

## Economic Opportunity and Affordability

### Strategic Outcome:

Having economic opportunities and resources that enable us to thrive in our community.

### Council Indicators:

- Employment
- Income equality
- Cost of living compared to income
- Housing and homelessness
- Skills and capability of our community workforce
- Economic mobility

### Challenges:

1. How might we break the cycle of poverty and inequity so that all residents experience economic mobility?
2. How might we maintain a resilient economy, e.g. supporting small businesses and a skilled workforce, that provides equitable opportunities for people and business?
3. How might we ensure Austin's land use policies, processes and programs help create more complete communities in our city?
4. As cost of living rises, how might we increase equitably distributed options for household affordability in all parts of town?
5. How might we leverage both prevention and service delivery to reduce the number of people experiencing homelessness in Austin?

# ECONOMIC OPPORTUNITY AND AFFORDABILITY CHALLENGE #1

How might we break the cycle of poverty and inequity so that all residents experience economic mobility?

## Nature of the Challenge

Inequity is an issue facing many growing cities in the United States. CEO salaries have risen tenfold while worker wages have remained stagnant. Many economically prosperous cities are experiencing wage inequality and segregation as low-wage service sector jobs grow alongside high-wage jobs. Austin's issues are uniquely compounded by a history of segregation that can be traced to discriminatory practices and policies resulting from the 1928 City of Austin Master Plan which forced African Americans to the east of IH-35.

Historical policies, such as the 1928 Master Plan and economic transition including rapid suburbanization, lack of affordable housing and mobility throughout the city exacerbate inequity and segregation in Austin, placing Austin at the very top of Martin Prosperity Institute's ranking for economic segregation amongst large U.S. metropolitan areas.

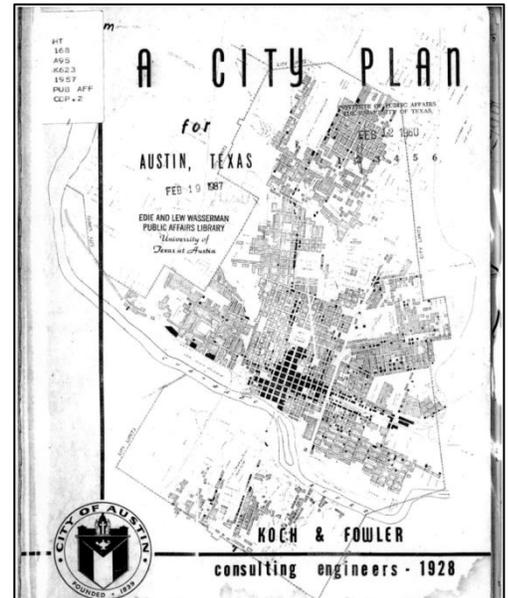


Image: 1928 City of Austin Master Plan  
*Discriminatory zoning laws compelled African American residents to move east of IH-35. The City would not provide basic services to residents who refused to move.*

## Evidence

- Segregation: Austin is the most economically segregated metro area in the nation and ranks No. 9 for wage inequality (Martin Prosperity Institute).
- Employment disparities: Although Austin has low unemployment, unemployment for Black residents (5.6 percent) in the city is higher than that for White residents (4.3 percent); unemployment is also higher for Hispanics (4.8 percent) (Austin City Demographer, 2015). The discrepancy is greater at the county level, with Blacks experiencing twice the unemployment rate of Whites (Community Action Network Dashboard, ACS Data 2015).
- Poverty amidst strong economic growth: According to Workforce Solutions, total employment in the Metropolitan Statistical Area (MSA) grew more than 20 percent between 2010 and 2015. Over the same period, gross metropolitan product increased 37 percent, and median household income increased almost 20 percent. Yet American Community Survey (ACS) data shows more than 99,000 families in the MSA live at or below 200 percent of the federal poverty level, and more than 76,000 individuals living below the poverty level are employed. In addition, nearly half of jobs created in 2016 pay a median annual wage between \$20,000 and \$40,000 per year (JobsEQ for CAPCOG Capital Area).

## ECONOMIC OPPORTUNITY AND AFFORDABILITY CHALLENGE #2

How might we maintain a resilient economy, e.g. supporting small businesses and a skilled workforce, and provide equitable opportunities for people and business?

### Nature of the Challenge

The Organization for Economic Cooperation and Development (OECD) defines resilience as a city's ability to "absorb, adapt, transform and prepare for past and future shocks and stresses in order to ensure sustainable development, well-being and inclusive growth." Economic resilience is supported with a diverse industry base, innovative culture, and a skilled, educated, and agile workforce.

