

Affordable Housing: Connecting Goals of Affordable Housing
with Commonly Used Policies and Policy Tools

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ABSTRACT

Purpose: The purpose of this research was threefold. First, scholarly literature was examined to identify three major goals of affordable housing. Second, policies and policy tools used to address affordable housing were identified from the literature. Finally, policy advocates and developers in Austin, Texas, were sent a questionnaire designed to assess their attitudes and opinions regarding policy and policy tools regarding the first two goals.

Methodology: This study was descriptive in nature, as the literature failed to provide a comprehensive set of policies and policy tools best suited for accomplishing the goal of affordable housing. Eighty Housing advocates and developers were surveyed to assess their attitudes and opinions in light of the three goals developed from the research to meet the goals of affordable housing. As such, this research fills the gap by connecting the major goals of affordable housing with commonly used policies and policy tools. In addition to making this connection, this research also offers a guide for increasing and preserving affordable housing units.

Results: The responses for survey questions indicate that commonly used policies and policy tools aid in providing access to affordable housing for all income groups, the preservation of existing affordable housing stock and improving access to affordable housing for disadvantaged communities. However, some policy and policy tools, were identified to be more successful or favored than others for meeting particular goals

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CHAPTER 1. Introduction

A 2007 report by the Joint Center for Housing Studies of Harvard University on “The State of the Nations’ Housing” identifies housing affordability as a pervasive problem that requires public policy shifts by federal, state and local governments, to address this burgeoning crisis. According to Ladder, (1997) federal policy on affordable housing faces its most thorough assessment in decades. The U.S. Department of Housing and Urban Development (HUD) defines “affordable” as a cost burden that does not require more than 30 percent of a household income to sustain a residence. Affordable housing is housing (apartments, single-family homes, duplexes) that owners keep affordable for low to moderate-income households earning 80 percent or below the Median Family Income (MFI) (Tanner 2001, 93).

“Families that pay more than 30 percent of their income for housing are considered cost burden and may have difficulty with affording other basic needs”.¹ Rising housing cost has created a housing shortage, not only for lower-income groups that traditionally face housing challenges, but moderate-income workers (Favor 2007, 1). The increased cost burdens are not simply affecting lower income groups, but are spreading across the economic spectrum. “The lack of affordable housing is a significant hardship for low-income households preventing them from meeting their other basic needs, such as nutrition and healthcare, or saving for their future and that of their families”.²

Research Purpose

The purpose of this research is threefold. First, the literature identifies three major goals of affordable housing. Second, the research identifies policies and policy tools that address

¹ See U.S Department of Housing and Urban Development Communities <[http.hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable%20housing/index.cfm).

² See U.S Department of Housing and Urban Development Communities <[http.hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable%20housing/index.cfm).

affordable housing. Finally, policy advocates and developers in Austin, Texas will evaluate the policies and policy tools in respect to the first two goals.

This research is important because it provides data on the preservation of affordable housing, based on trends in the U.S. housing market, and may aid practitioners and researchers in preserving affordable housing (Rengert 2002, 3). The goals of affordable housing are: 1) providing access to affordable housing for all income groups, 2) preserving existing affordable housing stock and, 3) improving access to disadvantaged communities. Furthermore, this research contributes to the empirical body of work that focuses on affordable housing and sheds light on why practitioners and researchers debate the implementation of sound policies and policy tools.

The existing literature on affordable housing fails to provide a comprehensive set of policies and policy tools best suited for accomplishing the goal of affordable housing. As such, this research fills the gap by connecting the major goals of affordable housing with commonly used policies and policy tools. In addition to making this connection, the research also offers a guide for increasing and preserving affordable housing units.

Chapter Summary

To achieve the research purpose, this study is divided into six chapters. Chapter two examines the scholarly literature regarding the history and goals of economic development, types of incentives and the conceptual framework (descriptive categories). Making the connection between affordable housing and policies and policy tools (as identified in Chapter 2). Chapter three provides information about the research setting in which the study was nested. Chapter four introduces the reader to the research methodology. Chapter five discusses the results of the study, and the final chapter, Chapter six, discusses the findings of the research in relation to the overall research purpose, as well as providing recommendations for future research.

CHAPTER 2: Literature Review

Chapter Purpose

The purpose of this chapter is to review existing scholarly literature on affordable housing to assess policies and policy tools used in affordable housing development. The policies and policy tools are then used to assess attitudes and opinions of housing advocates and developers in light of three goals developed from the literature.

Introduction

In 2008, Congress passed an \$800 billion dollar rescue package that used taxpayer funds to bail out the failing banking industry. This bail out provided little relief for hardworking families around the country in need of decent and affordable housing (Rangel 2008, 1).

According to Lester, (2005) municipalities are charged with improving their communities and providing those who live there decent and affordable housing. Municipalities' efforts are geared toward economic development and social services. The absence of affordable housing directly impacts the quality of life for families and their communities. (Crowley 2003, 23).

Access to affordable housing remains the biggest challenge for many municipalities around the country. Compounding this challenge is the mortgage industry crisis that has exacerbated the problem, making it even more difficult for low-income families to make their mortgage payments. According to the 2007 Joint Center for Housing report "*The State of the Nation's Housing*", housing cost burdens in which families paid more than 30 percent of their income for housing hit a record high of 37.3 million in 2005.

The ability to access decent and safe affordable housing has eroded for lower and middle class families over the last quarter century. Limited affordable housing stock and rising developmental costs contribute to the dwindling supply of lower-cost affordable housing. This

evolutionary process has forced municipalities, states, and the Federal government to assess existing policies and tools to address the affordable housing crisis.

History of Fair Housing

Affordable housing became a national priority after the stock market crash of 1929. Over the next four decades, leaders of private industry, supporters of public housing, interested academics, and government officials wrestled with social equality policies for American cities in the postwar period. (von Hoffman 2008, 10). Legislative programs proposed by President Harry Truman between 1945-1948 extended the New Deal programs of health insurance, housing development, and laws to maintain farming prices. The New Deal was a concerted effort by President Franklin D Roosevelt in 1933 to tackle social erosion during the Great Depression. President Truman outlined his Fair Deal doctrine during his State of the Union address to Congress on January 5, 1949.

A landmark piece of legislation, The Housing Act of 1949, allocated federal funds for new housing projects, urban renewal, and the development of public housing.³ The effort to meet affordable housing needs escalated during 1960s, both in scale and complexity. Throughout the decade, a score of housing acts provided infrastructure improvements and discounts for land acquisition, rental subsidies, and mortgages for homeownership, to develop and execute new policies on housing. The United States Department on Housing and Urban Development (HUD) was established on September 9, 1965 with the enactment of the Department of Housing and Urban Development Act, to develop comprehensive housing policies.⁴ HUD's mission "is to

³ See Hecht, Ben L. 1959. *Developing affordable housing: A practical guide for nonprofit organizations*

⁴ See U.S Department of Housing and Urban Development Communities <[http://hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable%20housing/index.cfm)

increase homeownership, support community development and increase access to affordable housing free from discrimination”.⁵

“During the 1960s, many housing acts were passed, which provided infrastructure for home improvements, land acquisition discounts, subsidies for rentals, and funds enabling state and local organizations to finance their own housing and community development programs” (von Hoffman 2008, 10). On April 11, 1968, President Lyndon Johnson signed the Civil Rights Act. This Act expanded the 1964 Civil Rights Act, prohibiting discrimination concerning the sale, rental, and financing of housing units. The federal government realized that housing concerns were widespread and began to allocate funds to empower states and local municipalities to finance their own housing and community development programs.

