2/26/19
Re: State of Housing Background Materials

Background

On May 24, 2016 Council directed completion of an update to the Housing Element and also a Housing Feasibility Study. Council asked to evaluate the City's housing needs of three populations: low income, workforce and senior. City Council appropriated funds in the Fiscal Year 2017 budget and approved a contract for services which included an update to the Housing Element and Housing Feasibility Study, hereinafter referred to as the "Housing Toolkit" or 'Toolkit'. The update to the Housing Element and the development of a Toolkit within the overall 2030 Comprehensive Plan Update will align the City's development, fiscal and land use strategies.

Figure 1 - Housing's Role in Future Land Use

2030 Plan Update goal development

During the December 11, 2018 City Council workshop, the project team presented Council a review of the existing land use goals and a summary of the public input to date. Council recommended that a housing specific goal be considered. At the January 3, 2019 Steering Committee meeting, after reviewing the existing land use goals, the committee found that recent public input themes related to housing were not included and therefore not reflective of recent community input.

At the January 10, 2019 Joint Session of City Council and Planning & Zoning Commission, the group arrived at consensus on a Housing specific goal:

> "*Ensure access to diverse housing options and amenities and preserve existing neighborhoods for residents of all ages, backgrounds and income levels.*"

2030 Housing Element Update

Included in the newly formed housing goal are three specific themes: affordability, diversity and preservation. Together, the three themes provide a fuller community housing strategy that preserves existing housing stock and accommodates future needs by creating greater consumer choice by 2030. The 2030 Housing Element uses the data from the technical study and concerns from the public input to inform the policies for each of the areas.
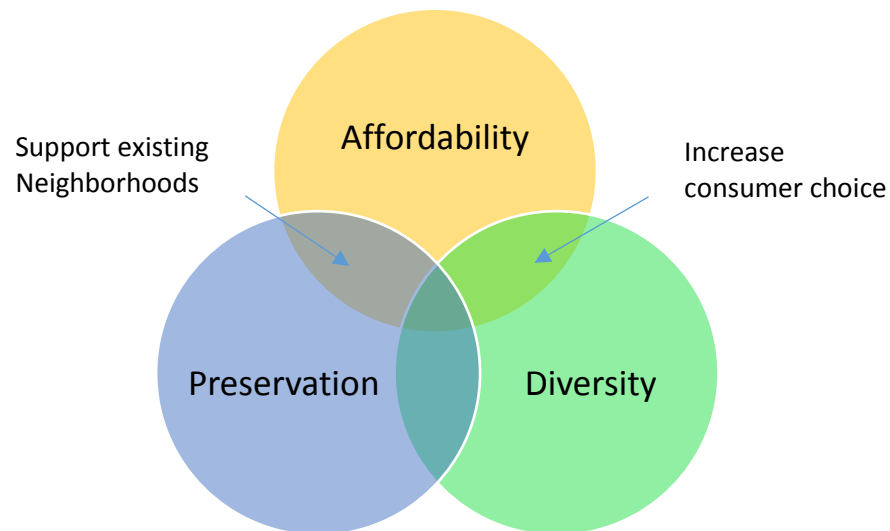

Figure 2- Comprehensive Housing Plan

Key Terms Used in this Report

- Affordable housing - regardless of income level, affordable housing is housing for which all combined expenses—mortgage or rent, utilities, insurance and taxes—cost no more than 30% of gross household income.

Figure 3- Household expenses

- Area Median Income (AMI) – used by HUD to determine eligibility for housing programs. This calculation is used in this report to reflect regional conditions and the household incomes eligible for federally subsidized units. The AMI for Williamson County is used to calculate eligibility in Georgetown.

- Median Household Income – half of households earn below and half earn above
    - $81,818 WilCo (2016 US Census ACS 1 year estimate)
    - $67,379 Georgetown (2016 US Census ACS 1 year estimate)

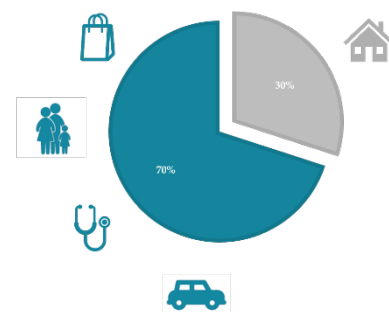- Cost Burden – paying more than 30% of gross income toward housing

