



# Waco Strategic Housing Plan

Presentation to City  
Council

Work Session | July 20, 2021





# Agenda

- Overview of Outreach
- Results of Initial Analysis
- Next Steps
- Question and Answer





# Overview of Outreach

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The existing issues that stakeholders and the public most frequently mentioned included:

- **lack** of housing supply
- **low-quality** of affordable housing stock
- impact of **short-term rentals** on housing costs
- need for more **rental housing**
- need for affordable housing options to serve **homeless youth** and young adults.

There also are concerns about the recent economic boom that has attracted an influx of higher-income tourists and new residents, increasing the demand for housing and driving up market prices. Community members expressed that it is difficult to develop new affordable housing because of exorbitantly high costs of both land and construction.



# Initial Key Findings

# About this study



This is an interim report and highlights the key findings thus far. Additional analysis has been completed and more is yet to come.



The data used in this study is largely from 2019, unless otherwise noted. This is the most recently available public data from reliable sources.

# Factors Impacting Housing Affordability in Waco



Housing is considered “affordable” if the household spends no more than 30% of household income on housing costs.

Affordable housing can be publicly subsidized or market rate.

In this study, the focus is on households earning up to 120% AMI (where possible) with a close look at households in the 0-80% AMI income tiers.

## What is affordable housing?

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2019 % AMI	Household of Four
30%	\$25,750
50%	\$32,250
80%	\$51,600
100%	\$64,500
120%	\$77,400

\* Household of one



## Cashier

\$23,543 Median Earnings  
51% AMI

## Construction Laborer

\$33,156 Median Earnings  
72% AMI



## Teacher

\$59,584 Median Earnings  
136% AMI

## Police Officer

\$73,746 Median Earnings  
140% AMI



Who is  
considered  
Low to  
Moderate  
Income?

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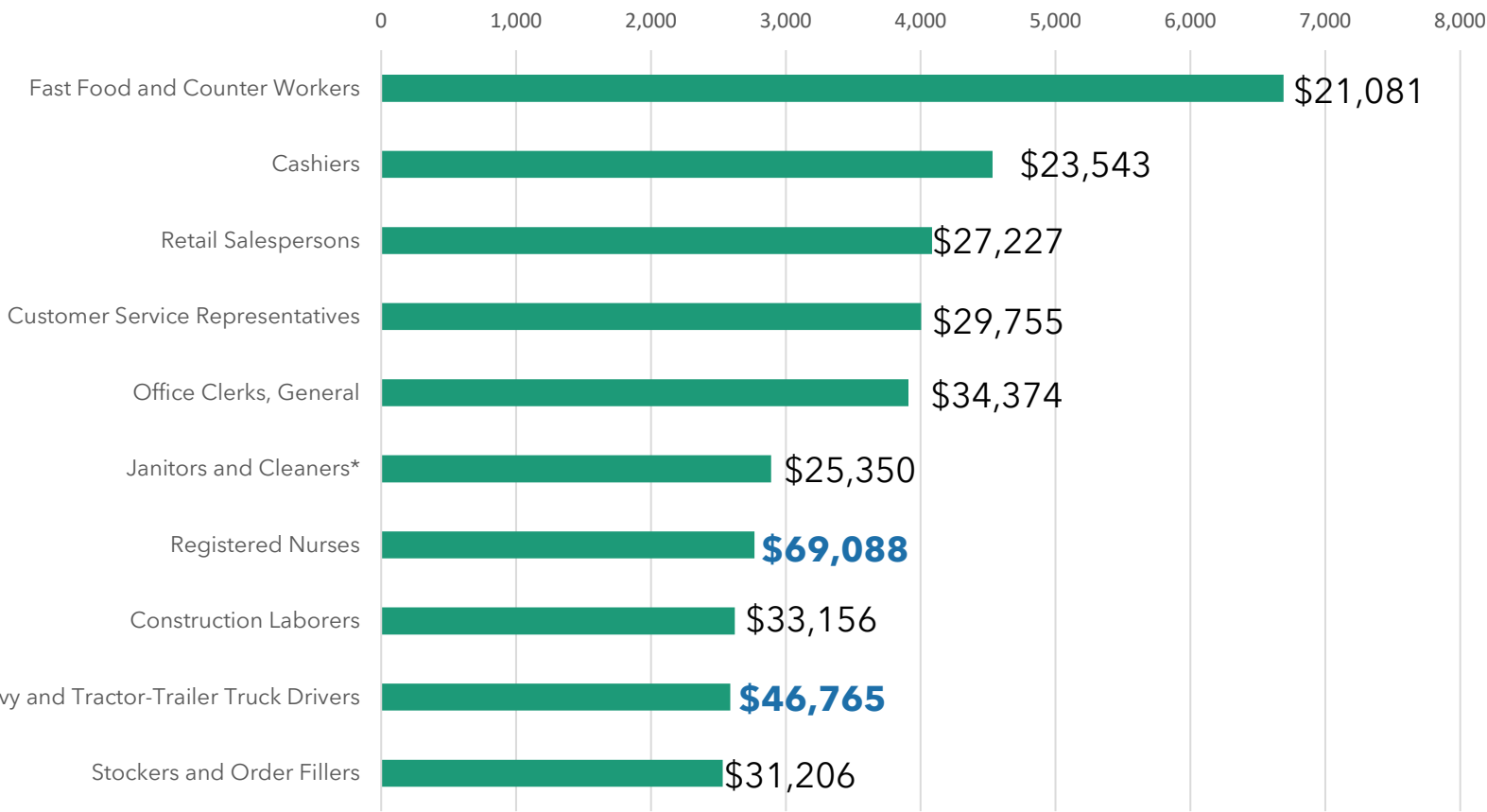