The ambitious nature of housing development between the late 1920s and 1970s did much to relieve the housing shortage. However, rapid growth and extensive spending forced the federal government to reassess existing programs and funding tactics during a three-year housing moratorium. In 1974, the housing moratorium ended with the consolidation of numerous housing programs, strategies toward revenue sharing, and new housing initiatives addressing public housing and assistance needs on federal, state, and local levels.

As federal funding for affordable housing diminished, cities and states actively sought ways to maximize Federal, state and local resources to preserve affordable-housing units. This effort is further impacted by the expiration of affordable housing programs created in the 1980s, and by property owners buying their way out of affordable housing mortgages in order to take advantage of the declining real estate market (Mintz-Roth 2008, p1). Most cities around the county face developing and implementing policies and policy tools to address a lack of access to safe affordable housing complicated by decreased funding from HUD.

⁵ See U.S Department of Housing and Urban Development Communities <[http://hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable%20housing/index.cfm)

As federal funds decrease, there is a growing need for municipalities and local housing authorities to reallocate resources in order to construct and preserve existing affordable housing stock. Green (2006, 5) states that during the last few years, HUD has reduced funding to local housing authorities, leaving municipalities across the country to help families access affordable housing. “Across the nation, state and local government leaders and their partners are struggling to identify effective ways to provide affordable housing and homeownership opportunities for families and individuals at the bottom of the economic ladder.” “Although every community faces serious housing affordability problems, variations across the country in the existing housing stock, population growth and demographic trends, and economic vitality creates stark differences in housing conditions and trends, calling for unique, locally crafted responses” (Brookings 2003, 1).

Shaping Intergovernmental Policy

In recent years, housing advocates and community members have focused on Federal, state and local governments’ need to examine policies and policy tools to preserve and expand affordable housing in their respective communities (Lamport 2007, 1). Families are using more of their disposable income for housing related costs, making it difficult for working class citizens to access decent and safe affordable housing.

“Affordable housing means apartments, single-family homes, and duplexes that owners keep affordable for low to moderate-income households earning 80 percent or below of Median Family income (MFI). MFI is established by the U.S. Housing and Urban Development (HUD) and is based on the number of household members and area income.”⁶ “For 2008 the MFI for residents of Travis County is \$69,100 and is categorized depending upon the number of

⁶ See U.S Department of Housing and Urban Development Communities <[http://hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable%20housing/index.cfm)

household members (NHCD Preservation 2007, 4)”⁷. A commonly accepted guideline for housing is that housing costs do not exceed 30 percent of a household’s gross income (Tanner 2001, 93).

In cities across the county the supply of decent, affordable housing lags far behind the rate of demand. Some 34 million households make their homes in rental housing, as reported in a study by the Joint Center for Housing in 2006. While many Americans share the dream of owning a home, millions of families have an urgent need for housing they can afford (Joint Center 2006, 3).

“Housing affordability is an issue for all families, but accessing decent and adequate housing is paramount for low and middle income households. For these families, the cost burden of providing housing can negatively impact their ability to meet other basic needs” (ACTU, 2007, 2). Rising housing costs have created a housing shortage not only for lower-income groups that traditionally face housing challenges but also for moderate-income workers (Favro 2007, 1).

The lack of affordable housing not only affects lower income groups, but has spread across the economic spectrum. For many metropolitan areas, the first wave of expiring federal housing vouchers and project based housing assistance set to expire by 2010 will leave many multifamily units at market rate (NHCD Preservation 2008, 5)”⁸. In cities across the country the supply of decent, affordable housing lags far behind the rate of demand. Awareness about the need to preserve affordable housing has gained momentum, due in part to the pending expiration of federal housing assistance, which threatens to erode the existing stock of affordable housing. According to Favro (2007, 1) the local housing market is an important factor in economic sustainability. The quality of homes and neighborhoods in a community serve as a visual measure of the local quality of life, often a catalyst for economic expansion.

⁷ http://commerce.wi.gov/CDdocs/Housing-Reference/cd-boh-income_limits.pdf

⁸ Due in part to developers desire to take advantage of hot real-estate market and maximize their long term investment. This in turn reduced the amount of units in the affordable housing stock

During the 1990s and early 2000s an extended economic expansion created a housing boom. Prosperity drove up homeownership until nearly two-thirds of the country's households reside in their own homes (Tanner 1999, 91-93). The 2008 collapse of the mortgage industry eroded many of the gains homeownership made over the past decade. The Joint Center for Housing (2007, 25) reported that a staggering 30 percent of U.S. households experienced home affordability problems prior to the mortgage industry collapse in 2008. Over 14 million households spent more than 50 percent of their incomes on housing while over 17 million spent a more moderate 30 - 50 percent of their income on housing (Joint Center for Housing 2003, 25). The housing crisis is not relegated to the chronically poor, but also affected middle-class families. In addition to the distress it causes families who cannot easily find a place to live, many urban planners consider problems with affordable housing a negative drain on a community's overall economic health. Green (2006, 4) maintains that for, low-income households, adequate housing is directly linked to income. Therefore, changes in income eventually lead to changes in housing and living conditions.

Maintaining a robust economy and diverse community requires a concerted effort to ensure that housing needs accommodate all income levels and all types of living situations (NHCD Preservation 2008, 4). Additionally, problems with access to affordable housing are compounded by the federal government's diminished role in the preservation and construction of affordable housing stock. This stock, ranging from homes owned by the wealthy to low rent apartments, is a product of the market and governmental intervention. Most of these homes are built by developers in the private sector. Some percentage of the population cannot afford housing without governmental intervention. An unregulated market cannot meet the housing needs of all citizens. The public sector acts as a partner (or regulator) of the private sector. Public

housing policy exists to meet needs in the community and to create financial mechanisms to negotiate the roles and responsibilities of private and public sectors.

Affordable Housing Incentives

All members of a community deserve decent, safe and affordable housing immune to market fluctuations. The mounting challenge is how to incentivize programs so developers and local housing groups are positioned to address affordable housing shortages in communities. Most affordable housing strategies at the national and local levels are designed to expand the supply of affordable housing. Programs to stimulate construction, rehabilitation, and renovation of affordable housing increase affordable housing stock. Effective implementation is critical to successful housing strategies.

Goals of Affordable Housing Incentives

Incorporating affordable housing into a community's housing policies requires strategic long-term planning and innovative approaches. The initial stages of strategic planning require specific goals. Municipalities can use incentives to attract target industries, increase employment opportunities, increase tax revenue, and increase economic activity (Lester 2005, 2). To encourage economic stability, municipalities must incorporate social and economic development into affordable housing. This research establishes the goals of affordable housing as: 1) providing access to affordable housing for all income groups, 2) preserving existing affordable housing stock and 3) improving access for disadvantaged communities. Municipalities meeting these goals ensure equality for their citizens. These goals are discussed separately for the purpose of this research.

Providing Access to Affordable Housing for all Income Groups

In cities across the county, the supply of decent, affordable housing lags far behind the rate of demand. In order for housing to be considered affordable, a household should pay no more than 30 percent of its gross monthly income on housing related costs such as rent and utilities.⁹ According to Favro (2007, 1) the local housing market is an important factor in economic sustainability. The quality of homes and neighborhoods in a community serves as a visual measure of the local, quality of life, which in part has been a catalyst for economic expansion.