- Low-income (Industry standard)- Often households that make 50% or 30% or less than AMI

- Workforce (City of Georgetown UDC) - Workforce Housing Developments are available for those whose incomes are less than or equal to 80% AMI

- Senior (Industry standards) - Can be age restricted at 55 or 62, Census data addresses 65+

- Planning Area - Geographical study area that includes the City limits of Georgetown and the extraterritorial jurisdiction (ETJ)

Technical Studies

Community Development Strategies (CDS) was hired as a sub-consultant to Freese & Nichols, the prime consultant for the 2030 Plan Update, to complete a technical study of housing. The components of the technical study consisted of a a) Housing Inventory, b) Subarea Profiles and an c) Affordability Analysis as detailed below.

Housing Inventory

Purpose

The Housing Inventory serves as a full accounting of housing units and households in the City's planning area. The inventory provides the type, age, lot size, tenure, and household composition of the city's housing stock. This report tallies and catalogues the various types of housing existing in Georgetown. The Inventory has two primary data sources: (1) the Williamson Central Appraisal District (WCAD) and (2) Nielson / Claritas, a private sector provider of demographic data estimates based on recent data available from the Federal Bureau of the Census and other sources. The geographic Planning Area covered includes the entirety of the City's incorporated jurisdiction plus its extraterritorial jurisdiction (ETJ). While the Nielsen / Claritas data is ascribed generally to the year 2018, the WCAD data is specifically ascribed to a download period of June-July 2018. The inventory includes maps for comparison of the characteristics across the city. CDS delivered a Housing Inventory in July 2018. The information was presented to the Housing Advisory Board on July 23, 2018. Additional information was presented to the Comp Plan Steering Committee on November 1, 2018.

Key Findings

The report concludes that housing product options not evenly distributed across the planning area and there are decreasing options among lower price points.
The Planning area has the following characteristics:

Housing Unit Characteristics

- 16.6% MF/83.4% SF
- Median home size 1,994 sq ft., Average home size 2,159 sw. ft.
- Median lot size .23 acre, Average lot size 1.17
- 33,842 total units
- Median Homes Value (excluding multi-family) $269,593
- Average Value (excluding multi-family) $309,797
- $146 per sq./ft. (median 2018)
- Median Year built (all units) 2004

Household Characteristics

- 22.4% Renters/77.6% Owners
- Average size 2.47 persons
- Homeowner average of 9 years, Renter occupied 3 years
- Median Household income is $81,219 (94% AMI), Average is $103,384

Subarea Profiles

Purpose

The subarea profiles provide a basis for making policy recommendations through an understanding of housing as it exists across the city. The granularity of the subarea profiles allows the City to make recommendations for specific geographies or recommendations that may apply to the entire study area:

- Housing diversity (type, lot size)
- Housing choice (square footage, price point)
- Historic cost trends (MLS sales and rental data 2008-2018)
- Existing affordable housing stock (market rate and subsidized)

The Subarea map consists of 14 areas. The map was developed using housing characteristics of housing age, type, density and value. Other considerations included well known boundaries such as neighborhoods Sun City (age-restricted), zoning overlays such as the Old Town / Downtown, Census Block Group boundaries and elementary school zones although the zones had limited impact on the subarea boundaries. The subareas are not intended to define "neighborhoods". The review of housing characteristics for the subareas included Multiple Listing Service (MLS) sales information from the Austin Board of Realtors, US Census data and field research.

The Subarea information was presented at:
- August 20, 2018 Housing Advisory Board meeting
- September 6, 2018 Steering Committee meeting #4
- September 18, 2018 Planning & Zoning Commission meeting

Findings

- Some subareas have no or little housing product diversity or rental options. Other subareas such as those in the center city have a wide variety of housing types and ages.
- Older duplexes, four-plexes and multi-family properties play an important role in affordable housing stock.
- Neighborhood change is a concern for some existing residents.
- Household characteristics are depicted geographically and varies widely across subareas. A summary for each of the subareas is attached to this memo (Attachment 1 – Subarea Profiles).

Affordability Analysis

Purpose

The Affordability Analysis provides a general picture of the need for affordable rental and for-sale housing in the Georgetown Planning Area defined as the City of Georgetown City Limits and its extra-territorial jurisdiction. The report is broken into three parts: Affordable Housing Demand (including regional employment data), Affordable Housing Supply, Analysis and Recommendations.

