized housing located in the City of Austin:

Subsidized Housing Inventory



It is important to note that subsidized housing only provides a small portion of the affordable housing inventory in the City of Austin. According to 2010 census data, the City of Austin has 354,241 housing units, 178,226 of which are renter-occupied. As mentioned above, approximately 18,500 units are publicly subsidized. Accordingly, only approximately 10% of multifamily stock includes affordability restrictions.

HousingWorks contracted with Capitol Market Research (CMR), a local firm that provides real estate research and market analysis, to provide market data on rental properties throughout the City of Austin. CMR collects market data – updated twice per year - on rental properties with 50 or greater units.

HousingWorks targeted one-, two-, and three-bedroom units that were affordable to 30% MFI, 50% MFI, and 60% MFI households. The income limits and the corresponding rent limits were drawn from 2013 HUD and NHCD data. The income limits highlighted in yellow represent the income levels that correspond to the target groups.

Rent Limits ⁶

	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

Data for both employment and housing was analyzed at the zip code level. While both data sources are available at the census tract level (and could be easily converted to that format), it was determined that zip code analysis provided the most user-friendly and digestible information.

Income Limits ⁵

Household Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of Median Income *extremely low-income per HUD	\$15,400	\$17,600	\$19,800	\$21,950	\$23,750	\$25,500
50% of Median Income *very low income per HUD	\$25,650	\$29,300	\$32,950	\$36,600	\$39,550	\$42,500
60% of Median Income *income limit for LIHTC units	\$30,780	\$35,160	\$39,540	\$43,920	\$47,460	\$51,000
80% of Median Income	\$41,000	\$46,850	\$52,700	\$58,550	\$63,250	\$67,950

(5) HousingWorks focused on income levels and household sizes that reasonably corresponded to low-wage and moderate-wage jobs, which are highlighted in yellow.

(6) HousingWorks analyzed data for efficiency, one-, two-, and three bedroom units affordable to households from 30% MFI and below to 60% MFI and below. Although overwhelming majority of tenants pay their own utilities, HousingWorks did not incorporate a utility allowance because of the wide range of utility estimates (depending on unit size, age of housing stock, utility configuration, etc.).

Limitations

As with any data-driven analysis, there are limitations that are important to recognize. First, the LEHD data is from 2011. This is the most current employment data available. Austin's economy is growing significantly and steadily, and low-wage jobs make up a disproportionate amount of historic and projected growth. In fact, there were 67,751 low-wage jobs (<\$25,650 or 50% MFI) in 2009; by 2013 that number had increased by more than 16% to 78,645 low-wage jobs. The number is anticipated to grow to 87,408 by 2017.⁷ Because of the increasing number of low-wage jobs, and the fact that there has not been a parallel increase in affordable housing units, both the analysis and gaps identified are reasonably conservative.

LEHD data only provides minimal granularity. As mentioned previously, LEHD provides data on jobs that fall into three categories: (1) earning \$1,250/month or less; (2) earning between \$1,251/month and \$3,333/month; and (3) earning more than \$3,333/month. These categories are fairly broad. For example, there is a large range between a job paying \$15,012/year and a job paying \$39,996/year. According to HUD's definition, that wage-earner could presumably be considered extremely low-income or simply low-income.

We cannot assume that every low-wage job is in need of an affordable unit. A low-wage job does not necessarily mean a low-income household. Presumably, a household could have a high-wage worker and a low-wage worker. The combined household income could result in a high-income household. Alternatively, a household consisting of a combination of low- and moderate-wage workers could bump the household into a moderate-income category. There is no way to accurately align the worker (wage level) to the household (income level and size).

Affordable housing is critical for a broad range of people, many of whom may not be low- and moderate-wage workers. For example, units may be needed for special subpopulations that are outside the traditional workforce, including seniors and people with disabilities.

From census data, we know households' income level distribution. As demonstrated by the data below, there are nearly 85,000 extremely low- and very low-income households in the City of Austin. More than 5,500 of these households include a person age 75 years or older. It is likely that these individuals are not low-wage workers (despite residing in a low-income household). However, they are still in need of an affordable unit. Thus, low-wage jobs and affordable housing cannot always be in perfect equilibrium.

Number of Households Table ⁸

	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Total Households *	47,684	36,975	55,600	33,365	142,705
Small Family Households *	14,030	12,150	18,455	12,010	66,875
Large Family Households *	3,904	4,184	4,345	1,925	7,735
Household contains at least one person 62-74 years of age	3,370	3,345	5,380	3,165	16,020
Household contains at least one person age 75 or older	2,605	2,935	3,135	1,870	6,774
Households with one or more children 6 years old or younger *	10,809	8,804	8,549	4,710	15,540

* The highest income category for these family types is >80% HAMFI

(7) EMSI Analyst Data, 2013.3.

(8) City of Austin Fiscal Year 2014-19 Consolidated Plan, Fiscal Year 2014-15 Action Plan, Page 34. (Data Source: 2006-2010 CHAS)

CMR data provides critical insight into market affordable units. But, it is important to note that CMR only surveys properties with 50 or more units. The universe of properties includes more than 170,000 units. But there

are a significant number of complexes – many of which may provide affordable units – that are smaller than 50 units. In addition, single-family, duplex, triplex, and four-plex rental data is excluded from this analysis.



