

RMLUI Western Places Western Spaces

CREATING A HOUSING EQUITY MODEL

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WE'LL ANSWER TODAY

- ▶ Why should I develop a housing opportunity and economic equity model?
- ▶ How is the City of Austin using their model?
- ▶ What are the components of the model?
- ▶ What does it take to build a model?

WHY SHOULD I DEVELOP A HOUSING OPPORTUNITY AND ECONOMIC EQUITY MODEL?



1. You are a Do-Gooder



2. To prepare for NIMBYism



3. You are worried about Fair Housing Legal Challenges

DO-GOODER



Your city leaders believe that investing in opportunity for low income children has long-term payoffs. For 6 years, your city has funded a preschool and all-day Kindergarten program; this was based on research in neighboring states showing positive economic benefits of such a program.

You believe this impact would be greater if children—and their parents—could live in neighborhoods with greater economic opportunity—i.e., good K-12 schools and high-paying jobs. But you aren't sure what this looks like, really: **Are the areas with high-paying jobs really unaffordable? Are schools in high income areas that much better than those in low income areas? Is investment in low income areas to improve economic opportunity displacing low income residents?**

NIMBYISM



Councilmember Bob calls your office because a neighbor is upset that another Low Income Housing Tax Credit (LIHTC) development is being built in his district. He wants a moratorium on affordable housing construction until affordable housing is developed equally throughout the city. He asks you **how well distributed affordable housing is in the city.**

Citizens for Informed Growth has a ballot initiative that would give neighborhoods more decision-making power over multifamily development. The main premise: they want all new multifamily development to be located within $\frac{1}{4}$ mile of public transit. This is a reaction to several very large apartment complexes that were built on the edge of lower density areas and are blamed for traffic congestion. Advocates claim this will further concentrate affordable housing in low income areas. The Mayor is about to be interviewed and this issue will arise. She calls you to ask: **who is correct?**

LAWSUIT



You work for a State Housing Finance Agency and are working on the new Qualified Allocation Plan (QAP) to allocate rental housing tax credits. You are worried about challenges to your QAP like those that prompted the Supreme Court lawsuit on disparate impact in 2015. **You'd like to define high and low opportunity areas but don't really know where to start.**

You work for a regional planning agency. You've looked at the new maps available in HUD's Assessment of Fair Housing tool and see that public housing developments and LIHTC properties appear to be clustered in certain neighborhoods. Voucher holders are more evenly distributed—but still lacking in some neighborhoods. Before you present the data to your board, you want more information about the neighborhoods where affordable housing is located. You've heard about lawsuits like *Thompson v. HUD* in Baltimore County and feel **your region may be vulnerable to similar challenges.**

THE GAME CHANGER:

The link between economic opportunity and housing

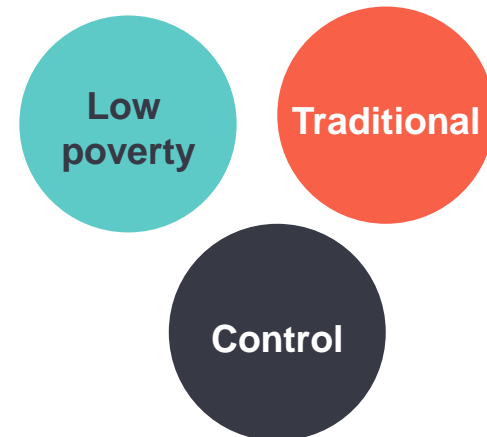
HUD's Moving to Opportunity (MTO) research aimed to answer:

Does moving low income families from high- to low-poverty neighborhoods improve their social and economic outcomes?

MTO RESEARCH

MTO gave vouchers + mobility counseling to 4,600 households living in public housing in high-poverty areas (at least 40%. Actual average poverty = 56%)

- ▶ **All households had children**, many were headed by single mothers, mostly African American and Hispanic families
- ▶ Assigned by lottery to **1 of 3** research groups: **traditional** (any geographic area), **low poverty** (<10% poverty rate), and **control** (not relocated but received social supports)



MTO RESEARCH

Initial outcomes were somewhat mixed:

- ▶ Adults who moved feel safer and more satisfied with their housing and neighborhoods.
- ▶ MTO had no effect on adult employment, but improved adults' mental and physical health.
- ▶ MTO improved outcomes for female youth, particularly their mental health, had negative effects on male youth "risky behavior."
- ▶ MTO did not affect math and reading achievement of children.