Housing Demand and Supply information was presented at the following meetings:

- September 24, 2018 Housing Advisory Board meeting
- October 15, 2018 Housing Advisory Board meeting
- November 1, 2018 Steering Committee #5
- November 6, 2018 Planning & Zoning Commission meeting

Findings

The bullets below represent the generalized findings of the 11/1 Steering Committee:

- Rental Demand
    - Housing is an economic development issue
    - Surprised by high renter cost burden
    - Surprised Georgetown AMI is lower than WilCo
    - Surprised that there are a significant amount of more renters are cost burdened than owners
    - The data suggests there is a segment of the population for whom Georgetown is unaffordable

- For Sale Demand
    - Do Sun City numbers skew planning area numbers?
    - Lower income is more cost burdened
    - Surprised that anyone under $20K could own a home
    - Not enough houses for $50K incomes
    - When looking at regular employment you can't afford the job
    - Income does not equal ownership

- Rental Supply
    Send to Council: Georgetown needs more 2 plex, 4 plex
    Used to be no more than 20% class A, we have 40% because of cost to build
    Lower rents for single family than expected
    Duplexes = affordability
    Surprising that more subsidized units than Class B

- For Sale Supply
    Surprised nothing under $399K west of I-35
    Townhouses/condos play a role in the market
    Density is the answer
    # of units under $275K in next 12-18 months, making some progress
    Surprised to know wages not growing as fast as housing costs
    2008-2018 Wages not growing as fast as housing costs increase UDC, increase cost

Demand

Housing demand is influenced by regional employment trends, household income, age, ability and desire to rent or own, among other factors. CDS analyzed employment data for the region using the Williamson County geography.

Regional Employment trends

Nearly half of all jobs (81k/165k) in Williamson County are in industry sectors with lower average wages, these sectors are exhibiting growth in overall jobs (*Texas Workforce Commission Quarterly Census of Employment and Wages (QCEW) – August 2018*)

- Retail Trade
- Educational Services
- Accommodation and Food Services
- Health Care and Social Assistance

Strong growth in high-wage sectors in Williamson County (*Texas Workforce Commission Quarterly Census of Employment and Wages (QCEW) – August 2018*)

- Manufacturing
- Professional and Technical Services

Life Sciences, including Health Care, has been identified as a target industry for Georgetown to pursue. While success in this pursuit would bring a number of higher-wage jobs, it will also grow the number of lower-wage jobs associated with Health Care, which has a wide range of wages for that sector. (*City of Georgetown, Target Industry And Workforce Analysis, 2017*)
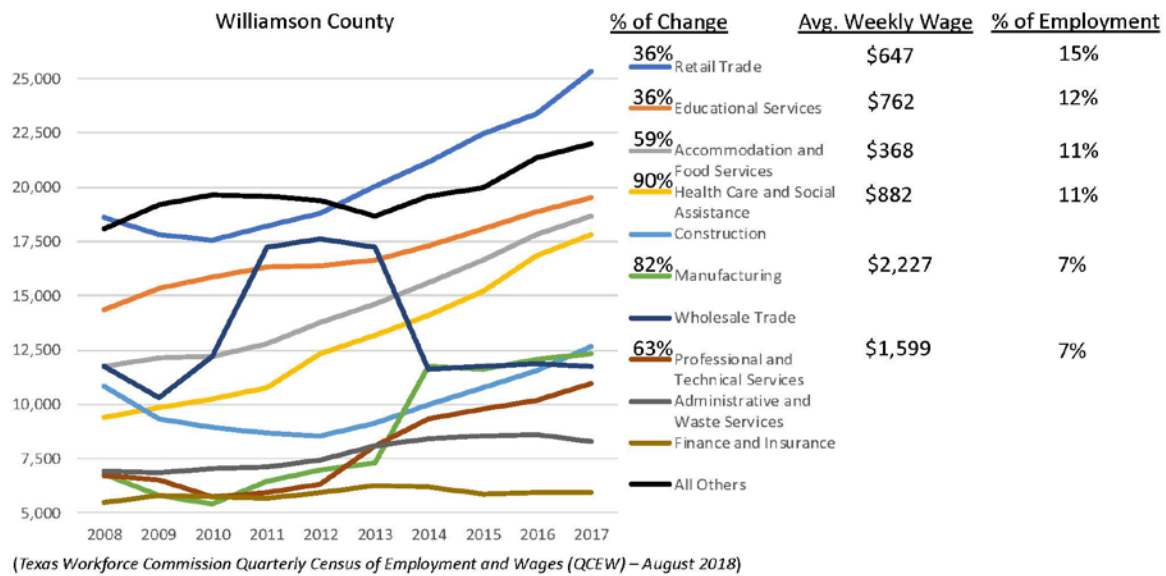
Williamson County	% of Change	Avg. Weekly Wage	% of Employment
Retail Trade	36%	$647	15%
Educational Services	36%	$762	12%
Accommodation and Food Services	59%	$368	11%
Health Care and Social Assistance	90%	$882	11%
Construction			
Manufacturing	82%	$2,227	7%
Wholesale Trade			
Professional and Technical Services	63%	$1,599	7%
Administrative and Waste Services			
Finance and Insurance			
All Others			

