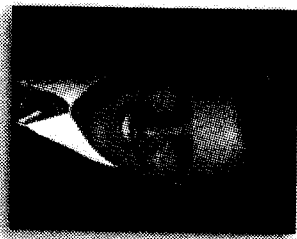


Experts Speak Out

Commentary

David Tandy ■ Grace Title



Austin's Growing Need for Affordable Housing

If you are one of the 50,000 Austin

residents in need of affordable housing, you know Austin housing is challenging. Austin started 2010 with about 90% apartment occupancy and will finish the year at 95% (which will exceed the occupancy rate in 2005 and 2006). Rents begin to increase at 93%. Yet, there are few apartments under construction or even in the planning stages to address the coming shortage of apartment units. According to Texas A&M Real Estate Data Center, as of January 2010, there were 691 apartments in the Austin/Round Rock/San Marcos area with 151,000 units.

Although our population continues to grow at between 40,000 to 50,000 new residents (net in-migration and natural growth combined), there were only 3,700 units under construction and 5,100 units proposed for 2010. With Austin's diversified and growing job base, there will continue to be a steady flow of new residents, yet we are not providing enough housing

units for that growth.

And our present single family construction will not address the growing housing need, particularly for affordable housing. Austin is projected to have less than 6,000 single family building permits for 2010. So between multi-family and single family, we are projected to create fewer than 12,000 housing units for families to live although the population growth will create a need for twice that number.

Home prices and median family income actually mask our city's challenge to provide affordable housing for lower income families. Affordability indices are a function of median home prices and median family income. Austin is one of the few markets in the United States where the average and median home price have increased, which would decrease the affordability index. Since Austin's median family income is the highest in the state, and even jumped 6.1% in 2009 to \$73,300, the published index shows Austin being more

affordable than other cities in Texas. While this helps create a healthy and growing economy, the reality for the lowest income families is reduced housing options as rents continue to increase. As to single family home prices, Austin never showed more than a 5% decline from its peak and, in 2010, regained and surpassed those peaks. 2011 will be a year of strong price competition between rents and home prices with a shortage of both driving increases in both.

One option for solving Austin's affordable housing needs was recently highlighted at the Annual Fund Raising Luncheon for Foundation Communities. This non-profit organization has made a significant impact in providing affordable housing solutions for 5,000 Austin area citizens. By owning properties for life and providing critical support services such as free after-school child care, they have helped the lowest income families, often single parent families, create a long-term

stable economic situation from which to build for their future. In 2011, Foundation Communities will open both an additional single adult supportive housing and an affordable family apartment community as they continue to provide needed housing solutions for Austin.

Many Real Estate Professionals including Emily Moreland, David McMillan, Chuck Malburg, Janet Cloudt, Amy Gandy, Wes Peoples, Carl Clark, Dawn Krantz, Joe Brown, and Greg Weaver attended the event and, along with many others in real estate, are great supporters of Foundation Communities. As Austin continues to grow, it's in the real estate community's best interest to support all of the many Austin initiatives for affordable housing such as Foundation Communities. These programs improve not only the lives of those needing these housing options but also improves the surrounding communities and Austin overall. **RL**