MTO RESEARCH

A recent re-examination of the effects of moving low income households to higher opportunity areas has shown that the outcomes are more complex. Study looks at long term outcomes of children who moved and found:

- ▶ Average earnings of control group = **\$11,270**
- ▶ Average earnings of traditional group = **\$12,994**
- ▶ Average earnings of “experimental voucher” group = **\$14,747**

Gains from moving to lower-poverty areas decline as children age. Every extra year of childhood spent in a low-poverty environment appears beneficial.

All five cities examined showed increased earnings for children, across races and ethnicities and gender. New research shows positive outcomes for young boys.

Still little or no effect on economic outcomes of adults.

<http://www.equality-of-opportunity.org> and http://www.equality-of-opportunity.org/images/mto_exec_summary.pdf

OTHER RESEARCH

National Bureau of Economic Research (NBER) study on outcomes related to *living in subsidized housing* (2016).

Living in voucher-assisted or public housing led to:

- ▶ **\$500 annual increase** in earnings at age 26
- ▶ Lower rates of incarceration across all racial and ethnic groups
- ▶ Effects were consistent across neighborhood types, even after accounting for poverty
- ▶ Effects were largest for females from non-Hispanic Black households

<http://howhousingmatters.org/articles/living-subsidized-housing-positively-associated-adult-well/>

REAL WORLD EXAMPLE: CITY OF AUSTIN

RFP issued in August 2013

Originally a joint effort with Travis County. Intent was a “*regional sub-market analysis*” of: Demographic, Economic Conditions, Rental Housing Market, Homeownership Market, Housing Quality, Growth Patterns.

RFP expressed desired “*scalable strategies*” for addressing the housing concerns identified in the City and County, including the following:

- ▶ A statistically sound approach for setting numerical targets for housing for the county, city, specified geographic areas, and identified subpopulations.
- ▶ Strategies to promote the distribution of affordable housing in all parts of the city and county, including aligning housing location with current and future employment centers, transportation and mobility needs, high quality schools, and other necessary services.

Travis County opted not to fund the study.

CITY OF AUSTIN AND BBC AGREED ON A ZIP-CODE LEVEL ANALYSIS WITH GOALS OF DETERMINING:

- 1. The geographic distribution of affordable housing and the utilization of Housing Choice Vouchers*
- 2. Where workers at different income levels can afford to rent and buy*
- 3. Areas at risk of gentrification*
- 4. The “real” cost of housing after accounting for transportation costs*
- 5. Social and economic inequities*

POSITIVE OUTCOMES FROM AUSTIN'S APPROACH:

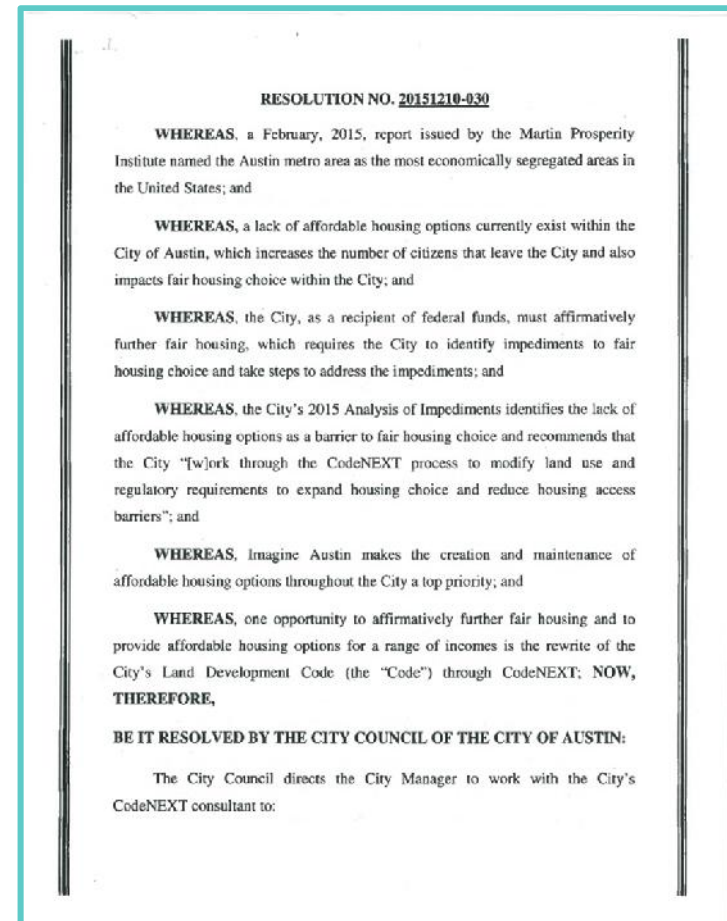
City of Austin Comprehensive Housing Market Analysis:

http://austintexas.gov/sites/default/files/files/NHCD/2014_Comprehensive_Housing_Market_Analysis_-_Document_reduced_for_web.pdf

City of Austin Housing Model:

https://austintexas.gov/sites/default/files/files/NHCD/2014_Comprehensive_Housing_Market_Analysis_-_Appendix_reduced_for_web.pdf

Austin City Council Resolution No. 20151210-030 + modified ADU regulations



CAN I TRY THIS AT HOME?

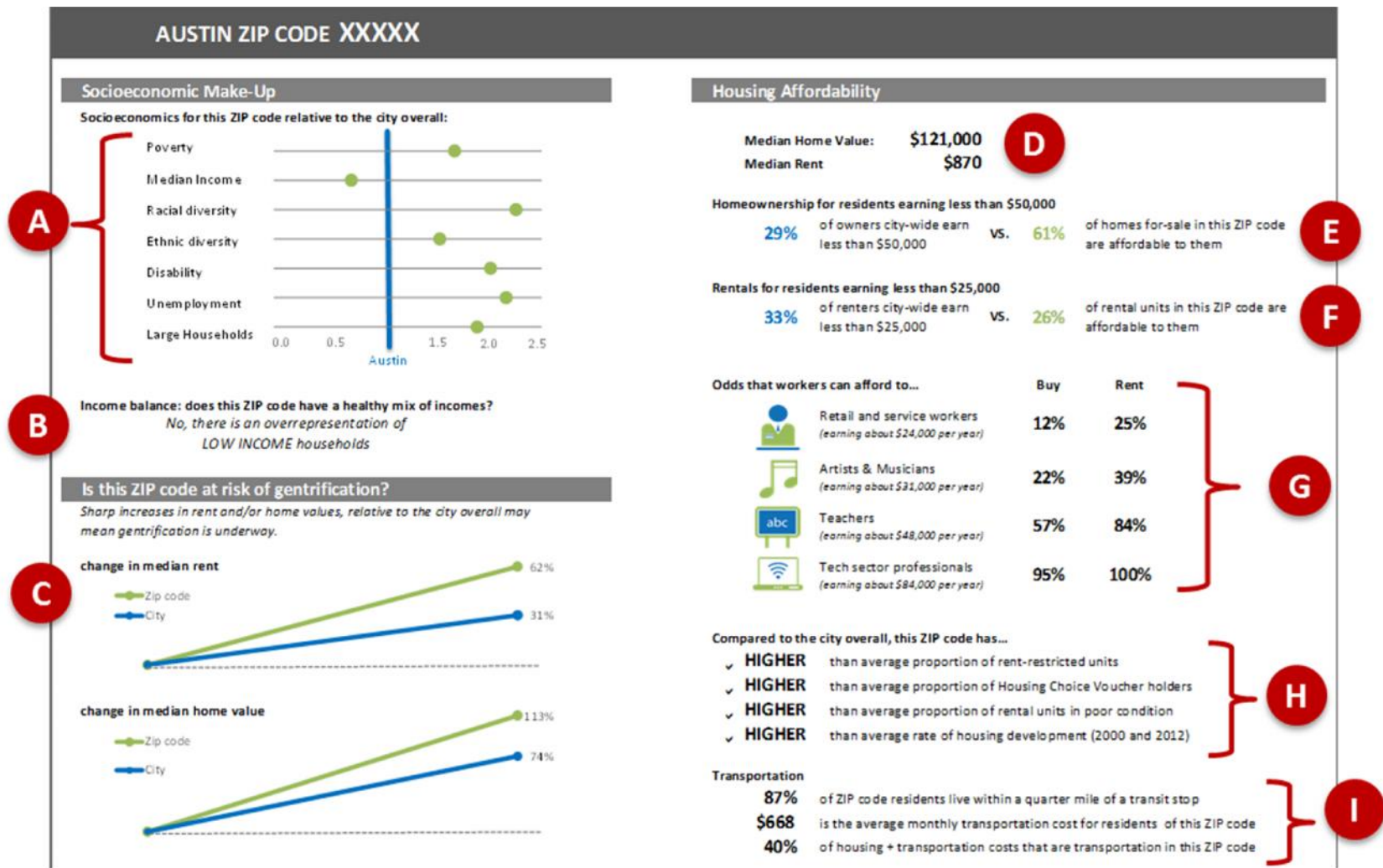
Goal — *Develop a model, using publicly available and local data, to monitor:*