(Texas Workforce Commission Quarterly Census of Employment and Wages (QCEW) – August 2018)

Figure 4 – Regional industry trends, wages and percentage of employment

Rental Supply

The last four years since 2014 have included generally rising rents in the greater Austin region, though the increases appear to be plateauing since 2017. This may be because overall supply has been increasing with new property deliveries, nearly all of which have been considered Class A, since land and construction costs generally limit the financial feasibility of new unsubsidized development to only upscale projects. The market rate (non-subsidized or income-restricted) multifamily properties in Georgetown that supply more affordable rental units either fall into the Class "B" designation by the real estate investment community or are unrated. They tend to be older properties (the newest dates to 2001). Lease rates for one-bedroom units tends to range from $750 to $900 per month. Two-bedroom units range from approximately $900 to $1,100, with such units at a few properties slightly higher priced. The total number of units in the listed properties is 1,293.

Georgetown also has a significant supply of multifamily properties that have been publicly subsidized in some fashion (federal tax credits, public housing, etc.) and have income restrictions on tenants to remain affordable to lower income residents. Three such projects are under construction, two of which will offer market rate units. Some properties are age-restricted to seniors. The total number of units in these properties is 1,916, including the under construction properties, and of which 1,697 units are income-restricted. Multifamily apartments are not the only source of rental units in the Georgetown Planning Area. Housing consumers also look for individual or small-scale rentals. Unfortunately, comprehensive data is not available to summarize and analyze these transactions. A particular type of rental unit in Georgetown for which no large transaction or listing sample was available is the small-scale multi-unit property (mostly quadplexes) and duplexes. These are mostly concentrated in neighborhoods on just south of the historic core, just west of I-35 off Leander Road, and in

relatively older residential areas off Williams Drives also just west of I-35. A small sample of listings from field research indicates that typical rents in these properties may be comparable to Class B market rate multifamily units for the same number of bedrooms.

Type	Percentage of Units
Class A	37%
Class B	20%
Rent Restricted	27%
Duplex	10%
Fourplex	6%

