

# City Council Workshop #2

## Presentation and Discussion



### **Current Status of Housing in Corpus Christi, TX**

February 18, 2014

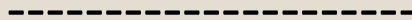


# Housing Policy Framework



## Council Workshops:

- ✓ 1. Federal and Local Resources for Housing
- 2. Affordable Housing – Where are we?
  - ✦ Finance, Demographics, etc.
- 3. Policy Discussion about Housing and Use of Federal and Local Funds



## Council Action:

- 4. Adoption of Policy

# Workshop #2 Agenda



1. Brief Recap of Workshop #1
2. Definitions of Affordable Housing
3. Current Housing in Corpus Christi
4. CC Association of Realtors Report
5. 2014 Housing Stock Forecast
6. Next Steps

# 1. Recap of Workshop #1



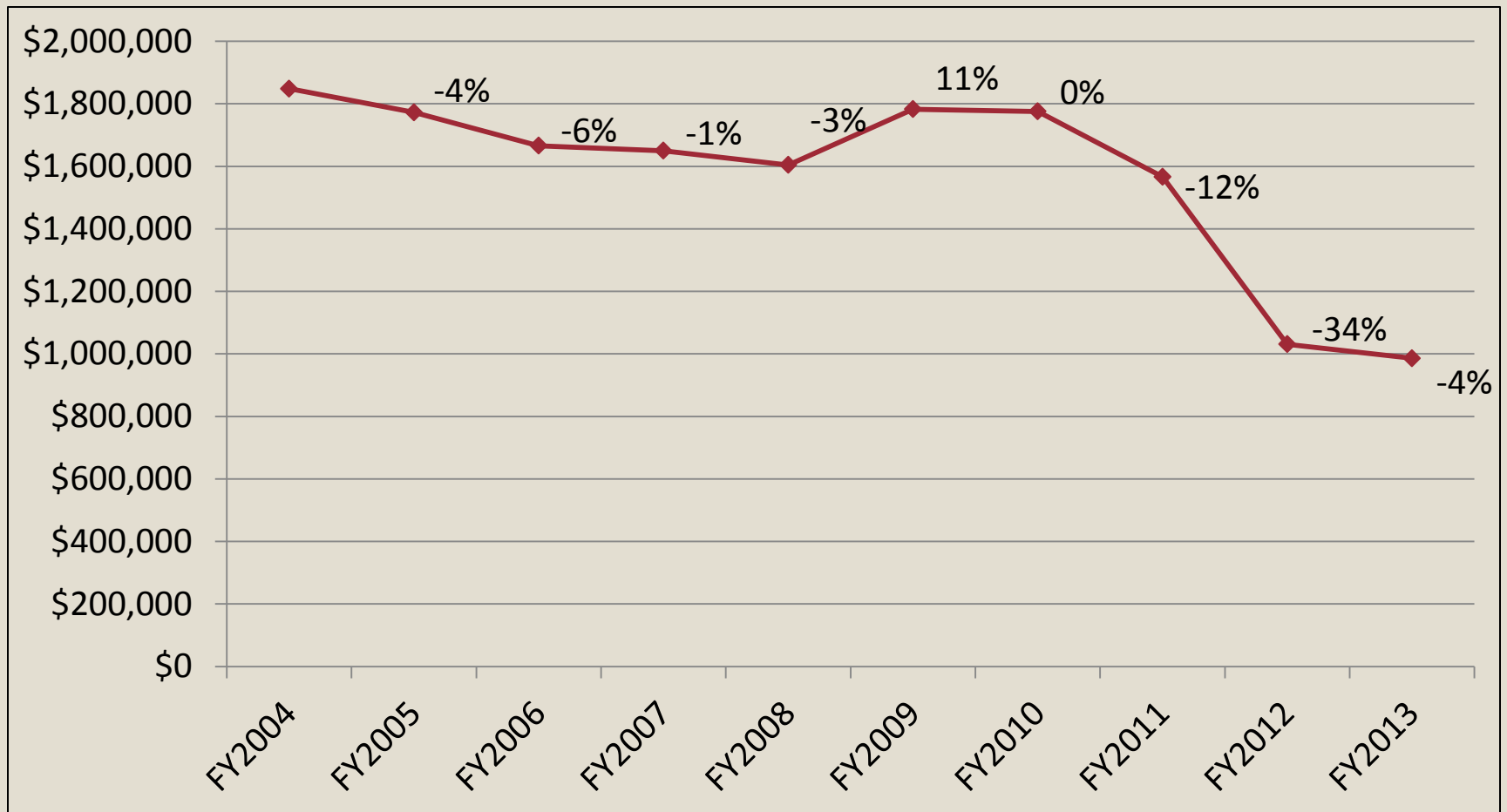
1. Federal \$\$
2. How we are using them
3. Local (Type A) \$\$
4. How we are using them