Analysis

According to LEHD data, there are 96,709 jobs paying at or below \$1,250/month and 213,060 jobs paying between \$1,250/month and \$3,333/month in the City of Austin. These jobs represent slightly more than half of all jobs in the city. These jobs are located throughout the city, although there are some obvious areas of concentration.

The map on the next page shows the distribution of low-wage jobs (paying less than \$1,250/month) and the location of subsidized housing. The subsidized housing designation provides a proxy for affordable housing, although not every unit is affordable at 30% MFI or below.

There are low-wage jobs in every zip code in the City of Austin. The three zip codes with the fewest number of low-wage jobs are 78742 (39 jobs), 78725 (54 jobs), and 78712 (67 jobs). Both 78742 and 78725 are in far East Austin, while 78712 is the University of Texas.

HousingWorks first explored the Jobs-Housing Ratio for the low-wage jobs and housing that is affordable to those workers. As discussed previously, the industry standard balance is a ratio of 1.5:1 (jobs:housing) or a target range of 1.3-1.7 jobs to every housing unit.

With 96,709 low-wage jobs, the City of Austin would need to have nearly 65,000 affordable units (30% MFI) to achieve a perfect balance. With only approximately 18,500 subsidized units (only a portion of which are affordable to 30% MFI), this perfect balance will be difficult to achieve.

Once the CMR data is incorporated into the analysis, the numbers change very little. There are only 319 private market units in the entire city that rent at or below 30% MFI rent levels. These units are found in only seven zip codes. The table below shows the Jobs-Housing Ratio for these seven zip codes:

Jobs-Housing Ratio at 30% MFI per Zip Code

78721	78722	78741	78759	78744	78702	78745
2.1	24.4	40.1	68.7	86.2	122.9	134.8

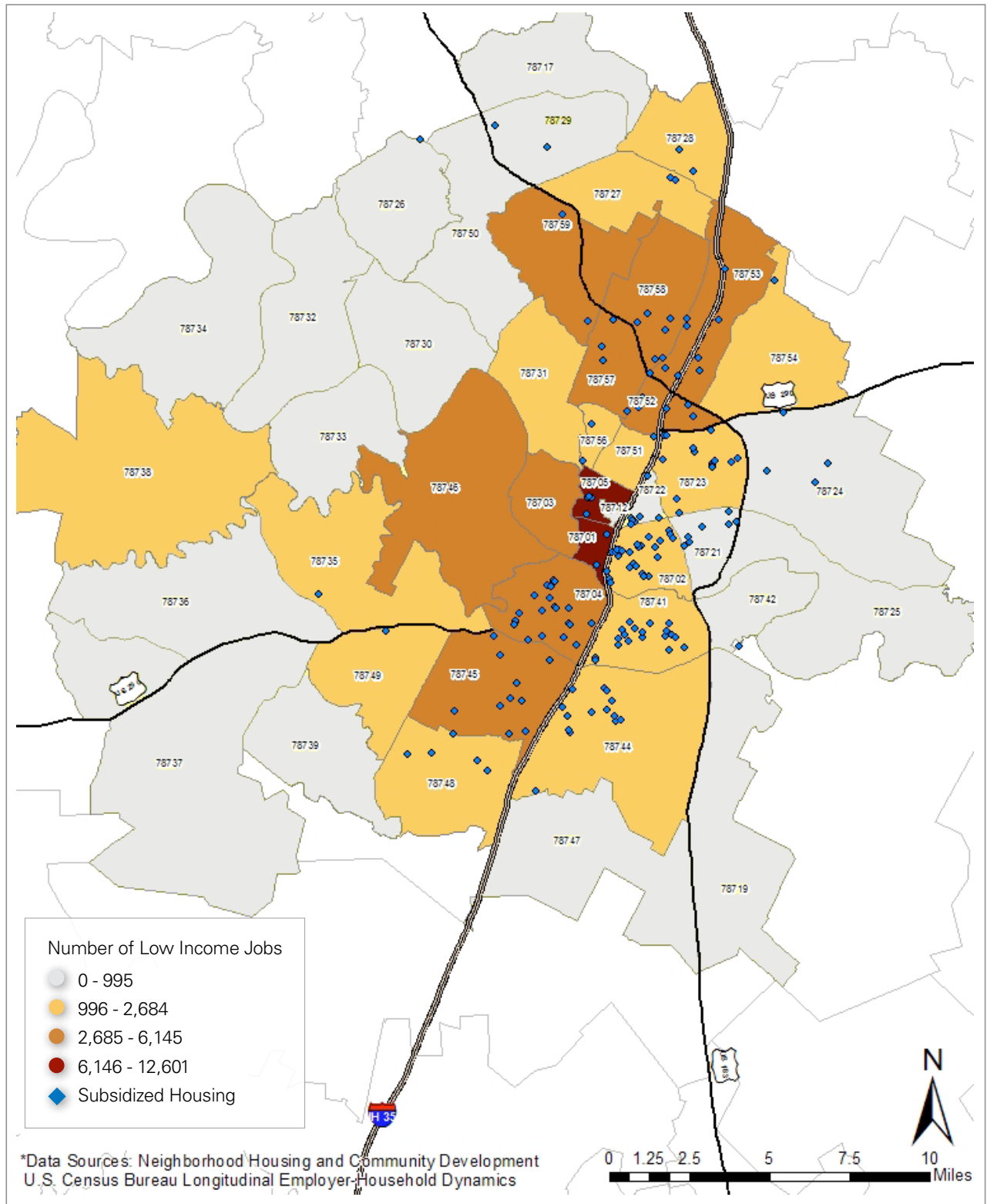


On the end of the scale the most closely approximates the ideal Jobs-Housing Ratio, zip code 78721 (in northeast Austin) has a Jobs-Housing Ratio of 2.1. However, it is important to note that there were only 213 low-wage jobs in this zip code (and 103 30% MFI units). The paucity of low-wage jobs in this zip code skewed the resulting Jobs-Housing Ratio.