Figure 5 – Multi-family rental percentages by product type

For Sale Supply

Market data for the Georgetown Planning Area from the MLS transactions in recent years show that there is very little excess inventory of existing homes available; this is evident from the relatively small difference between listing price and sales price, and also the short average days on market (less than 40, down from a typical 70 to 90 a few years earlier). The sales volumes in the bottom two price ranges, below $275,000 (1,230 total sales), are a dramatic drop from previous years. In the 2014-2016 period, sales in these two categories totaled 3,087. These lower price categories represent "entry level" prices for first-time buyers at or below area median income (approximately $67,000 and $82,000 for Georgetown and Williamson County respectively as of the 2016 American Community Survey – see the analysis in the next section). However, the area housing market is rapidly shrinking the available inventory of such homes.
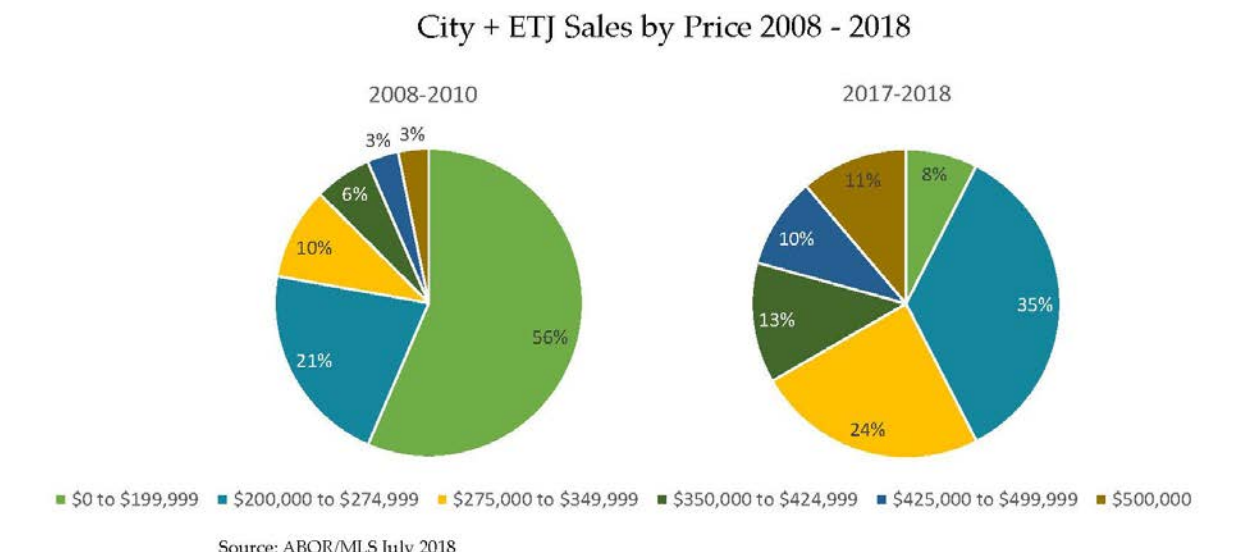

Figure 6 – Multi-family rental percentages by product type

Sun City Factor

One of the frequently asked questions when housing data was presented in 2018 was how much Sun City skewed any city wide statistics. CDS ran a report that was able to separate the geography that approximately encompasses Sun City (eight Census block groups) from the rest of Georgetown. The findings are below:

- The age restriction for living in Sun City is that one person in the household must be at least 55 years of age. Of the 7,787 households represented in the eight Census block groups, 6,419 (or 82%) of the households are headed by persons 65 years or older as of 2016.
- Included in the overall Georgetown tally, 65 and older households account for approximately 44% of total households. Removing Sun City, this share drops to approximately 25%.
- Because Sun City is dominated by owner households, its impact on renter data for the city overall is small. A similar share of total renter households in the Sun City Block Groups are cost-burdened as compared to the city excluding Sun City.
- A lower share of Sun City owner households have a mortgage than in Georgetown overall. This is likely because many Sun City residents purchased their homes with cash, having equity from previous homes they owned. Interestingly, a higher share of Sun City owner households with mortgages were estimated to be cost-burdened than in the rest of the city.
- Sun City accounted for a very high share, 69%, of all over-65 owner households in Georgetown. Of these households, a higher share were cost-burdened than in the remainder of the city – approximately 25% to 18%.

Analysis & Recommendations

The current housing needs for the three groups requested by Council are presented below.
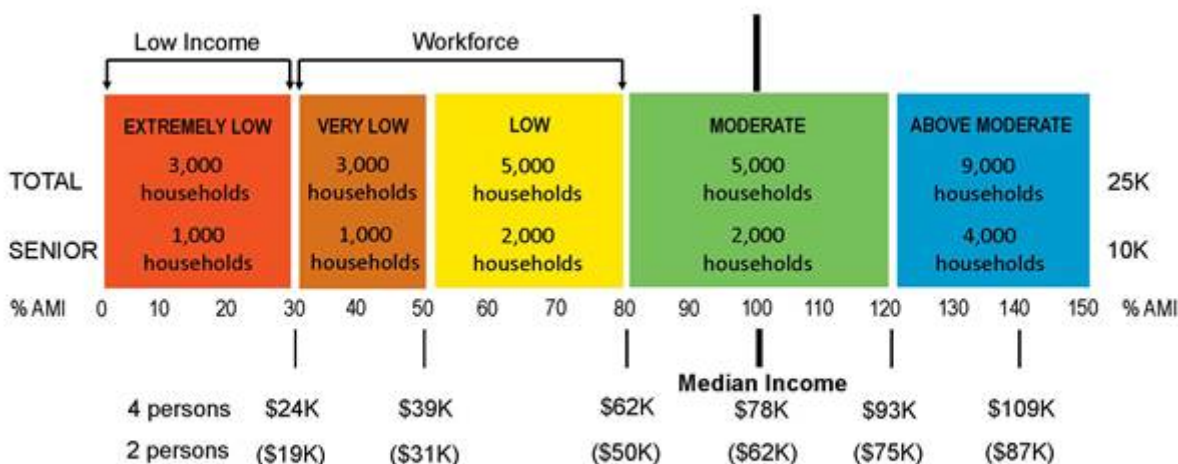
Source: 2016 HUD Income Limits, ACS 2016 1 Year Estimate [37]