In 2006, the Joint Center for Housing reported that 34 million households make their homes in rental housing. In recent years, policymakers have promoted homeownership, largely ignoring the important role that home rentals play in housing an increasingly mobile and diverse population. While many Americans dream of buying a home, millions of families simply have an urgent need for good-quality rental housing that they can afford (Joint Center 2006, 3).

“Housing affordability may well be an issue for all families, but accessing decent and adequate housing is of pressing concern for lower and middle income households. For these families, the cost burden of providing housing must not negatively impact the household as to not be able to meet other basic living cost on a sustainable basis” (ACTU, 2007, 2).

Preservation of Existing Affordable Housing Stock

“Affordable housing development came of age in the twentieth century with the passage of the Federal Housing Act of 1934 and then through the Affordable Housing Act of 1990, subsidizing demand for both homeownership and rental housing” (Hecth 2007, 3). Community leaders, realizing that lost units cannot be recaptured, have embraced preserving existing affordable housing (Hecth 2006, vii). For many metropolitan areas, concerns surrounding the

⁹ See U.S Department of Housing and Urban Development Communities <[http://hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable%20housing/index.cfm).

preservation of affordable housing have come about because of the first wave of federal housing vouchers and project-based housing assistance set to expire in 2010¹⁰, inflating many multifamily units to market rate. The second wave will be housing tax credits, set to expire in 2020.¹¹

The loss of affordable housing threatens to undermine the viability of families in every income bracket. Way (2007, 2) contends that, in addition to displacing families, the lack of affordable housing will have broad social implications, from turmoil in local communities to accelerating urban sprawl. The Harvard “State of the Nation’s Housing 2004 Report” states that “affordability problems remain the nation’s fastest growing and most pervasive housing challenge”. Simply put, many Americans do not earn enough to purchase decent, safe, and affordable housing. In 2001, 95 million Americans had excessive housing cost burdens or lived in crowded or poor conditions (Hecth 2006, 4). Housing affordability remains a pervasive problem. According to the 2007 Harvard “State of the Nation’s Housing Report”, the number of households with cost burdens in excess of 30percent climbed by 2.3 million, hitting a record 37.3 million in 2005.¹²

Improving Access for Disadvantaged Communities

For the disadvantaged population in communities, housing cost burdens are complex and far reaching. While many Americans find homeownership elusive, the need for affordable housing is paramount. In 1968, Congress passed the Fair Housing Act¹³ in an effort to apply a comprehensive solution to the practice of discrimination in housing based on race, color, sex, national origin, or religion. The Department of Housing and Urban Development (HUD) is charged with enforcing this act. . The Fair Housing Act has become central to modern Civil

¹⁰ See for example City of Austin study; Preserving affordable housing 2008; See Appendix B

¹¹ See for example; Way 2007, and Preserving Affordable Housing in Austin 2008; See Appendix B

¹² See for Example Harvard State of the Nation studies 2003, 2006 and 2007

¹³ See for Example Harvard State of the Nation studies 2003, 2006 and 2007

Rights enforcement, enabling persons in the protected classes to rent or own residential property in areas previously segregated.¹⁴

Husock (1997) suggests that many municipalities lack understanding of the concept called the housing ladder; a combination of physical structures and a social system providing housing for a mix of income earners. “Properly maintained, the housing ladder provides a full range of privately owned housing options, from cheap single rooms with shared baths to mansions on large plots” (Husock 1997, 2). The objective is for society to not impose an “indigenous housing” policy on the segment of the population that needs access to affordable housing.¹⁵

Affordable Housing Policies and Policy Tools

The Fair Housing Act permits a municipality to decide how to achieve its affordable housing goals based on the options available (Rubin et. al. 1990, 326). Unfortunately, even the most modest housing often exceeds the amount many lower income households can afford (Joint Center for Housing 2003, 21). The literature suggests that new approaches are needed to create affordable housing for communities across the country. Municipalities must examine the range of affordable housing approaches and various policies and tools available (Smart Growth 2008, 2). The ongoing battle to preserve and build affordable housing with less federal support has converted old ideas into new policy. Lester (2005, 16) posits that municipalities’ use of incentives to attract business and encourage investment is a long-term strategy for development. Long term sustainability should be the basis for incentives offered to non-profit or for-profit developers of affordable housing. Affordable housing development requires creativity and the ability to access private and public programs, funds, and incentives. Land preservation, zoning

¹⁴ For more on this topic please see Fair Housing Act of (1968); Sparks, 2007.

¹⁵ See for example Australian Council of Trade Unions 2007

and land use policies, and tax tools are some of the most commonly utilized policies and policy tools to preserve affordable housing. The comprehensive enactment of these tools has a direct effect on constructing and preserving affordable housing stock.

Land Preservation

Land is one of the most important factors in current local economic development and must be well managed to improve existing land use practices, to enhance livability of communities, and to support local community development.

Homestead Preservation District

A homestead preservation district is created in part to offset the economic pressures to low-income residents who are experiencing the looming threat of economic displacement. Essentially, the homestead preservation district provides an array of tools to help ease the ill effects of gentrification. Gentrification occurs when middle-class or affluent people renovate urban property, displacing low income families. Rengert (2002, 3) argues that communities traditionally inhabited by low to moderate income households are experiencing a negative consequence as their communities become more attractive to higher income households. The two essential components of a homestead preservation district are; community land trust and land banks.

Community Land Trust

The first homestead preservation district component is a land trust that is designated to permanently preserve affordable housing in a particular geographic area of a local municipality. A community land trust acquires a series of properties and holds them in perpetuity for community interest, such as affordable housing (Wake 2008, 49). Securing land in areas that are

threatened by increasing land values, while preserving affordable housing, is one of the most formidable challenges facing many municipalities. While most municipalities are seeking to expand their urban core in hopes of securing a more reliable tax base, the collateral effect is driving housing costs out of reach for a great percentage of residents in depressed socioeconomic areas that are now a haven for developers and speculative buyers.

Land Bank

The second component is a land bank. A land bank is a public authority created to hold, manage and develop tax-foreclosed property. Generally funded by local governments, land banks act as a legal and financial mechanism to transform vacant, abandoned, and tax-foreclosed property back into productive use. Successful land bank programs revitalize blighted neighborhoods and direct reinvestment back into these neighborhoods, supporting their long-term community vision of preserving affordable housing (de Witt 2008, 1). Essentially, a land bank clears titles quickly for property sale, works with developers and prospective home owners and eliminates the destructive and automatic auction sale of foreclosed properties to speculators who have no incentive to put the properties to better use (Detroit Business 2006, 1-6).

Zoning and Land Use Policies

Beginning in the 1920s and continuing for fifty years, the U.S. Department of Commerce utilized nuisance laws and subdivision ordinances to regulate urban land growth. However, by the 1960s the government had enacted growth regulations to address shortcomings in the earlier laws and ordinances (Anthony 2008, 1) Growth management decisions are political in nature, often at odds with the needs of the community. The regulation of land use can produce

efficiency, but also has destructive consequences for the community's goal of preserving affordable housing (Feiock, et. al.2008, 2).¹⁶

The use of zoning and land use policies are a strategic step to ensure that ordinances and other land use policies are enforced in local communities to preserve affordable housing. For the purpose of this research, voluntary inclusionary zoning, mandatory zoning and housing replacement ordinances will be examined in light of the overall goal of preserving and creating affordable housing.