- ▶ socioeconomic changes in neighborhoods
- ▶ gentrification
- ▶ housing costs and affordability
- ▶ transportation costs
- ▶ neighborhood quality
- ▶ risk of neighborhood disinvestment

How to use:

- ▶ Set affordable housing goals for city/region/neighborhoods
- ▶ Target affordable housing requirements and incentives to areas where they are most needed
- ▶ Prioritize public interventions to guide housing and employment outcomes

CITY OF AUSTIN HOUSING EQUITY MODEL



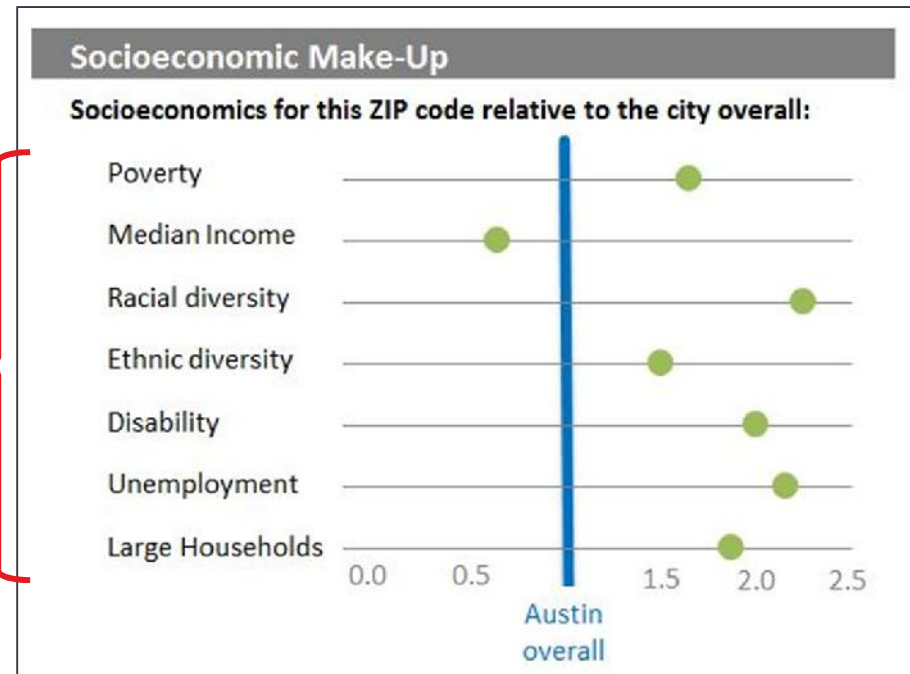
CITY OF AUSTIN HOUSING EQUITY MODEL: SOCIOECONOMIC MAKE-UP

Data: 5-year American Community Survey (ACS)