# Economic Factors Impacting Housing Affordability in Waco



# 2028 projected economic growth is in low paying occupations

Top 10 Occupations by Projected Employment



- The top occupations by *projected employment* for the Heart of Texas Region are largely low paying.
- 1 out of 10 have an average annual salary above 80% AMI for a household of 4.
- 2 out of 10 have an average annual salary above 80% AMI for a household of 1.

# Housing Costs Impacting Housing Affordability in Waco



# Much of the housing stock in McLennan County was naturally occurring affordable housing

RENTAL MARKET



85% of the rental stock was affordable to households under 80% of AMI with most units affordable to households with incomes 51-80% AMI

SALES MARKET



71% of the owner stock was affordable to households under 80% AMI with most units affordable to households with incomes 31-80% AMI

 0-30% AMI  31-50% AMI  51-80% AMI  81%+ AMI

Source: 2015-2019 PUMS

# There are at least three key issues impacting affordability



## **Housing Rehabilitation is Needed**

Stakeholders reported that most affordable housing stock needs significant and costly rehabilitation



## **Lack of Diversity in Housing**

Much of the housing stock is comprised of single-family units and three-bedroom units



## **Housing Mismatch**

There is a “housing mismatch” in which thousands of households live in units that do not align with their income



# There is a lack of diversity in the total housing stock



Over **60%** of the inventory is single-family units

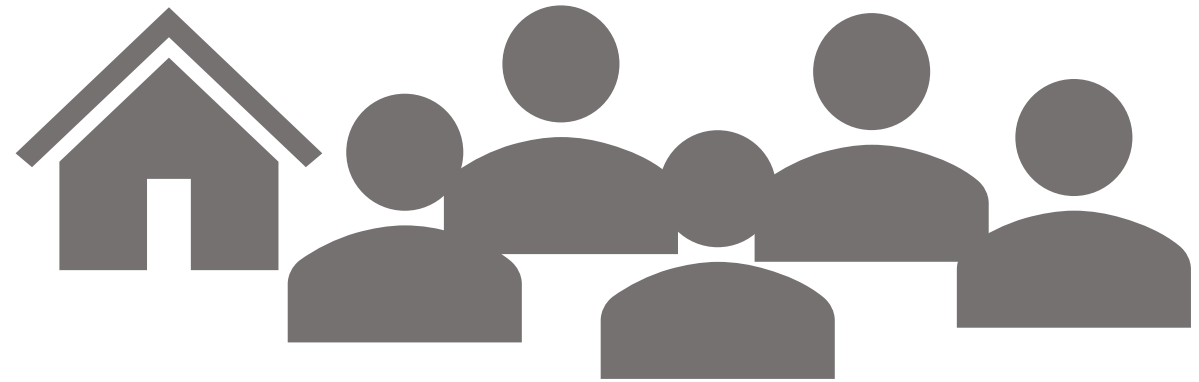


**54%** of the inventory has 3+ bedrooms

# There is a shortage of rental units affordable to the lowest income and higher income households

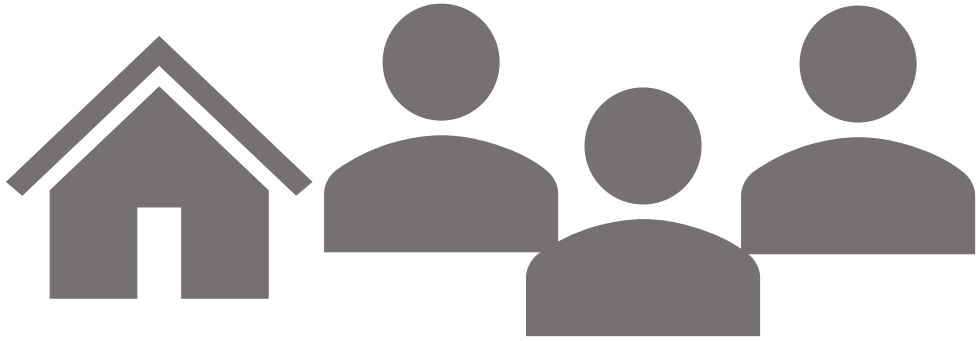


For each unit affordable to the lowest income households below 30% AMI, there are about 4 households that need that unit.



For each unit affordable to higher income households above 100% AMI, there are about 5 households that can afford the unit.

There is a shortage of sales units affordable to households over 100% AMI with an over-supply of units affordable to the lowest income households up to 50% of AMI