On the other extreme end of the scale, zip code 78745 (in south Austin) had 3,910 low-wage jobs but only 29 30% MFI housing units.

Using a simple Jobs-Housing Ratio does not fully capture the data, however, because it excludes zip codes with absolutely no 30% MFI units. For example, zip code 78701 has 12,601 low-wage jobs but zero 30% MFI unsubsidized market units.

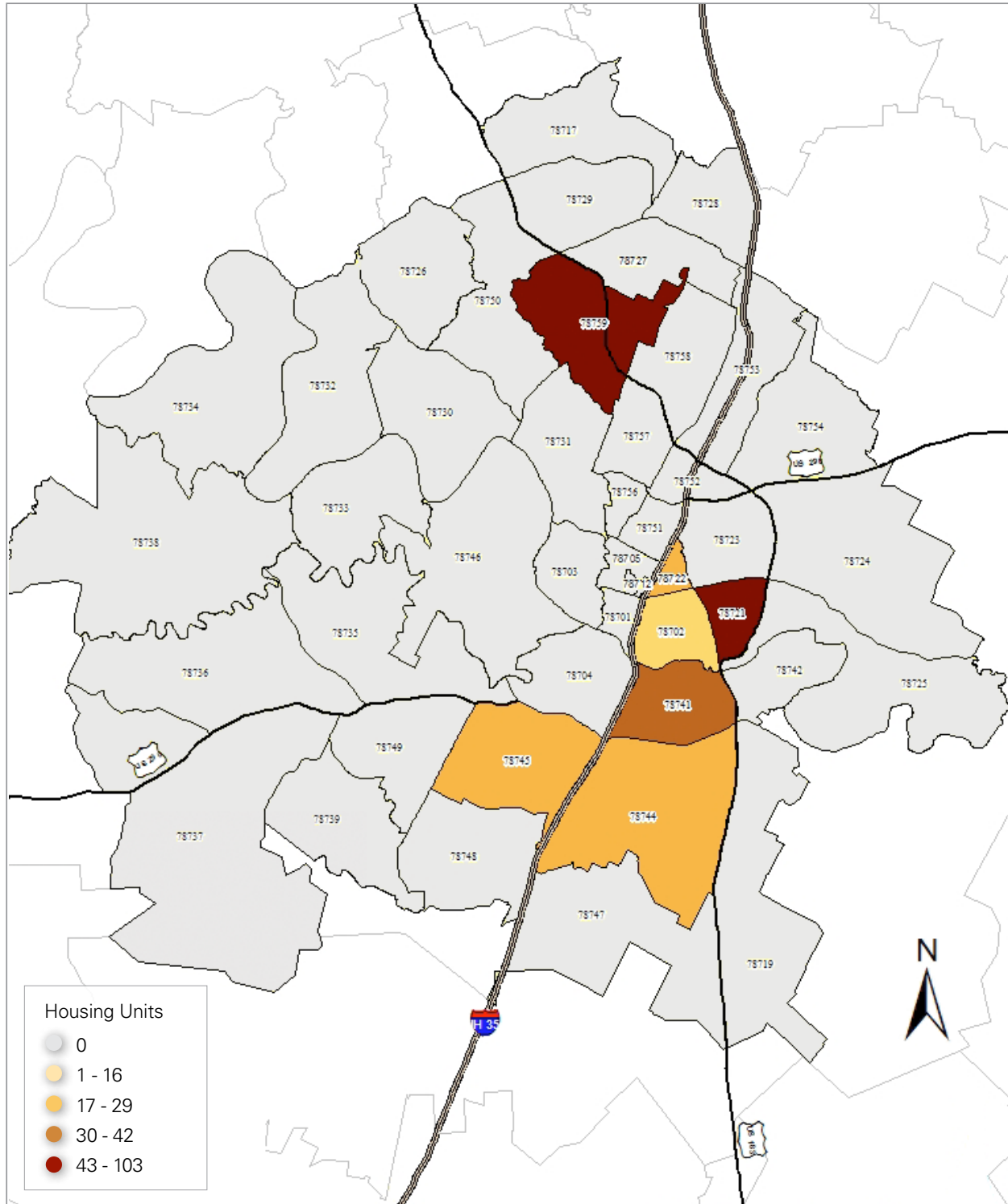
Jobs Paying < \$1250 per Month: Subsidized Housing



The map below shows the location and concentration of market, unsubsidized housing units affordable at or below 30% MFI:

The map illustrates that the 30% MFI housing units are primarily located adjacent to IH-35. The lone exception is zip code 78759, which is located in northwest Austin and includes 78 30% MFI units.