Variables

- ▶ Poverty: # of persons below poverty level /total persons (poverty rate)
- ▶ Median Income: Median household income
- ▶ Racial and ethnic diversity: % of ZIP pop that is racial/ethnic minority
- ▶ Disability: % of ZIP pop with any type of disability
- ▶ Unemployment: % of labor force that is unemployed
- ▶ Large households: % of households with 5 and more members.
- ▶ Variables are scaled to the city as a whole: 2.0 means the ZIP code metric is twice that of the city overall

A



CITY OF AUSTIN HOUSING EQUITY MODEL:

INCOME BALANCE

Data: 5-year ACS; Modeled after Pew research on income segregation

B

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

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

Variables

- ▶ Low income: < \$35,000
- ▶ Middle income: \$35,000 - \$100,000
- ▶ High income: > \$100,000
- ▶ Statistical variance modeled by standard deviation
= how much the percentage of households in
each income bracket deviate from the overall
percentage for the city

CITY OF AUSTIN HOUSING EQUITY MODEL: GENTRIFICATION

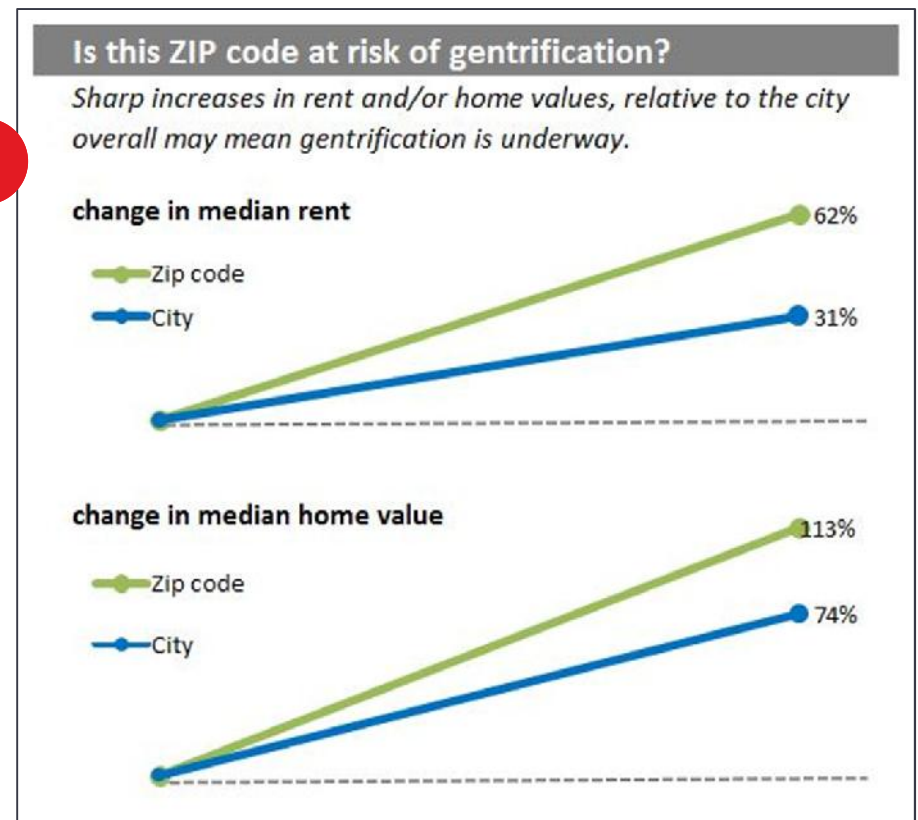
Data: 2000 Census and 5-year ACS

Variables

- ▶ Percent change in median gross rent (captures utilities) and median home value v. city overall
- ▶ Urban Institute looks at shifts in percent of residents in highest and lowest income ranges as a proxy for gentrification and disinvestment

<http://apps.urban.org/features/ncdb/top-bottom/index.html#7/40.225/-102.925>

C



CITY OF AUSTIN HOUSING EQUITY MODEL: HOUSING AFFORDABILITY

Data: 5-year ACS

Housing Affordability	
Median Home Value:	\$121,000
Median Rent	\$870

D

Variables

- ▶ Median home value, median gross rent
- ▶ (Simply presenting comparative data)

CITY OF AUSTIN HOUSING EQUITY MODEL:

HOMEOWNERSHIP ACCESS

E

Homeownership for residents earning less than \$50,000

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

Data: 5-year ACS for % of households earning <\$50,000; 2013 MLS data on home resales

Variables

- ▶ Percent of owners earning < \$50,000 v. percent of homes affordable to them. Assumes prevailing interest rates on FHA loan, 30-year repayment period, 5% downpayment, incorporates taxes and mortgage insurance.