Voluntary Inclusionary Zoning

Inclusionary zoning is a land use planning tool adopted by municipalities to encourage private developers to set aside a certain percentage of their newly constructed units, typically 10-30 percent for affordable housing. (Burchell and Galley 2000, 1)¹⁷. A typical inclusionary zoning ordinance will contain a "mandatory set-aside" for developments. The goal of the set-aside is to establish a permanent stock of affordable housing units provided by the private market, who maintains this availability for 10 to 30 years through a variety of "affordability controls" (Mallach 1984, 11). Often these ownership units do not require a great deal of community administration, except in the process of qualifying for occupants. Housing advocates argue that this voluntary approach produces less affordable housing than mandatory programs.

Mandatory Zoning Programs

According to Brunick (2004), experience and research indicate mandatory inclusionary housing programs generate a larger supply of affordable housing than voluntary programs. The program's result is negligible in affordable housing preservation, because developers are not

¹⁶ See Anthony 2008, 1373; Anronio and Lubell 2008, 2 for further information on the creation of growth policy and land use regulations

¹⁷ Texas State Law does not allow for inclusionary zoning that advocates state produce units in other States

required to create affordable housing units (Lerman 2006, 388). While every community must evaluate its position on mandates and incentives, experience suggests these tools produce more housing units for lower-income populations without stifling development (Brunick 2004, 2)

Housing Replacement Ordinances

Housing replacement ordinances consist of an array of policies that dramatically affect housing development in communities. An example of a housing replacement ordinance is one that requires demolished housing units be replaced at the developer's expense. This can be done a variety of ways including subsidizing the newly constructed development to ensure that a portion of the units are earmarked for affordable housing. Attracting new development, while preventing displacement, is a balancing act for communities and municipalities. Communities and cities are most successful preventing a loss of affordable housing stock by taking steps early in the process. In addition to the national and state policies that support affordable housing, local communities have policy tools at their disposal. One example is the city adopting a "no net loss" policy for an area slated for redevelopment, ensuring a percentage of the homes being built are earmarked for affordable housing.

Tax Tools

This section examines taxing tools utilized by federal, state, and local governments that provide incentives for developers and housing advocates to preserve affordable housing stock in their communities. These tools include, but are not limited to, tax increment financing, federal low income housing tax credit programs, state housing tax credit programs, and tax abatements policies. Governments use all these incentives to preserve and create affordable housing units.

Tax Increment Financing

Tax Increment Financing (TIF) is an incentive used by governments to produce affordable housing. TIF districts began appearing in large numbers during what scholars pinpoint as the beginning of the entrepreneurial era.¹⁸ Although devised in 1952 by the state of California to creatively match federal urban renewal grants, TIF policies are now used in forty nine states, and are the most popular form of economic development finance in many metropolitan areas, particularly on the West Coast and in the upper Midwest (Weber 2003, 622)

While a TIF policy is a popular development finance tool, it is sometimes criticized as unnecessary public support for development projects. If used appropriately, however, TIFs establish a geographic area in which debt instruments finance public improvements and are not limited to infrastructure (Lester 2005, 18). While TIFs traditionally fund investments to revitalize distressed communities, many districts now establish TIFs to preserve affordable housing opportunities in neighborhoods suffering due to changing economic conditions (Housing Policy 2008).

Federal Low Income Housing Tax Credits Programs

For more than two decades, the low-income housing tax-credits (LIHTC) program has been the Federal Government's primary vehicle for producing rental housing that is affordable for low- and moderate-income households. The LIHTC was created under the Tax Reform Act of 1986 and provides incentives to private developers. In spite of the construction booms of the 1980s and the late 1990s, there remains substantial need for affordable rental housing. The LIHTC has been the de facto federal rental housing production program since its creation as part

¹⁸ For example see Lester 2005; Anderson 1990

of the Tax Reform Act of 1986. The Internal Revenue Service (IRS) is responsible for monitoring compliance and state performance. (Cummings and DiPasquale 1999, 251)

State Tax Credits Programs

The Department of Housing and Community Affairs administers the Federal Low-income Housing Tax Credit in the State of Texas. The low-income housing tax credit program provides an alternative method of funding housing for low and moderate income households. The allocation for each state is based on income per capita and is used to leverage private capital for new construction, or for the acquisition and rehabilitation of existing structures for affordable housing¹⁹. In order for projects to qualify for funding they must ensure that 20 percent or more of the residential units in the project are both rent restricted and occupied by individuals who meet the income guidelines established by the Department of Housing and Urban Development.²⁰

Tax Abatements

Tax abatement is one of the primary incentives available to local government to promote economic development, expand the local economy, and incentivize the development of affordable housing units. Lester (2005, 17) defines tax abatement as the “foregoing of revenue due to special exemptions”. As stated previously, cities use tax abatement as an incentive to attract new business and stimulate reinvestment by business. By encouraging new investment, tax abatement increases and maintains the basic employment in the community, encourages redevelopment of deteriorated areas, and stimulates investment in specific areas of a community.

¹⁹ For example see Follow The Money: The LIHTC program in Action; <http://danter.com/taxcredit>

²⁰ See U.S Department of Housing and Urban Development Communities <[http.hud.gov/offices/cpd/affordable housing/index.cfm](http://hud.gov/offices/cpd/affordable_housing/index.cfm).

Conceptual Framework

A conceptual framework provides a structure that allows a researcher to organize and describe the goals of economic development and incentives (Shields 1998, 57). This research uses descriptive categories as the conceptual framework. The research describes the goals of affordable housing, policy tools, and the connection between the two. Three groups of descriptive categories are identify the goals as” 1) providing access to affordable housing for all income groups, 2) preservation of existing affordable housing stock, and 3) improving access to disadvantaged communities. Table 2.1 operationalizes the conceptual framework. Table 2.2 shows the connection between the descriptive categories for incentives and the literature. These categories include: land preservation; zoning; and land use policies and tax tools. Table 2.3 links descriptive categories for affordable housing policies and policy tools to literature sources.

Table 2.1 Operationalization of the Conceptual Framework

<i>Goals</i>	<i>Affordable Housing Policies and Policy Tools</i>
Goal 1: Providing access to affordable housing for all income groups	Land Preservation -community land trust -land banks
Goal 2: Preservation of existing affordable housing stock	Zoning and Land Use Policies -inclusionary Zoning (IZ) -mandatory Zoning (MZ) -housing replacement ordinances
Goal 3: Improving access for disadvantaged communities	Tax Tool -federal Low Income Housing tax credits programs -state housing tax credit programs -tax abatements and exemptions -tax increment financing

Table 2.2 Links of Descriptive Categories for Affordable Housing Goals to Literature Sources

Descriptive Categories	Literature
Providing access to affordable housing for all income groups	Center for Urban Policy (2003) Joint Center for Housing (2006) Favor (2007) ACTU (2007) Hecht (2007)
Preserving existing affordable housing stock	Way (2007) Housing Works (2007) Lamport (2007) Center for Urban Policy and the Environment (2003) State of Nation (2004, 2005, 2007)
Improving access for disadvantaged communities	Hodge (2006) Rengert (2002) Lubell (2006) Preserving Affordable Housing (2008) Husock (1997)