The chart above illustrates the number of Georgetown households at each of the HUD defined income levels using the Williamson County Area Median Income of $77,800 for 2016. The American Community Survey (ACS) conducted by the Census provides the number of households by income level for the City of Georgetown. That figure can then be apportioned to the AMI levels to provide an estimate of number of households by AMI level. The ACS 2016 1 Year estimate for the City of Georgetown was a total of 25,235 households, with 10,271 of those households headed by a householder over the age of 65.

Low Income households

The findings for the approximately 3,000 low income households with incomes less than 30% of the Area Median Income were that:

- 69% of renters (1,100/1,600 HHs) are cost burdened
- 68% of owners (950/1,400 HHs) are cost burdened

Possible policies to address this high cost burden include policies to increase rental inventory and preserve homeownership for low income households.

Workforce households

The findings for the approximately 8,000 workforce households with incomes between 30% and 80% of the Area Median Income were that:

- 80% renters (2,000/2,500 HHs) are cost burdened
- 42% owners (2,300/5,500 HHs) are cost burdened
- Limited supply for sale under $250K

Possible policies to address this high cost burden and limited supply of affordable for sale housing include policies to increase rental inventory, preserve homeownership, and increase homeownership opportunities for workforce households.

Senior households

The findings for the approximately 10,000 senior households with incomes between 30% and 80% of the Area Median Income were that:

- 67% renters (1,000/1,500 HHs) are cost burdened
- 24% owners (2,000/8,500 HHs) are cost burdened

Possible policies to address this high cost burden include policies to increase rental inventory and preserve homeownership for senior households.

Future Housing Need

The future needs for housing are projected using the anticipated growth rate for Williamson County from the Texas State Data Center for the year 2030.

|	2016 # Households		2030 WilCo Population % change (est.)		New housing units by 2030 for estimated population growth
Williamson County	173,125	x	55%	≈	96,000
City + ETJ Area	34,182*	x	55%	≈	19,000
Georgetown	25,235*	x	55%	≈	14,000

Source: Texas State Data Center, ACS 2016 1 Year Estimate
* 2016 ACS used in lieu of City of Georgetown Planning and Development counts to provide regional comparison

% of City + ETJ Households by Income - 2016
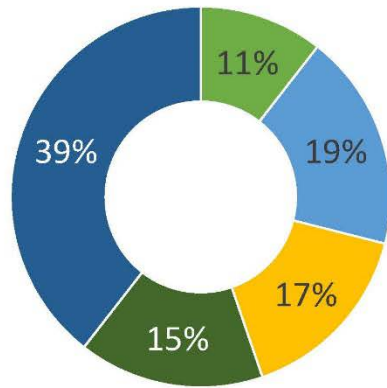
City + ETJ, 19,000 units – 2030
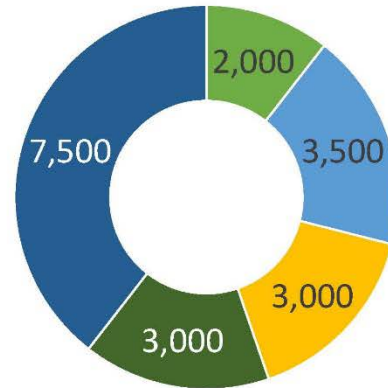
■ Less than $25,000 ■ $25,000 to $49,999 ■ $50,000 to $74,999 ■ $75,000 to $99,999 ■ Over $100,000

Source: ACS 2016 Household Income, City of Georgetown calculations using TSDC projection figure

The above chart provides a simple analysis of possible housing units needed in 2030 to accommodate the City's 2016 household population by income based a 55% growth rate, as described in the preceding figure.

Public Input

One of the seven themes that emerged from the extensive public input conducted during 2018 was to focus on housing & affordability. A summary of the public input from the various outreach opportunities can be found in the attached Housing Public Input Report (Attachment 2).