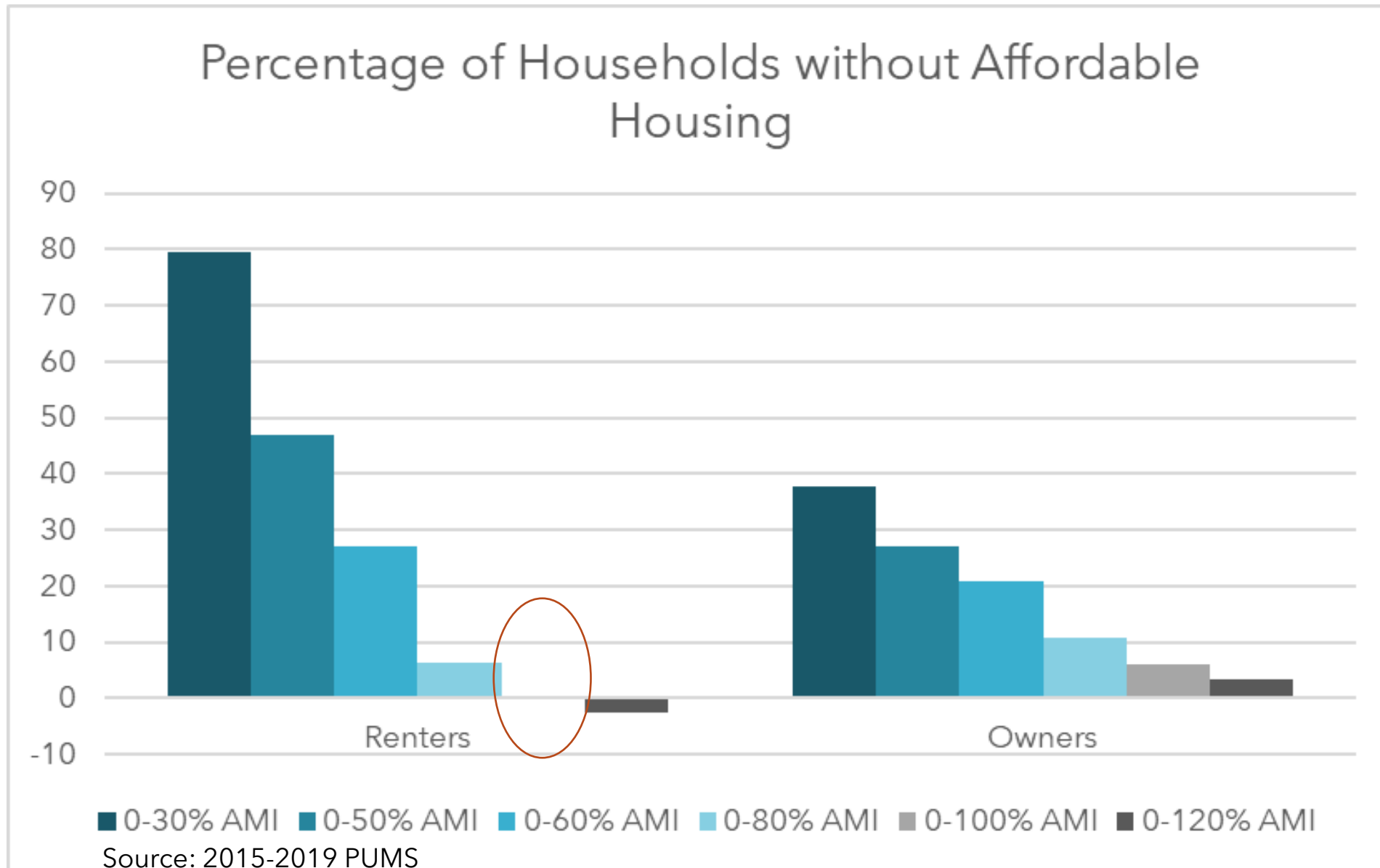
For each unit affordable to higher income households above 100% AMI, there are about 3 households that need that unit.



For each lower income household 0-50% AMI, there are about 3 units of inventory

As a result, higher income households are forced to buy down-market, contributing to the shortage of units affordable to the lowest income owners.

The result of the mismatch and inadequate inventory is a significant proportion of households **do not** have affordable housing



- As income increases, households tend to reside in more expensive units but only to a point; renters above 100% AMI still tend to live down market in 30-80% AMI units.
- Cost burden falls off above 80% AMI and largely disappears by 100% AMI.
- Black households tend to have lower incomes, live in less costly units and are frequently cost burdened
- Hispanic households tend to have lower incomes but their pattern of cost burden mirrors that of non-Hispanics.
- Cost burden among the elderly tends to fall off above 60% AMI.
- People with disabilities tend to have lower incomes; cost burden among people with disabilities tends to fall off above 90% AMI.
- Single mothers are among the lowest income AND highest cost burdened even though they reside in the least costly units.
- In general, college student households do not reside in the most affordable units.