Table 2.3 Linkages of Descriptive Categories for Affordable Housing Policies and Policy Tools to Literature Sources

Descriptive Categories	Literature
Land Preservation -community land trust -land banks	Rengert (2002) Housing Works (2007) Housing Policy (2006) Anderson (1990) Wake (2008) Lester (2005) Witt (2008) Detroit Business (2006)
Zoning and Land Use Policies -inclusionary zoning (IZ) -mandatory zoning (MZ) -housing replacement ordinances	Feiock (2008) Brunick (2004) Anthony (2008) Burchell & Galley (2008) Mallaich (2989)
Tax Tool -federal Low Income Housing tax credits programs -state housing tax credit programs -tax abatements and exemptions -tax increment financing	Weber (2003) Lester (2005) Housing Policy (2008) Rouse (1995) Anderson (1990)

Chapter Summary

This chapter discussed Affordable housing and the goals of commonly used policies and policy tools. Three goals of affordable housing are identified, which include: providing access to affordable housing for all income groups, preservation of existing affordable housing stock, and

improving access for disadvantage communities. A discussion of why these goals aligned with the commonly used policy and policy tools can be instrumental in the preservation of safe and decent affordable housing. The relationships between the goals and the incentives can be seen in the conceptual framework presented in Tables 2.1, 2.2, and 2.3.

CHAPTER 3. Research Setting

Introduction

This chapter describes the City of Austin's housing market, and economic and community profile. Contemporary factors influencing Austin's housing market are population growth, incomes, housing cost, a sizeable university population, an expanding economy and rising land values. Developers and housing advocates prefer to assess policies to address the problem of affordable housing in Austin, Texas. Hence, it is useful to understand the environment within which this study is nested.

Affordable Housing in City of Austin, Texas

In the City of Austin's "*2008 Preserving Affordable Housing in Austin Report*", the city's vision is to be the most livable community in the county while preserving affordable housing for a diverse, eclectic population. Austin faces multiple challenges to housing affordability, given the current economic conditions and the expiration of federal housing assistance programs. Nationally, more than 1.3 million contracts that provide Project-Based Housing Choice rental subsidies will expire by the end of 2010, according to the National Housing Trust (*Preserving Affordable Housing in Austin*, 5). In Austin, there are a total of 17,706 affordable housing units of which 1,347 are rental subsidy vouchers, the majority of which are set to expire by 2010. (See appendix C).

Expiring Project Based subsidies are not Austin's only challenge. Another problem is the redevelopment of older apartments into market rate units as well as the steady rise in rents in the multifamily market and the median price of single-family homes. Average monthly apartment rents have increased in recent years due to the change in population and a growing demand for affordable housing in the rental market. A large portion of the affordable housing in Austin is

comprised of multifamily apartment buildings built primarily in the 1970s and 1980s for single professionals and university students. Today those multifamily units house an eclectic mixture of families, students, immigrant households, and the elderly.

Economic and Community Profile

Austin is the capital of Texas and the 16th largest city in the U.S. According to U.S. Census, Austin was the third fastest growing large city in the nation from 2000 – 2006. According to the 2007 U.S. Census estimate, Austin has a population of 743,074. Also according to the U.S. Census, the city's population was 63% White, 8% African American, 0.91% American Indian and Alaska native, 6 % Asian, 20% from some other race and 2.1% from two or more races²¹. See Table 3.1 for demographic information.

Table 3.1 Race and Ethnicity in City of Austin 2007

	Number	Percent
Race		
American Indian and Alaska Native	4,810	1%
Asian	42,818	6%
Black or African American	60,971	8%
Native Hawaiian/Other	818	0%
White	271,296	63%
Some Other Race	152,133	20%
Two or More Races	16,813	2%
Ethnicity		
Hispanic/Latino	260,535	35%
Non-Hispanic/Latino	489,124	65%

Source: U.S. Census Bureau

²¹ Source U.S. Census <http://factfinder.census.gov> For more Texas State University Applied Research on the City of Austin see Johnson, 2008; Howard-Watkins, Marlin, 2008.

According to the U.S. Census Bureau, the MFI for the City of Austin was \$48,969. Asian households were Austin's highest earners in 2007, with a median household income of \$60,797. White households were the next highest earning households with a median household income of \$56,277. African American households had the lowest median household income of \$28,161 in 2007.

Table 3.2 Median Family Income City of Austin 2007

	Median Family Income
Overall for Austin	\$54,091
Ethnicity	
African American	\$28,161
Anglo	\$69,989
Hispanic	\$36,408
Asian	\$60,797

Source: U.S. Census Bureau

According to the Texas Low-Income Housing Information Service, the number of families facing a housing cost burden is growing three times faster than the availability of safe and decent affordable housing.²² As the number of renting households has risen, households earning less than \$35,000 have increased by 16% from \$81,771 to \$85,717. Between 2000-2003, median incomes in Austin fell 14%, while rental cost fell only 4.3%. During that same period, home sale prices rose 11.2%, and in 2007 rose by 7%. Subsequently, over 47% of Austin renters paid 30% or more of their household income for rent.²³

²² See "Banking and Community Perspectives", Federal Reserve Bank of Dallas

²³ See 2005 American Community Survey

Framework for Housing Development

The mission of the City of Austin's Neighborhood Housing and Community Development Department is to provide housing, community development, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency. Additionally, in an effort to generate and implement strategic housing solutions for the benefit of low-and moderate-income residents, the Austin Housing Finance Corporation (AHFC) was created in 1979. The AHFC is a public nonprofit corporation that issues bonds for financing reasonably priced housing and housing programs.

In April, 2003, Paul Hilgers the Director of Neighborhood Housing and Community Development for the City of Austin testified before the Subcommittee on Housing and Community Opportunity²⁴ Mr. Hilgers stated that “over the past decade, Austin, Texas has experienced a double digit increase in the price of housing. The increased population and decrease in housing production within the city limits had virtually eliminated the previously bountiful housing supply.” This was a redress to an earlier 1999 report entitled “Through the Roof”, that cited housing issues and how they impact a variety of social and economic conditions in Austin which included the lack of available land for development, regulatory obstacles within the development review process, and the need for additional leveraging of federal allocations.²⁵

To address this issue, the City of Austin passed the Homestead Preservation Act in 2005 (amended in 2007), to increase homeownership, provide affordable housing, and prevent the involuntary loss of homesteads by low and moderate-income residents. In October, 2008, the

²⁴ See April 8, 2003 Subcommittee on Housing & Community Opportunity Committee on Financial Services U.S. House of Representatives

²⁵ See April 8, 2003 Subcommittee on Housing & Community Opportunity Committee on Financial Services U.S. House of Representatives

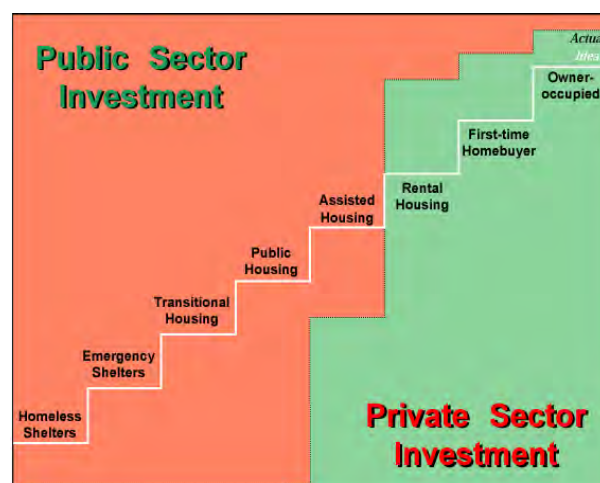
City of Austin issued a Notice of Funding Availability (NOFA) in the amount of \$10,000,000 using General Obligation Bonds (GO Bonds) to finance the development of affordable housing for low to moderate income families and individuals. All GO Bonds funding rental housing development must serve households at or below 50% MFI and all GO Bonds funding homeownership developments must serve households at or below 80% MFI.