Unsubsidized Housing Units at 30% MFI and Below



When the analysis is expanded to include moderate-wage jobs (paying between \$1,250 and \$3,333/month) and corresponding units affordable to 60% MFI and below, there is a wider range of Jobs-Housing Ratios to review, including zip codes with more housing units than jobs. The table below shows the Jobs-Housing Ratios for 60% MFI units:

Jobs-Housing Ratio at 60% MFI and Below per Zip Code

78705	164.3
78746	65.6
78736	46.9
78717	42.1
78735	33.6
78751	27.5
78756	26.4
78702	15.8
78722	11.5
78757	9.5
78704	8.7
78749	8.3
78754	5.6
78759	5.1
78752	5.0
78748	4.9
78731	4.3
78745	3.1
78744	2.9
78727	2.2
78723	2.1
78758	1.9
78721	1.9
78724	1.6
78728	1.6
78753	1.5
78726	1.4
78741	0.5
78750	0.4
78729	0.2



With a Jobs-Housing Ratio of 164.3, zip code 78705 is on the extreme end. There are more than 30,000 jobs paying \$3,333/month or less in this zip code; yet there are only 185 housing units affordable to 60% MFI and below. This zip code shows a dramatic mismatch.

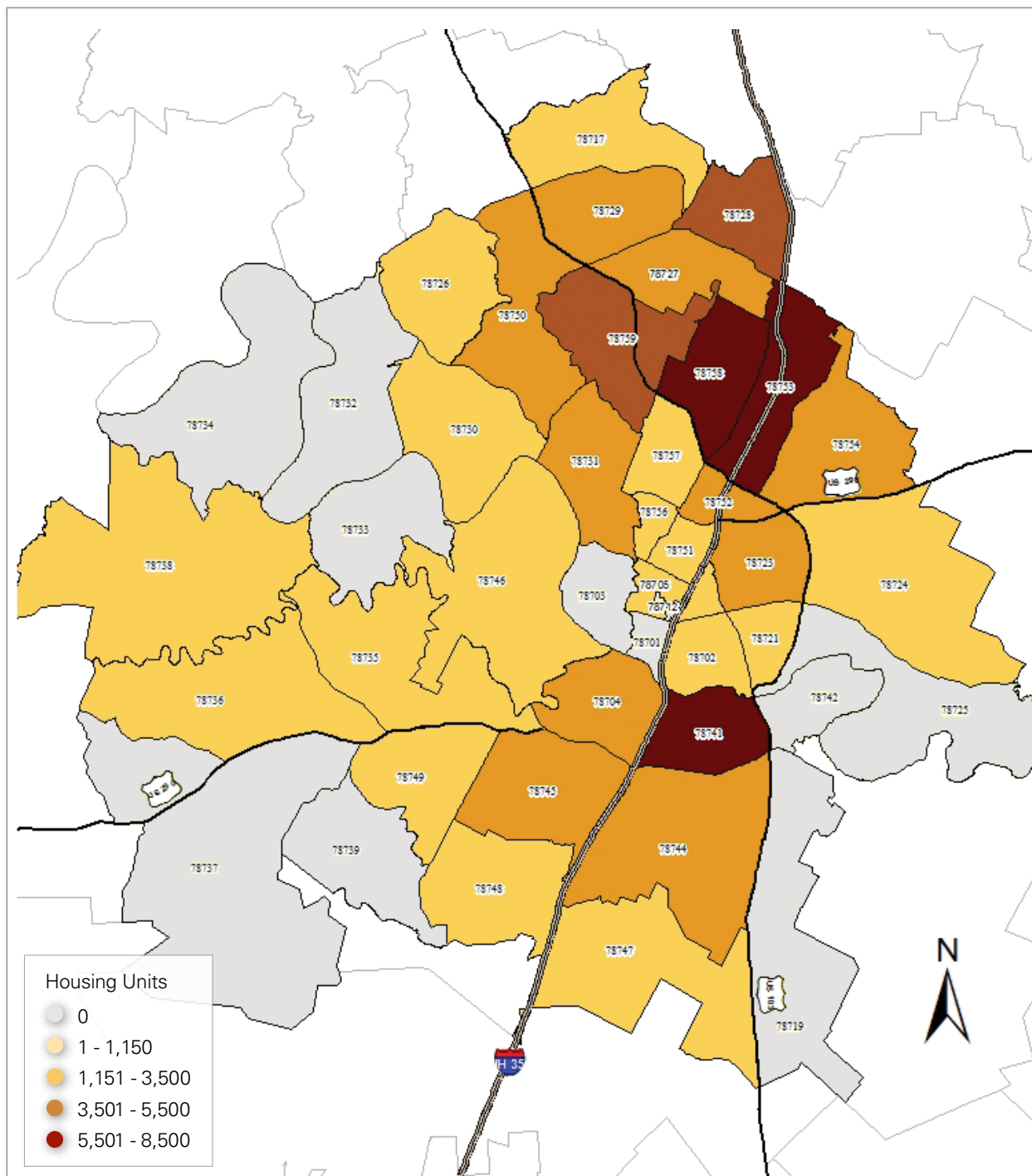
On the other end of the spectrum, zip codes 78741 (southeast Austin) and 78750 and 78729 (far northwest Austin) show the presence of more affordable units (60% MFI and below) than low- and moderate-wage jobs. In the case of the two northwest zip codes (78750 and 78729), the data is slightly misrepresentative because there are so few low- and moderate-wage jobs. Zip code 78750 has only 689 jobs paying less than \$3,333/month and 78729 has only 731 jobs paying less than \$3,333/month.