RENTAL ACCESS

F

Rentals for residents earning less than \$25,000

33% of renters city-wide earn less than \$25,000 vs. 26% affordable rentals in this ZIP code

Data: 5-year ACS for % of households earning <\$25,000 and distribution of gross rents

Variables





- ▶ Percent of owners earning < \$50,000 v. percent of homes affordable to them. Assumes prevailing interest rates on FHA loan, 30-year repayment period, 5% downpayment, incorporates taxes and mortgage insurance.

CITY OF AUSTIN HOUSING EQUITY MODEL: ODDS THAT WORKERS CAN AFFORD TO...

Data: 5-year ACS; 2013 MLS; worker salaries from Bureau of Labor Statistics and Keeping Austin Creative report

Variables

- ▶ Percent of homes and rentals affordable to the specified workers. Same affordability assumptions used in E and F.

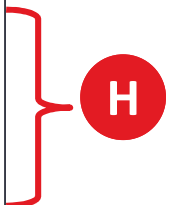
Odds that workers can afford to...		Buy	Rent
	Retail & service workers (earning about \$24,000 per year)	12%	25%
	Artists & musicians (earning about \$31,000 per year)	22%	39%
	Teachers (earning about \$48,000 per year)	57%	84%
	Tech sector professionals (earning about \$84,000 per year)	95%	100%

CITY OF AUSTIN HOUSING EQUITY MODEL: SUBSIDIZED, QUALITY HOUSING

Data: City of Austin affordable housing database and code complaints; HACA; 2000 Census; 5-year ACS

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)



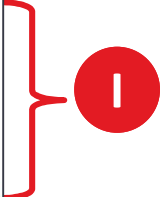
Variables

- ▶ # of rent-restricted units / total rentals and # Housing Choice Vouchers / total rentals.
- ▶ Poor condition indicator is based on units deemed to be dangerous and/or substandard as a result of a 2013 code complaint (% of rentals).
- ▶ Rate of housing development reflects the percent change in # of housing units between 2000 and 2012.
- ▶ Higher/lower than average is simply > or < city overall. Does not convey magnitude.

CITY OF AUSTIN HOUSING EQUITY MODEL: TRANSPORTATION COSTS

Data: City of Austin transit stops; HUD location affordability index; 2010 Census block group pop

Transportation	
87%	of residents live within a quarter mile of a transit stop
\$668	average monthly transportation cost
40%	of housing + transportation costs are from transportation



Variables

- ▶ Geocoded transit stops (bus and rail) with Census block group population to determine % of zip code residents within ¼ mile of a transit stop
- ▶ Transportation costs from HUD's location affordability index: average monthly transportation cost per worker and % of H+T that are T

MAKING THE MODEL PRETTY

- ▶ **Figure out what will be displayed first, then tinker with the structure of the layout.**
- ▶ **Play with the column widths and row heights to create an equalized grid layout across model report.**
- ▶ **Keep graphs simple. Above all else highlight the data.**
- ▶ **Default Excel graphs are not pretty. Some minor formatting will usually work wonders.**

CHALLENGES IN MODEL

- ▶ Assumes that city's overall economic, racial, and ethnic diversity are the optimal benchmark. This may not reflect national trends or ideal of greater inclusivity.
- ▶ Data for some variables are 5 years old
- ▶ Prioritizing metrics for inclusion based on data trends as well as policy goals and actionable items
- ▶ Scale for smaller communities—can use Census tracts or compare self to region as a whole

WHAT WOULD WE HAVE DONE DIFFERENTLY?

- ▶ Added projected growth of residents and households
- ▶ Incorporated existing and potential neighborhood densities
- ▶ Shown loss or gain of target population groups
- ▶ Modeled realistic shifts in percent of affordable housing, given the above

QUESTIONS?

THANK YOU!

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