A 2016 panel by the Urban Institute discussed determinants of economic resiliency, e.g. maintaining low levels of poverty and a skilled adaptable workforce. According to the Austin Metro Area Master Community Workforce Plan, more than 60,000 health care, information technology, manufacturing and other middle-skill jobs will become available in Austin between 2017 and 2021. These positions can provide financial stability, however Austin has been challenged in developing local workers to fill them.

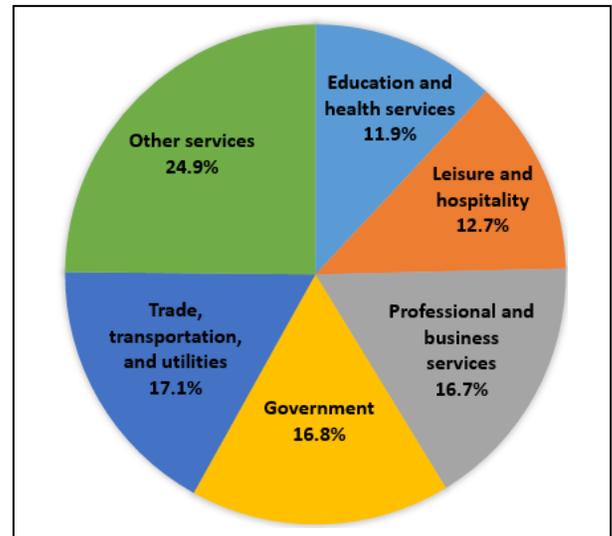


Image: Austin Area employment by Sector (August 2017)  
Source: U.S. Bureau of Labor Statistics

### Evidence

- Prosperous but unaffordable: Real per capita Gross Domestic Product grew 16.6 percent in five years, making Austin the fourth best performing major metro in the U.S. (Austin Chamber of Commerce). While Austin remains a prosperous city overall, the 2017 Economic and Sales Forecast by TXP, a local economic analysis and public policy firm, notes that cost pressures and mobility issues are driving economic activity out of the city.
- Importance of small business: According to local economic consulting firm Civic Analytics, local small businesses employ about 35 percent of the Austin workforce. These businesses are crucial to Austin's economic resilience. Small businesses provided more than 8,400 additional jobs from 2009 to 2011, which offset job losses at the area's largest employers.
- Mismatch of jobs and skillsets: In the Austin MSA, 26 percent of jobs require a bachelor's degree while 45 percent of people age 25 to 64 have achieved that education level. On the other hand, 43 percent of jobs require a high school diploma or less while 9 percent of the population has this level of education (American Community Survey).

## ECONOMIC OPPORTUNITY AND AFFORDABILITY CHALLENGE #3

How might we ensure Austin’s land use policies, processes and programs help create more complete communities in our city?

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### Nature of the Challenge

The City is poised to make a major step towards Imagine Austin Priority Program 8 to “revise Austin development regulations and processes” when it adopts a new land development code, but that is just the beginning.

Locations of education, jobs, transit, housing, and commercial space have significant impact on equity, household affordability, transportation options, economic mobility, and ability of small businesses to flourish. As such, land use regulations, policies, and processes will significantly influence how Austinites experience Economic Opportunity and Affordability, Mobility, and other Strategic Outcomes intended to achieve the Imagine Austin 30-year vision for the city.



*Austin’s new land development code provides a significant opportunity to foster future development toward achieving community values, but it cannot do it alone. Existing land use policies, plans, and processes must also support Imagine Austin and the Strategic Outcomes.*

### Evidence

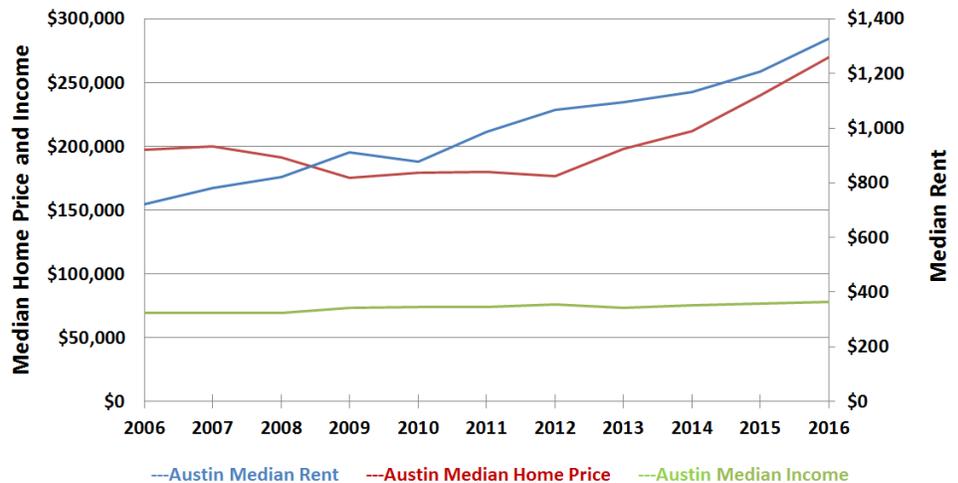
- Historic impact of land development code: The impact of Austin’s 1928 Master Plan can still be seen. Nearly 100 years later, Austin is the most economically segregated large metro area in the U.S. (Martin Prosperity Institute).
- Cost benefits from Compact and Connected: Implementation of Imagine Austin’s Growth Concept, creation of activity corridors and centers, can save the city between \$4.8 billion and \$21.5 billion compared to the city’s current low density growth pattern (Imagine Austin).
- City jurisdiction: Austin has limited jurisdiction in addressing many barriers to achieving Strategic Outcomes, making Austin-owned tools like the land development code and related policies and processes even more relevant to achieving community priorities.