The map below shows the location and concentration of housing units affordable at or below 60% MFI:

The universe of 60% MFI and below units is significantly larger, although not large enough to accommodate the corresponding universe of low- and moderate-wage jobs.

There are 62,055 affordable housing units (60% MFI and below) in the City of Austin. Three zip codes – 78741, 78758, and 78753 – encompass a large portion of market affordable units. In fact, 38.6% of the city's affordable market rate units are located in these three zip codes.

Unsubsidized Housing Units at 60% MFI and Below



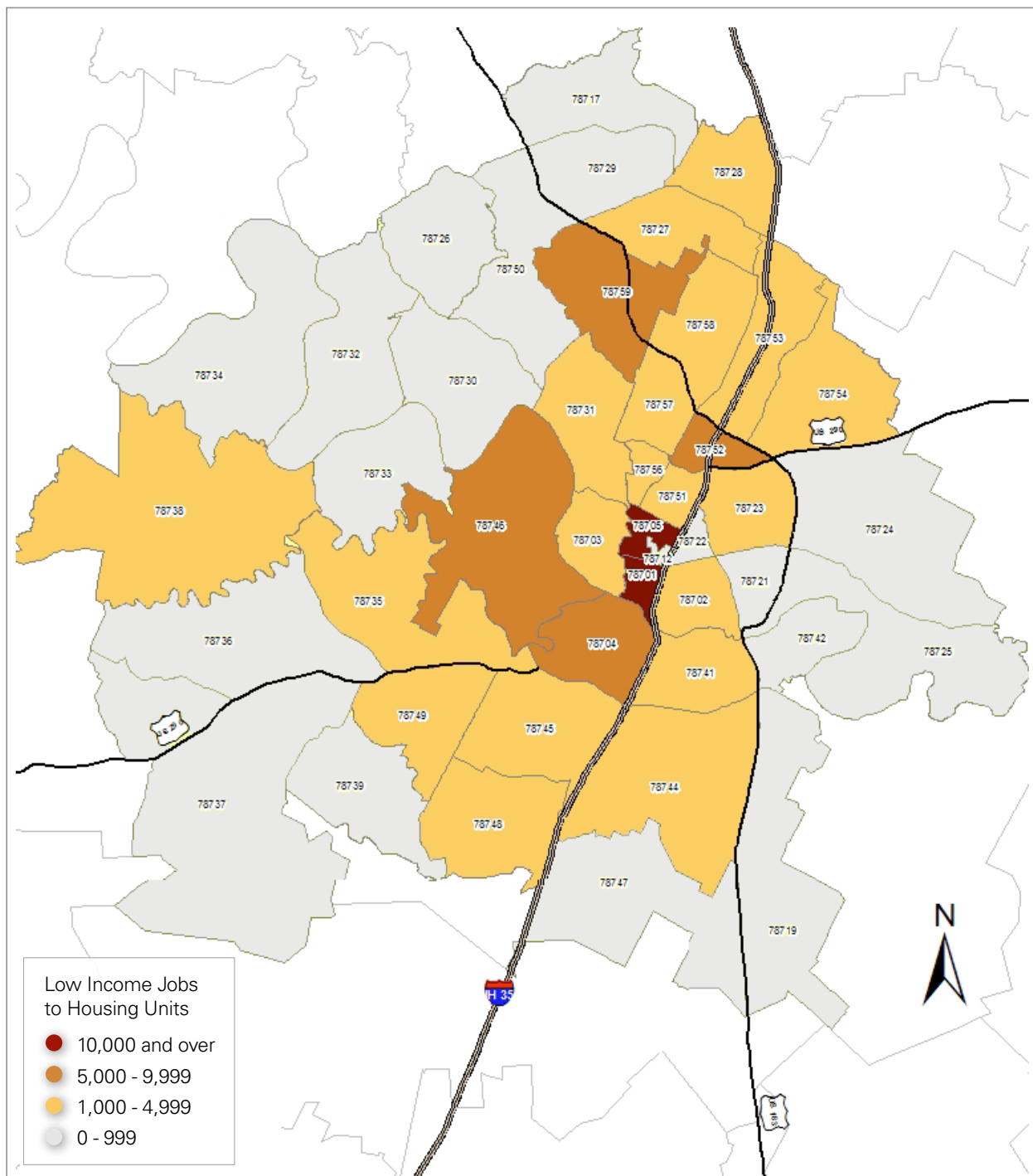
Simply utilizing the Jobs-Housing Ratio only gives a partial picture of the relationship between current low- and moderate-wage jobs and affordable housing. Often the enormity of the mismatch is not accurately captured. Accordingly, HousingWorks completed an accompanying

analysis that looks at the gap between the absolute number of jobs and absolute number of housing units.