Smart Housing

In April, 2000, the Austin City Council passed a resolution creating S.M.A.R.T. Housing™ (Safe, Mixed-Income, Accessible, Reasonably-priced, Transit-Oriented). The policy initiative was designed to stimulate the production of housing for low and moderate income residents. “The SMART Housing Initiative represents a shift from a regulatory to an incentive-based development model. In urban areas where restrictions and regulations are the preferred method of achieving public benefit, developers face an increased risk due to uncertainty of cost” (ICMA Best Practices 2000, 1)” This serves as a foundation for the Housing Continuum model developed by the City of Austin (see Figure 1).

The City of Austin identified a “housing continuum” as the framework for investment to link housing programs through a community and to assist residents in moving into the private housing market. ²⁶“The continuum extends across eight categories; 1) *Homeless services*, 2. *Emergency shelters*, 3) *Transitional housing*, 4. *Public Housing*, 5.

Figure 1 “The Housing Continuum™A Ladder to Self-Sufficiency”



Source Housing Trends in Austin Joint Commissions Educational Forum

²⁶ See April 8, 2003 Subcommittee on Housing & Community Opportunity Committee on Financial Services U.S. House of Representatives

Assisted housing, 6) Rental housing, 7) First-time homeownership and 8) Owner-occupied housing.” This continuum is useful to the city when structuring programs coordinated in a manner that assists residents in moving toward self-sufficiency. This conceptual framework is effective in designing programs that invest in housing opportunities according to the level of subsidy required by the specific functional category. Perhaps most importantly, this locally designed housing continuum provides a framework for collaboration and partnerships among formerly competing housing interests.

Chapter Summary

This chapter described the setting for this research. The chapter discussed affordable housing, economic and community profile, and SMART Housing™. In the following chapter, the conceptual framework is operationalized, measuring the descriptive categories.

CHAPTER 4: Methodology

Chapter Purpose

This chapter discusses the methodology used to rate the affordable housing tools that link each question to the conceptual framework. Table 4.1 illustrates how the survey instrument was constructed, using the conceptual framework developed in chapter three. Table 4.2 illustrates the response code and the scales used to assess attitudes and opinions of housing advocates and developers regarding the three goals developed from the research.

Research Technique

The survey questions address specific sub-topics from the descriptive categories component. The operational relationship between the survey questions and each descriptive category (including subtopics) is outlined in *Table 4.1*. The survey questions provide an overview of the attitudes and opinions of housing advocates and developers on the best practices for the preservation of affordable housing

According to Lester (2005, 24) the value of attitudinal survey research stems from its unobtrusive nature because respondents can complete the questionnaire at their convenience. Babbie (2004, 243) contends that “surveys are excellent vehicles for measuring attitudes.” Each question addresses a policy and policy tool’s ability to achieve the goal of preserving affordable housing. The actual survey is provided in Appendix A. Table 4.2 presents the respondent codes and scales used to measure the survey responses. A Likert scale is used in order to judge the relative strength of agreement by various respondents (Lester 2005, 24). The online survey engine “SurveyMonkey.com” was used to distribute the survey²⁷.

²⁷ SurveyMonkey.com can be accessed by visiting their website: www.surveymonkey.com

Table 4.1 Operationalization of the Conceptual Framework & Survey Questions

<i>Goals</i>	<i>Survey Question</i>
Goal 1: Providing access to affordable housing for all income groups	<p>SQ1: Use of Homestead Preservation Districts increase the likelihood of long-term affordable housing.</p> <p>SQ2: Use of Community Land Trusts increase the likelihood of permanently preserving affordable housing.</p> <p>SQ3: Use of Land Banks help to revitalize blighted neighborhoods and support long term affordable housing.</p>
Goal 2: Preserving existing affordable housing stock	<p>SQ5: The use of zoning and land use policies are useful tools in preserving affordable housing units.</p> <p>SQ6: The use of inclusionary zoning tools produce more affordable housing units than mandatory programs.</p> <p>SQ7: The use of mandatory zoning tools produces more affordable housing units than voluntary programs.</p> <p>SQ8: The use of housing replacement ordinances are effective in the preservation of affordable housing units.</p>
Goal 3: Improving access for disadvantaged communities	<p>SQ9: Use of tax tools provide alternative means to ensure access to affordable housing by disadvantaged communities.</p> <p>SQ10: The use of federal housing tax credit programs are useful tools to ensure access to affordable housing by disadvantaged communities.</p> <p>SQ11: The use of state housing tax credit programs are useful tools to ensure access to affordable housing by disadvantaged communities.</p> <p>SQ12: The use of tax increment financing is a useful tool in the preservation of affordable housing.</p> <p>SQ13: The use of tax abatements and exemptions are helpful in the creation of affordable housing units.</p>

Table 4.2 Response Code and Scales

Strongly Agree	1
Agree	2
Neither Agree or Disagree	3
Disagree	4
Strongly Disagree	5

Survey Research

Survey research is used to assess the attitudes and opinions of housing advocates and developers regarding policies' and policy tools ability to meet affordable housing goals. Given

its exploratory nature, survey research best addresses this research purpose (Babbie 2004, 243). Lester (2005) states that “the strength of survey research stems from its unobtrusiveness because a respondent can complete the questionnaire items at their convenience” Subsequently, Shephard (2007) states that survey research allows researchers to obtain information from large samples of a population and has a high reliability because it utilizes a standard research format in the questionnaire.

Conversely, there are inherent weaknesses to survey research. Shepherd (2007) states that poor participation can be a major problem when conducting survey research. A poor response rate can result in the survey data being non-representative of the population. Isaac & Michael (1997, 37) also warn that survey research can be damaged by biases inherent in the wording of questions. Poorly worded questions can distort a respondent’s answers. To combat the weaknesses inherent in survey research, the researcher will feature two methods. First, in order to prevent poor survey participation, a second survey will be sent to those who do not return their initial surveys by the due date. Second, the survey instrument will be pre-tested by two experts to address potentially biased questions. The survey instrument was constructed using a conceptual framework as a guide for questionnaire development. The questionnaire will use a Likert Scale, which asks respondents to specify their level of agreement to a statement. After the questionnaire is administered, the researcher will analyze and assess the attitudes and opinions of developers and housing advocates regarding affordable housing goals. Appendix A contains a copy of the twelve question survey instrument used.

Population and Sample

Developers and housing advocates in the Austin metropolitan area represent the population group for this research. This group is comprised of the Austin Affordable Housing Task Force, Real Estate Council of Austin, Housing Works, Commercial Banking and Mortgage

Industry, Habitat for Humanity and the Austin Apartment Association. In order to create a comprehensive list, the research required contact with various housing advocate groups in the Austin metropolitan area and research of various organizational web sites.