## ECONOMIC OPPORTUNITY AND AFFORDABILITY CHALLENGE #4

As cost of living rises, how might we increase equitably distributed options for household affordability in all parts of town?

### Nature of the Challenge

Like many growing cities nationally, Austin is facing a serious affordability challenge. The Code Diagnosis, an assessment of major issues within Austin's current land development code conducted by Opticos Design in 2014, notes a lack of "missing middle" housing supply. Insufficient diversification of housing products reduces affordable housing options for families of different income levels throughout Austin.



Data from National Association of Home Builders and Austin Investor Interests  
*Austin rents and home prices have increased substantially over the last decade, while wages remained relatively stagnant.*

Distances between housing, jobs, services and educational institutions continue to increase as households "drive until they qualify." This burdens transportation infrastructure, impacts household budgets, and presents geographic barriers to access jobs and resources. Affordable housing is needed near transit and services to enable seniors to age in place, provide housing choices for persons of all abilities, and mitigate financial impact of rising transportation costs. In addition, child care costs pose a significant burden on many households in Austin. For many families child care costs exceed those related to utilities and even to transportation, and can limit a resident's access to work opportunities.

### Evidence

- Affordable housing shortage: Austin has a shortage of 48,000 affordable rental units. From 2012 to 2014, about 16.5 percent of rental units became unaffordable to households earning \$25,000 per year (BBC Research & Consulting).
- Disproportionate burden: About 35 percent of Austin households earn 60 percent Median Family Income (MFI) or below, and only 15 percent of the city's housing stock is affordable to them. Affordable homes to buy are concentrated in far northeast, south, and southeast Austin (BBC Research & Consulting).
- Diminishing housing supply: TXP's 2017 Economic and Sales Forecast for Austin reports tight housing markets with strong demand and diminishing excess supply.

## ECONOMIC OPPORTUNITY AND AFFORDABILITY CHALLENGE #5

How might we leverage both prevention and service delivery to reduce the number of people experiencing homelessness in Austin?

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### Nature of the Challenge

Data from the Ending Community Homelessness Coalition (ECHO) shows more than 2,000 people in Austin experience homelessness daily, and more than 7,000 on an annual basis. Persons experiencing homelessness are disproportionately African American, and disproportionately older Americans (ages 45-64). Underlying causes for persons becoming homeless include loss of family support, mental or behavioral health issues, addiction, challenges related to the criminal justice system, along with issues related to housing affordability, transit, and jobs.

An Austin success, the recently completed Homeless Outreach Street Team (HOST) pilot provided a model for improved service delivery to chronically homeless at reduced cost to the City and other agencies. Additional Austin successes include achieving functional zero for veterans (i.e. a system is in place to rapidly house veterans), and housing 62 homeless youth in 2016, however we have not effectively reduced the number of people experiencing homelessness.

### Evidence

- Cost avoidance: An analysis of system costs attributed to homelessness shows the top 500 homeless “super utilizers” of crisis systems for health care, on average, each consume nearly \$100,000 per year in health resources (Corporation for Supportive Housing).
- Number of organizations working to alleviate homelessness: More than 20 nonprofits and City departments work to directly or indirectly serve people experiencing homelessness.
- Homeless in Austin: ECHO estimates 3,350 total units of housing are needed to achieve functional zero, with more than 1,000 households in need of permanent supportive housing and ongoing services.



Image Credit: System Components to End Homelessness in Austin/Travis County (ECHO)

*Homelessness is a complex challenge. Root causes of homelessness span the individual, the community, systems, and infrastructure.*