The map below shows the gaps between low-wage jobs (<\$1,250/month or less) and 30% MFI units:

Jobs-Housing Gap - Low-Wage Jobs: <30% MFI Units

* Calculations are based on the number of jobs paying <\$1,250/month subtracted by the number of housing units affordable at <30% MFI.



The starkest gaps are concentrated in two central city zip codes – 78701 (downtown) and 78705 (north University). These two zip codes combined have more than 23,000 low-wage jobs and zero 30% MFI and below units. There are no deeply affordable multifamily housing units (other than subsidized housing units in a handful of properties) in these two zip codes.

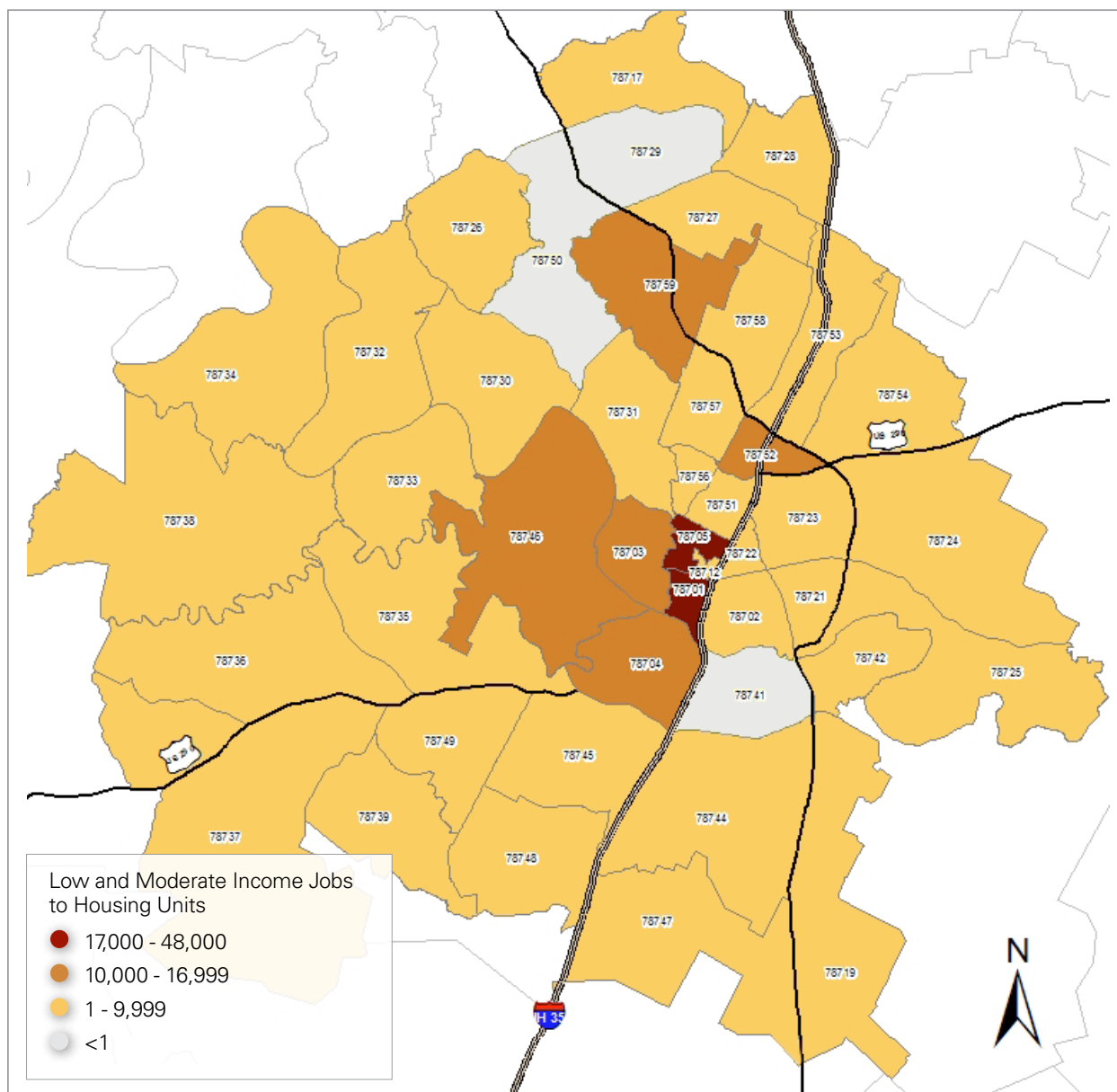
Two nearby zip codes (78704 in south Austin and 78746 in west Austin) have more than 11,000 low-wage jobs (combined) and zero 30% MFI and below unsubsidized units.

78752 (north Austin) has 5,182 low-wage jobs and zero 30% MFI and below units. Similarly, 78759 (northwest Austin) has 5,357 low-wage jobs and only 78 30% MFI and below units to accommodate those workers.

Similar themes arise when looking at moderate-wage jobs and housing units affordable to those workers. The map below shows the gaps between number of low- and moderate-wage workers (combined) and all housing units affordable to 60% MFI and below:

Jobs-Housing Gap - Low- and Moderate-Wage Jobs: <60% MFI Units

* Calculations are based on the number of jobs paying up to \$3,333/month subtracted by the number of housing units affordable at <60% MFI.