Descriptive statistics was used to summarize the survey data in a clear and understandable way. The descriptive statistics provide an overview of the survey data and assess the attitudes and opinions of developers and housing advocates towards affordable housing goals.

Human Subjects Protection

This survey research required human subjects; as a result potential ethical concerns were addressed. Babbie (2004, 64-68) states that some of the primary areas for ethical concern in social research are voluntary participation harm to the participants, anonymity/confidentiality, and deception. To ensure voluntary participation and to prevent any semblance of deception, all surveys sent to participants contained a full description of the research purpose and a full description of how the findings of the research would be used. To address the issue of confidentiality, the researcher was the only person with access to individual responses, and did not disclose those responses publicly.

The identity of participants was known only to the researcher and only through e-mail addresses. This research did not ask for respondents names. The researcher did not publicly disclose any identifiable information about the participants. Participation in the survey is completely voluntary and refusal to respond to the survey carried no penalty or loss of benefits to those contacted.

Chapter Summary

This chapter explained how housing advocates and developers were surveyed in order to assess their attitudes and opinions regarding the three goals of affordable housing which were developed for the research. The conceptual framework facilitated the creation of the survey. The following chapter summarizes the research findings.

CHAPTER 5: Results

Chapter Purpose

The purpose of this chapter is to present and discuss the results of the affordable housing survey. The survey was created to assess the attitudes and opinions of housing advocates and developers about policy options regarding the three goals developed by the research. The findings of the survey examine the connection between affordable housing goals and commonly used policy and policy tools.

Description of Returned Surveys

One of the purposes of this research is to assess the attitudes and opinions of housing advocates and developers regarding the three goals developed from the research. Tables 5.1 through 5.5 provide the statistical data that summarizes the survey findings. The survey was sent by email to a group of eighty individuals comprised of affordable housing advocates and policy advisors, developers, and business/real estate professionals. Of the eighty surveys were sent out, thirty-seven were returned creating a response high rate of 46.25%

Table 5.1: Goal 1: Long Term Affordability Survey Results

<i>Policy</i>	<i>N=37</i>	<i>% Strongly Agree/Agree</i>	<i>Mode</i>
Land Banks		80.5%	Strongly Agree
Community Land Trust		77.8%	Strongly Agree
Homestead Preservation Districts		62%	Strongly Agree

The respondents indicated that all policy options (Homestead preservation districts, Land Trust and Land Banks) contribute to the access to affordable housing goals (see table 5.1). Over

60% strongly agreed or agreed in each policy option. The strongest support was for Land Banks (80.5% strongly agreed or agreed).

Table 5.2 Goal 2: Preservation Existing Affordable Housing Stock Survey Results

Policy	N=37	% Strongly Agree/Agree`	Mode
Zoning and Land Use Polices		75%	Strongly Agree
Mandatory Zoning		58.3%	Agree
Housing Replacement Ordinances		40%	Undecided
Inclusionary Zoning		34.2%	Undecided

The respondents indicated that two policy options (zoning and land use polices and Mandatory Zoning) contributed to the preservation of existing affordable housing (see table 5.2). Over 58% strongly agreed or agreed with each policy option. The strongest support was for zoning and land use policies (75% strongly agreed or agreed).

5.3 Goal 3 Improving access for disadvantaged communities

Policy	N=37	% Strongly Agree/Agree	Mode
Tax Abatements and Exemptions		81.6	Agree
Tax Tools		75.5	Agree
Federal Housing Tax Credits		74.3	Agree
State Housing Tax Credits		68.5	Agree
Tax Increment Financing		58.3	Agree

The respondents indicated that all policy options contribute to improving access for disadvantaged communities' (see table 5.3). Over 58% strongly agreed or agreed with each policy option. The strongest support was found for Tax Abatement and Exemptions (81.6% strongly agreed). This may be due to the fact that "Tax Abatement" is one of the primary incentives available to local government to expand the local economy and incentivize the development of affordable housing units.

Chapter Summary

The statistical analysis of the data provides evidence that experts consider all policies and policy tools are successful in meeting the goals of preserving affordable housing. Some policy and policy tools, however, were identified to be more successful or favored than others for meeting particular goals. Based on the results of the survey, this research concludes the use of land preservation tools and zoning and land use policies are the most successful policy and policy tools used to preserve affordable housing. The next chapter summarizes the research findings and discusses the next steps for research about economic development goals and incentives.

CHAPTER 6: Conclusion

Chapter Purpose

This chapter provides a summary of the research as it relates to the research purpose. The perspectives of a professional in the field will help to synthesize the data in terms of actual use. This chapter includes recommendations for future related research is also included. These recommendations are based on reflection of the research, existing scholarly literature, and survey results.

Summary of Research

The purpose of this research was threefold. First, scholarly literature was examined to identify three major goals of affordable housing. Second, policies and policy tools used to address affordable housing were identified from the literature. Finally, policy advocates and developers in Austin, Texas, were sent a questionnaire designed to assess their attitudes and opinions regarding policy and policy tools regarding the first two goals. This study was descriptive in nature, as the literature failed to provide a comprehensive set of policies and policy tools best suited for accomplishing the goal of affordable housing. As such, this research fills the gap by connecting the major goals of affordable housing with commonly used policies and policy tools. In addition to making this connection, this research also offers a guide for increasing and preserving affordable housing units.

The review of scholarly literature identified three goals of affordable housing preservation: 1) providing access to affordable housing for all income groups, 2) preservation of existing affordable housing stock and, 3) improving access to disadvantaged communities (see table 6.1).

Table 6.1 Ranking of Tools

Goal 1 Providing access to affordable housing for all income groups	Goal 2 Preservation of existing affordable housing stock	Goal 3 Improving access to disadvantaged communities
1. Land Banks	1. Zoning	1. Tax Abatements
2. Community Land Trust	2. Mandatory Zoning*	2. Federal Housing Tax Credits
3. Homestead Preservation Districts	3. Housing Replacement Ordinances*	3. State Housing Tax Credits
	4. Voluntary Inclusionary Zoning*	4. Tax Increment Financing

**Less than 50% agreed or strongly agreed that these policy tools supported preservation of existing affordable housing stock*

The goals presented in Table 6.1, are ongoing challenges for municipalities.

Municipalities are challenged with identifying a set of comprehensive goals and tools that address the growing dilemma of a lack of affordable housing. Each of the goals serve as portal for various at-risk populations that are challenged by the growing cost burden of using more of their household income for safe, and decent affordable housing. “The lack of affordable housing is a significant hardship for low-income households preventing them from meeting their other basic needs, such as nutrition and healthcare, or saving for their future and that of their families.”²⁸

Each of the goals in this study address for the goals of many communities around the country that are faced with decreasing budgets and the burgeoning effects of dwindling revenue sources to supplement affordable housing preservation or funding. Each of the aforementioned goals are attainable, yet like the athlete or MPA student, without the proper coaching and tools in the tool box, the end does not always justify the means. By setting affordable housing goals

²⁸ See U.S. Department of Housing and Urban Development Communities <http://hud.gov/offices/cpd/affordable_housing/index.cfm>

coupled with a comprehensive plan to meet those goals, administrators ensure that affordable housing remains a priority.

