

Building a Community of Equity and Opportunity

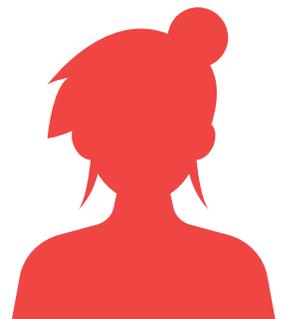
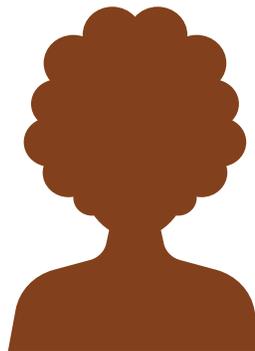
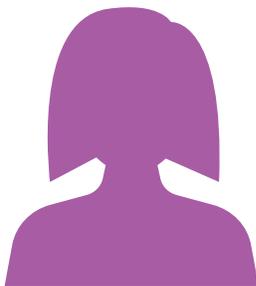
How do we bridge the economic divide?

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About this Issue Guide

The purpose of this issue guide is to help us talk productively about a difficult issue that concerns all of us—bridging the economic divide and creating a community of equity and opportunity for all people. This is not a new conversation in Austin, and many people are actively working on solutions to address the challenges we face. Our goal is to bring even more people into the discussion and identify areas of shared interests for action.

Deliberation

This is not a debate. It's not even about reaching agreement or seeing eye-to-eye. It's about looking for a shared direction guided by what we most value. We will examine the benefits and consequences of possible solutions, and find out what we, as a community, can and cannot accept as solutions.

A Framework

This guide offers three possible approaches to addressing the issue. These approaches grew out of discussions with Austin residents with differing perspectives and backgrounds, as well as from listening to the broader community conversation about our economic divide. Many opinions are represented in this guide. You will see and hear ideas you agree with and ideas you do not agree with. That's intentional. By deliberating carefully about how we can address Austin's economic divide, we can more easily find shared ground for action.

Our Goal

- To better understand the issue and share our individual concerns.
- To listen to each other and consider the benefits and drawbacks of each approach.
- To discuss what business, government and individuals can do to make a difference.
- To identify shared ideas about what we can do together.

The ideas that emerge from these deliberative dialogues will be compiled and shared with the public, the media, and local policymakers. We hope these dialogues lead to further discussions within our community, involving wider circles of people who care about the issue and are willing to work toward a brighter future for everyone in Austin.

"We have an affordability crisis. We live in the most economically segregated metropolitan area in the country. A family making the median income can now no longer qualify for a loan to buy a median-priced house."

**Austin Mayor Steve Adler
State of the City Address
February 2016**

"We are experiencing a growing anxiety that the prosperity in our community is not for everyone."

**Travis County Judge Sarah Eckhardt,
State of the County Address
March 2016**

How This Works

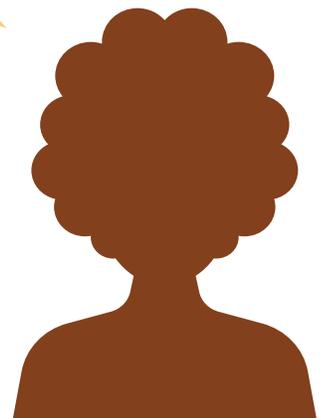


Ground Rules

Before the deliberation begins, it is important for participants to review and agree on ground rules for dialogue.

- Listen to each other.
- Consider each approach fairly, looking at its benefits and its trade-offs.
- Everyone is encouraged to participate.
No one or two individuals dominate.
- It's OK to disagree, but do so with curiosity and maintain an open and respectful atmosphere.

The moderator will remain neutral and make sure your voice is heard.



Fast growth makes some Austin residents feel as if they are being pushed out. Is there room for everyone in Austin's growing economy?

Austin often appears on “best cities” lists for our strong economy and quality of life. With an unemployment rate that is lower than both the state and nation, and fast population growth, we rank high on most economic scorecards. However, many people do not share in the benefits of this prosperity. While Travis County’s annual unemployment rate was only 3.2% in 2015, the majority of the jobs created over the last 10 years do not pay enough to meet families’ basic needs. A comparison of wage data from the Capital Area Council of Governments and estimates of what it takes to meet basic needs by the Center for Public Policy Priorities shows that 69% of all jobs created between 2005 and 2015 paid less than the hourly wage required to meet the basic needs of a family with one adult and two children.