Seven zip codes have significant gaps - greater than 10,000 units. Despite having more than 60,000 low- and moderate-wage jobs, two of the zip codes – 78701 (downtown) and 78703 (West Austin) - have no housing units that are affordable to these workers. See chart that illustrates this below.

At the other end of the spectrum, there are three zip codes – 78741 (southeast Austin), and 78750 and 78729 (far northwest Austin) that have more affordable housing units than low- and moderate-wage jobs. The data is slightly misleading for the area in far northwest, however, because there are relatively few low- and moderate-wage jobs.

Zip Code	Low- and Moderate Wage Jobs (<\$3,333/month)	Total Affordable Housing (<60% MFI)	Jobs-Housing Gap
78701	47,871	0	47,871
78705	30,396	185	30,211
78704	18,966	2,182	16,784
78746	16,011	244	15,767
78759	19,235	3,743	15,492
78703	13,142	0	13,142
78752	13,111	2,604	10,507



Recommendations

Low- and moderate-wage jobs make up a significant portion of the local economy. In fact, more than 50% of all primary jobs earn \$3,333/month or less. Because of this reality, it is important to pay particular attention to the housing needs of low- and moderate-wage workers.

Subsidized housing plays a small but important role in filling the need for affordable housing. With nearly 18,500 affordable subsidized units, the City of Austin is able to partially meet the needs of the lowest income households in our community. However, private, market affordable housing is the largest provider of affordability.

While low- and moderate-wage jobs are found in every zip code in the city, affordable housing (subsidized or market) is not. In order to better link low- and moderate-wage workers with housing that is affordable to them, the City of Austin should carefully consider the following policies:

Adopt and Implement Homestead Preservation Districts and TIFs.

Two zip codes – 78752 and 78741 - stood out in several of the analyses. Zip code 78752 has more than 13,000 low- and moderate-wage jobs, but only 2,604 affordable units, representing a gap of more than 10,500. Zip code 78752 is also partially covered in the currently contemplated Homestead Preservation District D. In addition, zip code 78752 encompasses ACC's Highland Mall redevelopment and the Locally Preferred Alternative for Urban Rail.

Zip code 78741 is unique because of the inverse relationship between housing and jobs. With only 4,452 low- and moderate-wage jobs, the zip code includes 8,421 housing units affordable to 60% MFI and below. However, the potential for urban rail – in addition to existing gentrification pressures – mitigates any concern

that this area of town will continue unchanged. The “Locally Preferred Alternative” for urban rail includes East Riverside Drive, which is wholly encompassed by zip code 78741. The East Riverside Corridor Master Plan (and accompanying regulating plan) incentivizes dense, transit-oriented development and assumes major growth (both employment and residential) in the corridor. Massive redevelopment on the western end of East Riverside Drive and Lakeshore Drive has already caused significant loss of market affordable units (including family-size units), as well as the transition to more expensive, luxury multifamily rental that caters to individuals. High capacity transit will drive job growth – including low- and moderate-wage jobs – because successful mixed-use activity centers include a diversity of employment opportunities.

In addition to urban rail along East Riverside Drive, zip code 78741 includes one of the five currently contemplated Homestead Preservation Districts (District B). By adopting both Homestead Preservation Districts (B and D) and implementing a Homestead Preservation District TIF, the City of Austin would be able to capture the increased value associated with the urban rail development and dedicate that revenue to localized affordability.

Provided property owners make improvements to property within the Homestead Preservation Districts, they could be eligible for property tax abatement. This could be particularly useful in the East Riverside Drive corridor (78741), where there are a significant number of market affordable units that are currently being threatened with redevelopment. Provided the property owners renovate the property and incorporate affordability requirements, owners could be eligible for property tax relief from all taxing entities other than the school district. The abatement agreement must “limit the

uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect.”⁹

Invest in Areas that Increase Geographic Dispersion of Affordable Housing.

The City of Austin’s Affordable Housing Siting Policy Working Group considered a variety of strategies to better achieve geographic dispersion of affordable housing. One of the group’s 2012 recommendations was to conduct “Gap Analysis and Goal Setting” based on a comparison of jobs at various wage levels with various household income levels.

The seven zip codes identified on page 20 exhibit the starkest jobs-housing gap, ranging from 10,507 (78752) to 47,871 (78701). Six of the seven zip codes are west of IH-35, and the remaining zip code (78752) spans IH-35. Using IH-35 as a dividing line (and proxy for high opportunity), NHCD could prioritize these zip codes in Rental Housing Developer Assistance (RHDA) applications. Alternatively, NHCD could require jobs-housing analysis as part of the RHDA application.

With the potential expansion of Section 8 voucher program (by adding “source of income” to the list of protected classes in the local Fair Housing Ordinance), there is a unique opportunity to encourage voucher usage in targeted areas. The Housing Authority of the City of Austin (HACA) will be working with both landlords and tenants as this program expands. It will be critical to provide comprehensive education to Section 8 voucher holders on different neighborhood attributes and access to broad range of opportunity, as well as the benefits of minimizing commute times and living within proximity of employment. In addition to providing Section 8 voucher holders a wide range of choices, an aggressive education campaign could help tenants minimize commute times and take advantage of existing public transportation options.

Consider Commercial Linkage Fees.