## Summary of findings among renters

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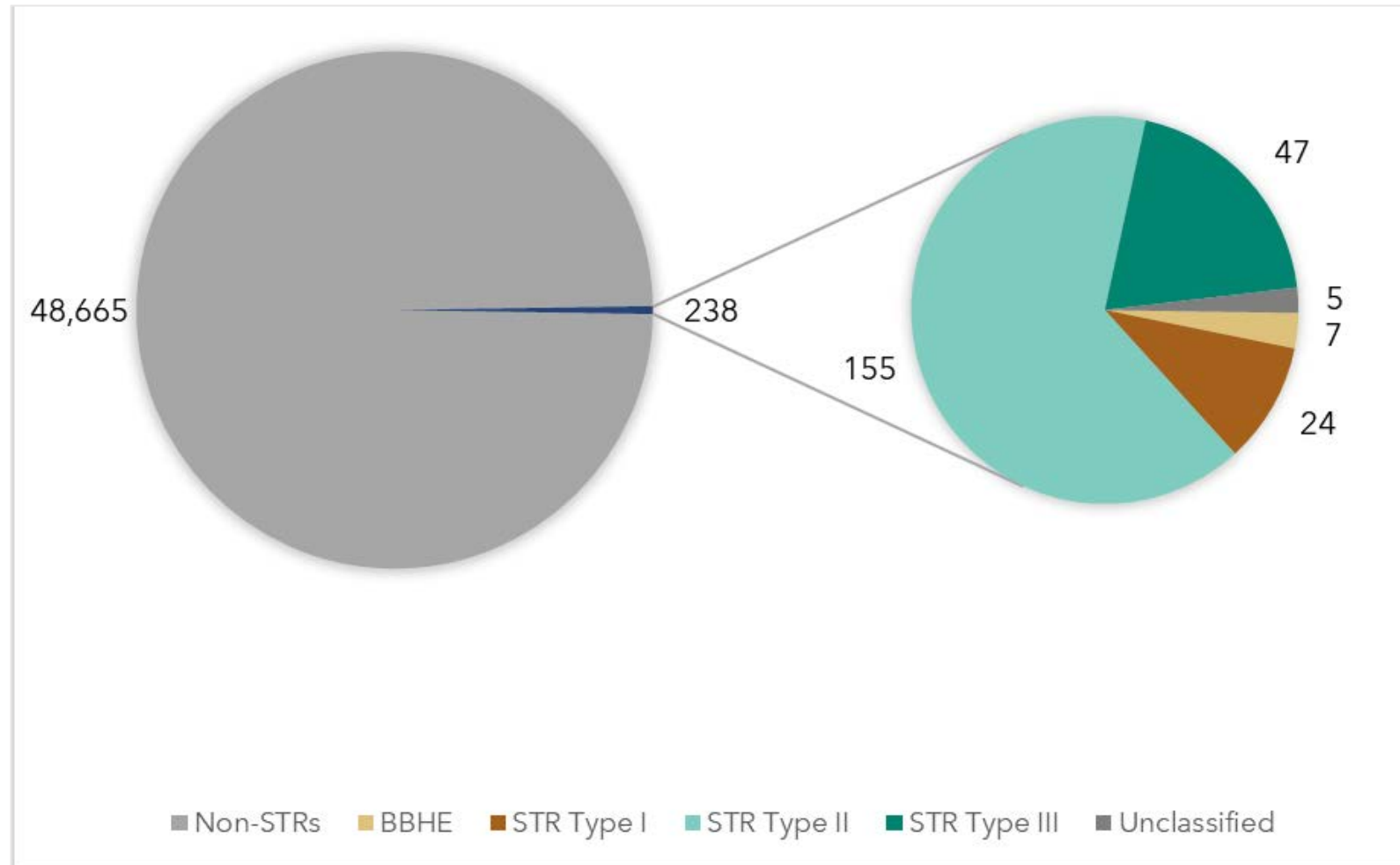