Many high-wage jobs are beyond the reach of local residents, and income is not keeping pace with the cost of living. While median household income has increased by 10% over the past five years, median rent and home values have increased by about 16%. According to the most recent U.S. Census data, 86% of renters who earn less than \$35,000 a year pay more than 30% of their total income for housing.

“Consider...a senior resident of ZIP code 78702 (where home prices increased by 46% between 2010 and 2013). Even with the senior tax exemption, that resident’s property taxes are likely to have doubled, rising from \$1,860 to \$3,600.”

– 2014 Comprehensive Housing Market Analysis, City of Austin

Young people find they can’t afford to raise their families in neighborhoods where they grew up. Senior citizens struggle financially to stay in the homes and neighborhoods they love. Our reputation as the Live Music Capital of the World and as a community supportive of the creative arts is threatened as many people in these industries can no longer afford to live here.



Will an increasingly economically segregated Austin destroy the very heart of who we are as a community?

Moreover, the high desirability and redevelopment of historically minority and lower-income communities, like Central East Austin, have displaced long-time residents as they struggle to keep up with rising costs. This has forced people with less means to move further away from the urban core to places with fewer services, job opportunities and reduced options for transit. This displacement has also disrupted the fabric of communities and the social, cultural and economic ties that have historically defined them.

Research by Harvard economists and social scientists finds that people who live in high-poverty areas fare worse on a wide range of economic, health and educational outcomes.

– The Effects of Exposure to Better Neighborhoods on Children:
New Evidence from the Moving to Opportunity Experience

In 2015, the Martin Prosperity Institute reported that Austin had the highest level of overall economic segregation of any large metro in the United States, based on an index that combines income, educational and occupational segregation. Concerns over economic segregation have gained intense interest in recent years, in part because studies indicate that where someone lives can have significant impact on their life prospects.

Will an increasingly economically segregated Austin limit opportunities for upward mobility for low-income residents and imperil our city's long-term vitality? How will it impact the culture and very heart of who we are as a community? What can business, government and individuals do to foster a brighter future for all members of our community?



Approach #1: Level the playing field

Make sure policies and investments help people thrive, not just survive.

Even in Austin’s environment of prosperity, there is not equitable access to opportunity, and increasing costs are making it harder for people to make ends meet. This approach advocates for leveling the playing field and making sure that our policies and investments create conditions where all people can thrive, not just survive. We need to do more to make housing affordable and connect the places we live and work with public transportation. We also must make sure all children get a quality education and workers can gain the skills they need to compete for good paying jobs. These strategies will provide greater opportunity for people and families who are trying to improve their lives.

As the map on the back cover shows, areas with increased low-income populations are largely outside the city’s core and are concentrated east of Interstate 35. This puts people further away from the jobs and services they need. Many of these areas are outside Capital Metro’s transit service, increasing the need to have a car, which is often the second highest monthly household expense.

Housing is becoming increasingly unaffordable. The average apartment rental rates increased 50% between 2004 and 2013, according to data from Capital Market Research, and they continue to rise each year. Previously affordable multi-family housing along major corridors has been redeveloped into more costly units, and rising property values push



What do *you* think?

Possible actions we can take . . .

- Ensure all students graduate from high school and are ready for college and career success.
- Provide workforce training that is targeted to high-wage, high-demand jobs.
- Advocate for higher wages.
- Provide tax relief to homeowners with changes to tax policies.
- Create housing opportunities that are affordable for people at all levels of employment.

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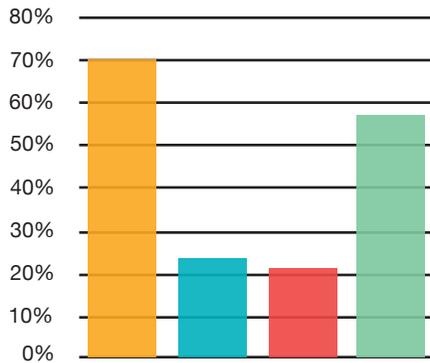
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Almost one-half of Travis County's child population is Hispanic. These children are the future workforce and taxpayers of our community. Their educational success is critically important to our economic future.