As demonstrated by the data in this report, low- and moderate-wage jobs exist in every zip code in the City of Austin. Retail and service sector jobs make up a large number of the low-wage jobs and drive the increasing need for affordable housing throughout the city. Commercial linkage fees, which are essentially an impact fee on new nonresidential construction, are a way to link job growth to affordable housing needs.

Linkage fees began in the 1970s and 1980s in large urban areas and have become popular since that time. There are currently more than 20 linkage fee programs throughout the State of California. Fees are assessed on nonresidential, commercial properties based on square footage. Fairfax County, Virginia recently adopted a \$3/sf linkage fee on commercial properties in the Tyson’s Corner area. Depending on the success of the program, it may be expanded to other areas of the county. Fees generated are invested in low- and moderate-income housing (both rental and ownership, depending on the local needs).

This has the potential to be a new revenue stream for the Housing Trust Fund. Monies collected could be invested back into the areas of commercial development that are generating the fees, thereby enhancing the balance between jobs and housing at a localized level.

Facilitate Pilot Employer-Assisted Housing (EAH) Program.

Employers play an important – and often overlooked – role in the creating the link between job and home location.

University of Texas at Austin, Associate Professor Elizabeth J. Mueller’s recent study, “COMING HOME: The benefits of housing choice for low-wage commuters in Austin, Texas,” demonstrated the interest in low-income workers in living closer to work. Dr. Mueller’s study found substantial interest in urban living and general support for mixed-use communities and neighborhoods that include both renters and owners. The report detailed the potential benefits of minimizing the spatial mismatch between work and home, including

⁽⁹⁾ Texas Tax Code Section 312.

reduced commute time, reduced household transportation expenses, and reduced tailpipe emissions and greenhouse gasses.

Having workers live in proximity to work also has enormous benefits for employers, including attracting and retaining a high quality workforce. Employers that have robust EAH programs have decreased turnover and increased employee satisfaction.¹⁰

Although EAH programs have yet to be embraced in Austin, public entities and private companies grappling with employees' commute times and transportation costs have instituted progressive programs. For example, Travis County is embarking on a pilot program - Employee Commute Options Benefit Program. According to a 2014 Transportation Survey, 34% of Travis County employees commute more than 20 miles to work each day. Travis County is instituting a voluntary program that would pay employees who work in the Central Business District \$100/month to give up their parking space.

Cirrus Logic, with approximately 500 employees, is headquartered on West Sixth Street in downtown Austin. As an employee perk, Cirrus Logic encourages alternative transportation options for its employees. The company reimburses Capital Metro rail and bus passes and operates its own shuttle bus services, which provides free transportation from the downtown rail station and from South Austin.

Employer Assisted Housing could be a natural extension of some of these local efforts. Companies could provide either down payment assistance, rental subsidies, and/or education to employees provided they locate their residence within proximity to the company location. The Metropolitan Planning Council in the Chicago area has been promoting EAH since the early 2000s. It is a proven method of extending household affordability to employees – including low- and moderate-wage employees – as well as a mechanism for enhancing

employee productivity and retention. A case study profiling the University of Chicago's EAH Program can be found here: <https://www.metroplanning.org/work/project/8/subpage/1>

In order to fully develop and promote a robust pilot program, it will be critical to bring an organization such as the Greater Austin Chamber of Commerce on board.

[Integrate Jobs-Housing Data into Central Texas Opportunity Map.](#)

The Opportunity Matters: Central Texas project is an interactive online mapping program that visually represents the distribution of opportunity across the region. The Opportunity Matters mapping program relies on a variety of indicators – in the general categories of education, economics and mobility, housing and environment, among others – to provide a framework for rethinking race/ethnicity, poverty, and equity.

The economic data utilized includes unemployment rate, proximity to jobs, mean commute time, transit access, and median household income. However, the presence of jobs (including low- and moderate-wage jobs) was not included in the initial analysis.

HousingWorks recommends that the next iteration of the Opportunity Matters mapping program include a layer of LEHD data. This will help further refine the definition of opportunity. In addition, the data on market affordable housing would help to paint a richer picture of access to opportunity. The current Opportunity Matters map profiles existing subsidized housing and its relationship to areas of opportunity but does not address market affordable, nonsubsidized housing.

(10) *Quantifying the Value Proposition of Employer-Assisted Housing: A Case Study of Aurora Health Care* by Lynn M. Ross, AICP, May 2008.

Conclusion

Low- and moderate-wage jobs are a critical component of the Austin economy. These workers include childcare providers, retail sales people, cooks, custodians, artists, nurses' aides, musicians, and many more professions that are vital to the success of our community. With 96,709 low-wage jobs, the City of Austin would need to have nearly 65,000 affordable units (30% MFI) dispersed throughout the city, in proximity to jobs, in order to achieve a perfect jobs-housing balance. With only approximately 18,500 subsidized units (only a portion of which are affordable to 30% MFI), this perfect balance will be difficult to achieve through direct subsidy alone.

To foster a compact and connected community, with a diversity of households and housing choices – as envisioned by Imagine Austin – it is critical to develop policies and programs that link housing, jobs, and transportation. A jobs-housing balance is an important tool that can help to guide city investment in affordable housing and city policies related to housing, jobs, and transportation.



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/>

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