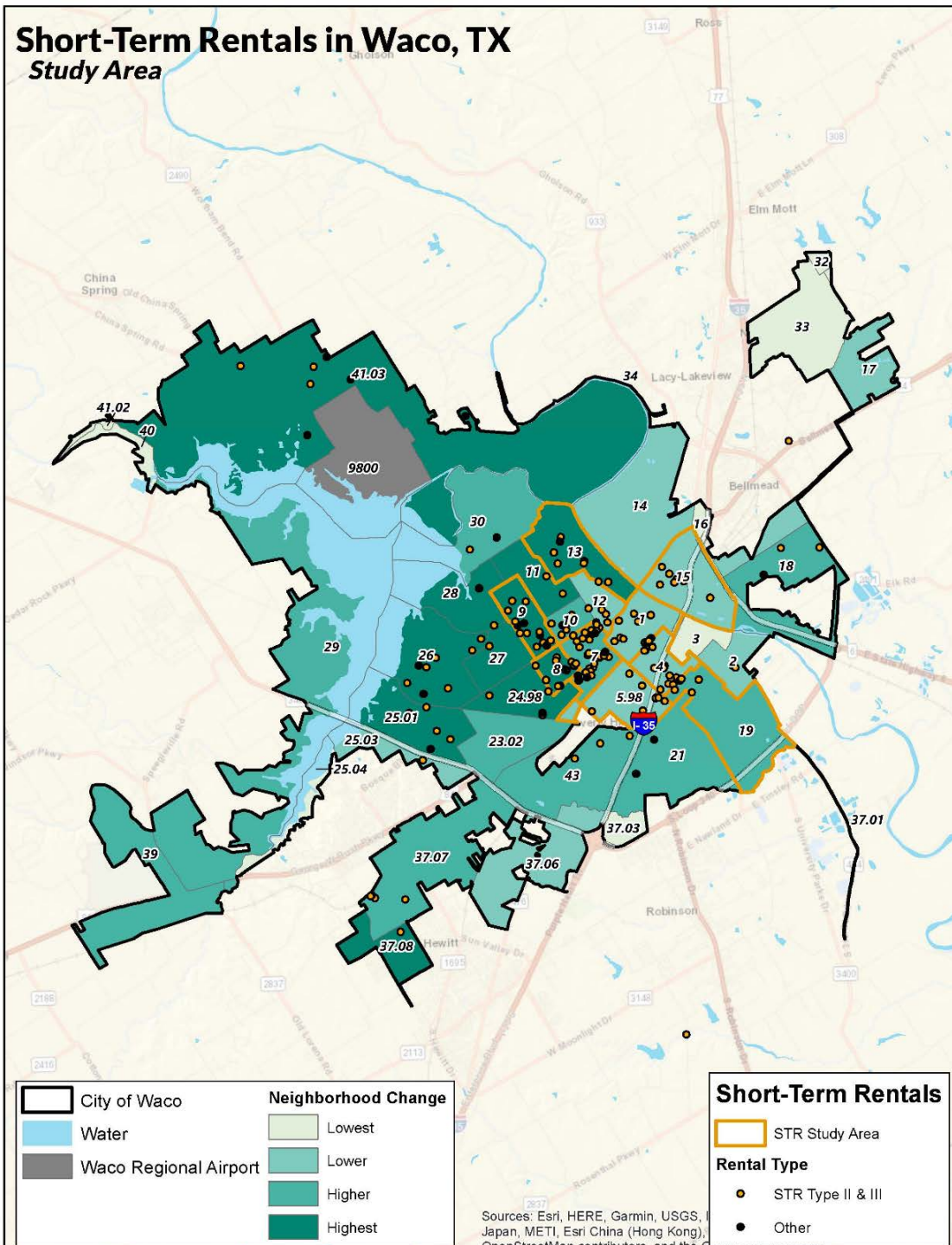
# Summary of findings among owners

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- Owners tend to have higher incomes than renters and reside in units affordable to households under 80% AMI even as their income increases above 100% AMI, thus contributing to the mismatch.
- Black homeowners tend to be lower income, are more likely to be cost burdened and reside in more affordable units.
- Hispanic households' pattern of cost burden mirrors that of non-Hispanics.
- There is no clear difference in residency patterns among elderly or disabled homeowner households compared with their counterparts.
- Single mothers and other households with children are less likely to experience cost burden above 80% AMI.

# Short Term Rentals are a small part of Waco's occupied housing stock



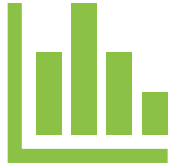


Type II and III STRs are concentrated near assets such as tourist attractions and Baylor University and are frequently naturally occurring affordable housing units.

In general, these areas tend to have more affordable housing.

Within the STR Study Area, STRs are part of the naturally occurring affordable housing stock

# Next Steps



Finalize quantitative and  
qualitative data analysis.  
July/August 2021



Vacant Residential Structure  
Survey (Anticipated)  
September/October 2021



Finalize recommendations.  
July-October 2021



Final report and  
presentation  
November/December 2021



# Questions