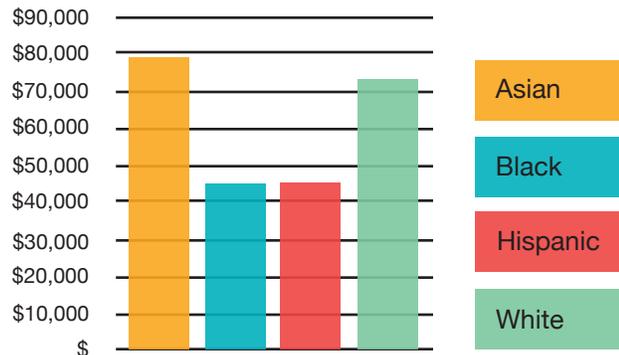


property taxes higher and higher. Recent policies to address affordability are moving in the right direction, but much more needs to be done to ensure people at all income levels can afford to live in Austin.

People also need a good education and opportunities to build skills that will help them earn sufficient income to support their families. Education and earnings are closely tied together. There are stark differences in educational attainment levels and median household income by race and ethnicity. These disparities have serious implications for the future of our community.



Bachelor's Degree or higher



Median Household Income

Source: American Community Survey, 1-Year Estimates, Travis County, 2014

Trade offs and concerns . . .

- Education already consumes the largest part of our property tax bill. We can't afford to pay any more.
- Training is available, but people do not have the funds or spare time to devote to it.
- Higher wages increase businesses' costs and may result in fewer jobs.
- Lower property taxes for homeowners may result in higher taxes for businesses and raise rents.
- Spending more on public programs may increase taxes and make Austin even more unaffordable.

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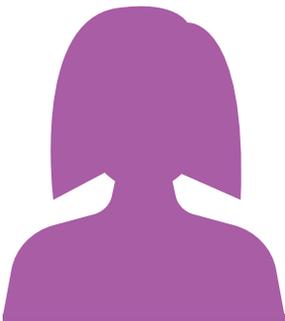
Approach#2: Unleash the creativity of private sector

Promote entrepreneurship and public/private partnerships to expand economic prosperity.

Austin's strong economy and creative, entrepreneurial spirit make it attractive for people seeking new opportunities. This approach seeks to unleash the creativity of entrepreneurs and private enterprise to create jobs, train workers for high wage careers and expand housing options. These strategies will help both current residents and newcomers have more pathways to opportunity.

Some consequences of our fast growth and economic prosperity are higher housing costs and a job market that leaves behind those who are unprepared. This approach suggests that, rather than increasing regulation and government programs, we can find new ways to foster the free market to be a catalyst for innovation. Public/private partnerships add the power of private enterprise and private capital to expand prosperity to more people.

The City of Austin's 2014 Housing Market Study revealed a stark gap between the number of affordable rental units available (19,000) and the number needed for households earning less than \$25,000 annually (60,000). Recent affordable housing bonds can only provide a fraction of the 41,000 affordable rental units needed to meet



What do *you* think?

Possible actions we can take . . .

- Support revisions to development rules to allow for more types of housing, more units per acre and a faster turn-around time so builders can better respond to housing demand.
- Increase public/private partnerships for job training programs that help develop homegrown talent and meet demands of healthcare, technology, and other high wage industries.
- Provide capital and expertise for small business growth and development.
- Offer tax incentives to encourage new business development and job creation.
- Social entrepreneurship and socially responsible investing can help address community needs, while also creating economic opportunity.

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the demand. We must enable a greater supply of all types of housing in all areas of Austin. For example, changes to our land use regulations can enable the private sector to respond by building greater housing density along key transportation corridors, thus adding more units close to the city's core to address the tremendous demand for housing.

Private industry can also play a much stronger role in workforce training and in growing new businesses. We should encourage greater connections between job seekers and job creators, and spur new business enterprises that will offer realistic career paths where workers can grow their skills.

Austin Mayor Steve Adler recently announced a TechHire program, which is a partnership with Microsoft, Google, IBM, and Austin Community College to provide paid internships and tech training for adults participating in an accelerated training program.

Small businesses often struggle to secure the capital and expertise they need to succeed. Local Chambers of Commerce, the City of Austin Small Business Development Program and local non-profits provide resources and expertise to expand and build small businesses.