Setting affordable housing as a priority forces all stakeholders to invest in a comprehensive set of commonly used policies and policy tools. The results show in table 6.1 indicates that for goal one, respondents ranked establishing a land bank as number one when compared to all the other policy tools. For goal two, less than 50% strongly agreed or agreed that these policy tools supported the preservation of existing affordable housing stock. This response rate may be attributed to the fact that the city is prohibited by Texas State Law from passing inclusionary zoning laws. For goal three, Tax Abatement was consistently chosen as the most successful tool when compared with all other policy tools. As noted earlier in the study, this can be attributed to the fact that “Tax Abatement” is one of the primary incentives available to local government to expand the local economy and incentivize the development of affordable housing units

Final Analysis and Recommendation for Further Research

This research study was conducted to assess the attitudes and opinions of policy advocates and developers to determine if the use of sound policies and policy tools could aid in the preservation of affordable housing. The results of the survey indicate that, overall that policy advocates and developers believe that commonly used policy tools aid in the preservation of affordable housing and in aiding disadvantaged communities by preserving existing affordable housing stock.

Because the research is exploratory in nature, future research on affordable policy and policy tools should be expanded to assess the practical application of these tools. The study did have some limitations and was susceptible to biased feedback based on the respondent’s working

knowledge of the commonly used policy and policy tools in their regions of the county, and by the fact that all tools may not be at their disposal. Additionally, a more comprehensive survey should examine the greater metropolitan area and/or the State of Texas to assess the policy and policy tools currently being utilized to preserve affordable housing.

While the study concluded that a large majority of the policy and policy tools examined were successful in meeting the goals of preserving affordable housing, the types of incentives offered by municipalities and their overall goals can impact the goals addressed in the study. This study provides many avenues upon which future studies can be built.

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Appendix A; Survey Questionnaire

Affordable Housing Goals, Policies and Policy Tools

What is your level of agreement with the following statements? Please circle the appropriate level of agreement.

Strongly Agree = SA Agree = A Disagree = D Strongly Disagree = SD Undecided = U

Goal 1: Providing access to affordable housing for all income groups

- | | | | | | |
|--|-----------|----------|----------|-----------|----------|
| 1. The use of Homestead Preservation Districts increase the likelihood of long-term affordable housing. | SA | A | D | SD | U |
| 2. The use of Community Land Trusts increase the chance of permanently preserving affordable housing. | SA | A | D | SD | U |
| 3. The use of Land Banks help to revitalize blighted neighborhoods and support long-term affordable housing. | SA | A | D | SD | U |

Goal 2: Preservation existing affordable housing stock

- | | | | | | |
|---|-----------|----------|----------|-----------|----------|
| 4. The use of zoning and land use polices are useful tools in preserving affordable housing units. | SA | A | D | SD | U |
| 5. The use of inclusionary zoning tools produce more affordable housing units than mandatory programs. | SA | A | D | SD | U |
| 6. The use of mandatory zoning tools produce more affordable housing units than voluntary programs. | SA | A | D | SD | U |
| 7. The use of housing replacement ordinances are effective in the preservation of affordable housing units. | SA | A | D | SD | U |

Goal 3: Improving access for disadvantaged communities

- | | | | | | |
|---|-----------|----------|----------|-----------|----------|
| 8. The use of tax tools provide alternative means to ensure access to affordable housing by disadvantaged communities. | SA | A | D | SD | U |
| 9. The use of federal housing tax credit programs are useful tools to ensure access to affordable housing by disadvantaged communities. | SA | A | D | SD | U |
| 10. The use of state housing tax credit programs are useful tools to ensure access to affordable housing by disadvantaged communities. | SA | A | D | SD | U |
| 11. The use of tax abatements and exemptions are helpful in the creation of affordable housing units. | SA | A | D | SD | U |
| 12. The use of tax increment financing is a useful tool in the preservation of affordable housing. | SA | A | D | SD | U |

Appendix B Subsidized Units in the City of Austin

Source

<u>Type of Subsidized Housing</u>	<u>Number of Affordable Units</u>	<u>Expiration Date</u>
Housing Authority of City of Austin (HACA)	1,928	Ongoing, subject to federal authorization
Housing Authority of Travis County (HATC)	105	Ongoing, subject to federal authorization
HACA, Housing Choice Vouchers	5,023	Ongoing, subject to federal authorization
HATC, Housing Choice Vouchers	673	Ongoing, subject to federal authorization
Project-Based Section 8	1,347	73% (799 units) set to expire in 2010
Low-Income Housing Tax Credits (LIHTC)	8,122	15-20 year affordability; earliest will expire in 2020
Section 202	405	40 year affordability
Section 811	103	40 year affordability
Total Affordable Housing Inventory		17,706

Appendix C Survey Results

Providing Access to Affordable Housing for All Income Groups

Survey Questions	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
SQ1. The use of Homestead Preservation Districts increase the likelihood of long-term affordable housing.	23% (9)	37.8% (14)	32.4% (12)	8.1% (3)	2.7% (1)
SQ2. The use of Community Land Trusts increase the chance of permanently preserving affordable housing.	50.0% (18)	27.8% (10)	22.2% (8)	0% (0)	0% (0)
SQ3. The use of Land Banks help to revitalize blighted neighborhoods and support long-term affordable housing.	33.3% (12)	47.2% (17)	19.4% (7)	0% (0)	0% (0)

Number in () are the actual number of respondents indicating their level of agreement

Preservation of Existing Affordable Housing Stock

Survey Questions	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
SQ4. The use of zoning and land use policies are useful tools in preserving affordable housing units.	47.2% (17)	27.8% (10)	8.3% (3)	8.3% (3)	8.3% (3)
SQ5. The use of inclusionary zoning tools produce more affordable housing units than mandatory programs.	17.1% (6)	17.1% (6)	48.6% (17)	11.4% (4)	5.7% (2)
SQ6. The use of mandatory zoning tools produce more affordable housing units than voluntary programs.	33.3% (12)	25.0% (9)	27.8% (10)	11.1% (4)	2.8% (1)
SQ7. The use of housing replacement ordinances are effective in the preservation of affordable housing units.	11.4% (4)	28.6% (10)	48.6% (17)	8.6% (3)	2.9% (1)

Number in () are the actual number of respondents indicating their level of agreement

Improving Access for Disadvantaged Communities

Survey Questions	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
SQ8. The use of tax tools provide alternative means to ensure access to affordable housing by disadvantaged communities.	18.9% (7)	56.8% (21)	16.2% (6)	5.4% (2)	2.7% (1)
SQ9. The use of federal housing tax credit programs are useful tools to ensure access to affordable housing by disadvantaged communities.	20.0% (7)	54.3% (19)	17.1% (6)	8.6% (3)	0% (0)
SQ10. The use of state housing tax credit programs are useful tools to ensure access to affordable housing by disadvantaged communities.	11.4% (4)	57.1% (20)	20.0% (7)	11.4% (4)	0% (0)
SQ11. The use of tax abatements and exemptions are helpful in the creation of affordable housing units.	22.2% (8)	36.1% (13)	30.6% (11)	11.1% (4)	0% (0)
SQ12. The use of tax increment financing is a useful tool in the preservation of affordable housing.	38.9% (14)	41.7% (15)	13.9% (5)	5.6% (2)	0% (0)

Number in () are the actual number of respondents indicating their level of agreement