According to the Texas Workforce Commission, 84% of all businesses in Austin employ fewer than 100 people. An estimated 350,000 people in the Austin metro area are employed by a small business.

Density Bonus programs allow developers to increase density when they agree to provide affordable housing and/or housing that is convenient to transit. HousingWorks reports that 394 affordable units have been added through Vertical Mixed Use agreements and 162 affordable units have been added through Transit Oriented Development.

Trade offs and concerns . . .

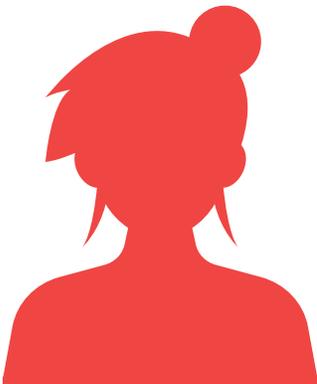
- Builders and businesses can't be allowed to over-develop our neighborhoods, destroying their character.
- It's not the job of businesses to educate the workforce. It's the responsibility of educational institutions.
- Small businesses can be a bad investment because so many new business ventures fail.
- Tax breaks and financial incentives for businesses come at a cost to taxpayers and could limit funds available for safety net services.
- Public/private partnerships usually result in tax payer dollars going to private businesses and rarely produce the public benefit promised.
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Approach#3: Hold on to what makes Austin special

Show that the people, places, history and culture of our community matter.

Austin’s tremendous growth has not only strained our physical infrastructure, but also our social fabric and sense of community. The very things that attract people to Austin– it’s heart, personality and spirit– are at risk of being lost unless we work to preserve them. This approach suggests that as we address the economic divide, we do more to value the diverse people, cultures and places that make Austin unique. We need to strengthen families and neighborhoods, support the creative arts, and preserve our cherished places. We must ensure everyone’s voice matters and make it easier for people to engage in shaping our collective future.

We are known as a progressive city, however, many people feel that they are not valued or acknowledged for their contributions to making Austin the place it is today. Neighborhoods that were economically and ethnically diverse have lost much of their former identity. For example, communities in East Austin struggled from the legacy of neglect and segregationist land use policies. However, residents were still able to build strong communities and businesses while fighting for environmental and social justice.



What do *you* think?

Possible actions we can take . . .

- Motivate young people to vote and to be more civically engaged.
- Establish an on-going, community-driven effort to confront institutional and individual racism.
- Create more parks and green spaces for people to enjoy throughout Austin.
- Create cultural districts to preserve important historic and cultural elements.
- Support the creative arts and address affordability concerns of our creative sector.

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Now, demand for close-in housing is driving up land prices, displacing longtime residents and changing the character and culture of this community.

The local music scene and other creative arts are threatened as those who helped give Austin its “Keep Austin Weird” moniker can no longer afford to live here. Austin Music People, the trade association for Austin’s music industry, recently released a report that finds Austin’s support for local music has declined. Jobs in the local music scene declined by 15% from 2010 to 2014. Growth is mostly in music tourism and festivals, such as Austin City Limits and SXSW, which draw largely on out-of-town talent.

Austin is also a place that cherishes its environment and opportunities for people to connect with nature and have an active, healthy lifestyle. While economic growth and development benefit our community in certain ways, they can also lead to the loss of precious open space if not managed well. It is important to preserve our vital natural resources and ensure equitable access to open space and recreational opportunities for everyone.

A Study by Dr. Eric Tang, with the University of Texas, found that Austin was the only large city in the U.S., with a double digit growth rate, that saw an actual decline in its Black population from 2000 to 2010. More recent Census data show an increase in Austin’s Black population, but many are concerned that gentrification is erasing an important part of our history.

Trade offs and concerns . . .

- It is market conditions that are driving the changes that are occurring. We can’t fight it.
- Our elected officials are supposed to deal with the needed institutional changes. Community advocates should focus on issues that will have more of direct impact on people’s lives.
- It is impossible for government to help each individual or family reach a uniform level of success.
- Artists and musicians have chosen a profession and the financial limitations of that profession. Why are their needs more important than other low-income workers’ needs?
- Investing in parks and green spaces can take resources away from other social services.

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Low-Income Population Change by Census Tract, Austin Metro Area, 2000 to 2014