# 1. Recap of Workshop #1: Federal \$\$ FY13

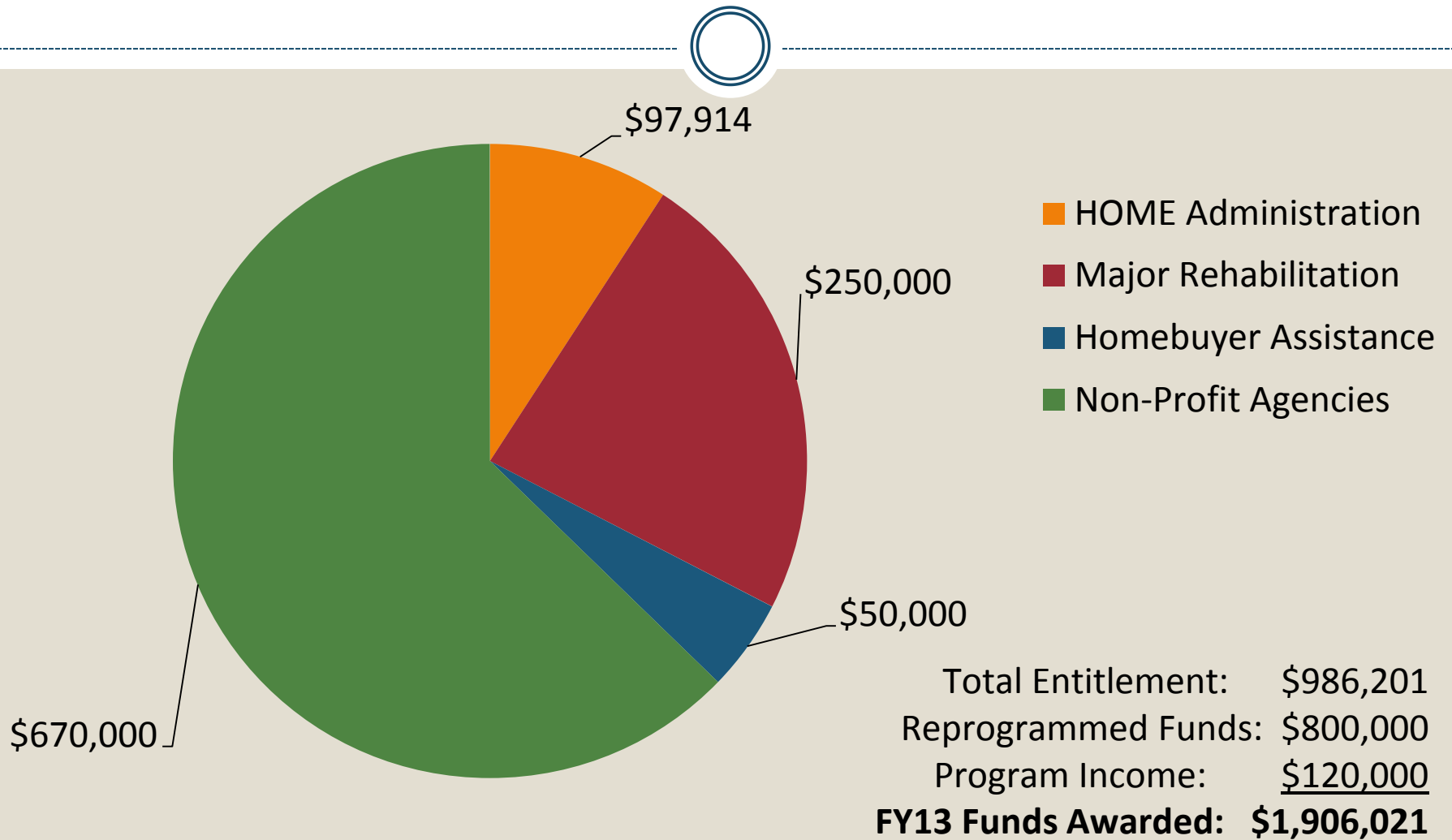


- **HOME Investment Partnerships Program - \$986,021**
- Community Development Block Grant Program (CDBG) - \$2,727,941
- Emergency Solutions Grant Program (ESG) - \$189,117

# 1. Recap of Workshop #1: HOME Funding 10-yr Trend



# 1. Recap of Workshop #1: HOME \$\$ FY13



# 1. Recap of Workshop #1: Local \$\$ (Type A)



- Proposition 2 passed on November 5, 2002
- Proposition 2B – Affordable Housing
- 1/8 cent sales tax enacted by the City Council



# 1. Recap of Workshop #1: Local \$\$ To Date



<b>TYPE A FUNDED AGENCY/PROJECT</b>	<b>Granted</b>	<b>Expended</b>	<b>Remaining</b>
Nueces County Community Action Agency	\$1,083,932	\$962,201	\$121,731
City of CC / NSD	\$200,000	\$116,282	\$83,718
Builders' New Construction	\$1,166,501	\$740,000	\$426,501
City of CC Reimbursement	\$74,500	\$63,024	\$11,476
Home Existing Inventory	\$1,580,000	\$1,300,000	\$280,000
Marketing for Housing Programs	\$30,000	\$0	\$30,000
Non-committed Funds	\$250,000	\$0	\$250,000
<b>TOTALS, INCEPTION TO DATE:</b>	<b>\$4,384,933</b>	<b>\$3,181,507</b>	<b>\$1,203,436</b>

## 2. Definitions of Affordable Housing



- **No More Than 30 percent** - The common definition of an affordable home is one where the resident uses no more than 30 percent of his or her income to pay the rent or mortgage. (HUD)
- Mortgage Lenders Rule of Thumb - Monthly payment approximately **28%** of gross monthly income
- CC Housing Authority - Monthly payment no more than **33%** of adjusted monthly income

## 2. Definitions of Affordable Housing



### Factors Affecting Housing Affordability:

#### 1) Supply vs. Demand

- Inventory, Population In-Migration

#### 2) Mortgage Rates/Rental Rates

- Credit Scores, Lending Practices

#### 3) Income/Wages

- Jobs - Education level, Skill level

## 2. Affordable Housing in a Balanced Housing Market



- Industry and businesses are attracted to communities that offer a healthy balance of available housing:
  - ✦ Executive
  - ✦ Mid Management
  - ✦ Workforce
  - ✦ Service personnel

## 2. Affordable Housing in a Balanced Housing Market



A balanced housing market provides a variety of housing at a price residents can afford. Creating a balanced housing market is necessary for healthy communities:

- **Mixed Income:** A vibrant community needs people from all walks of life living and working in the community.
- **Workforce:** Housing choices allow workers to live closer to their jobs. A variety of housing options are important to meet the needs of workers in high, moderate and low wage jobs. A variety of housing options helps businesses hire and retain employees. Availability of a range of quality and affordable housing is a critical factor in attracting new businesses to Corpus Christi.

## 2. Affordable Housing in a Balanced Housing Market

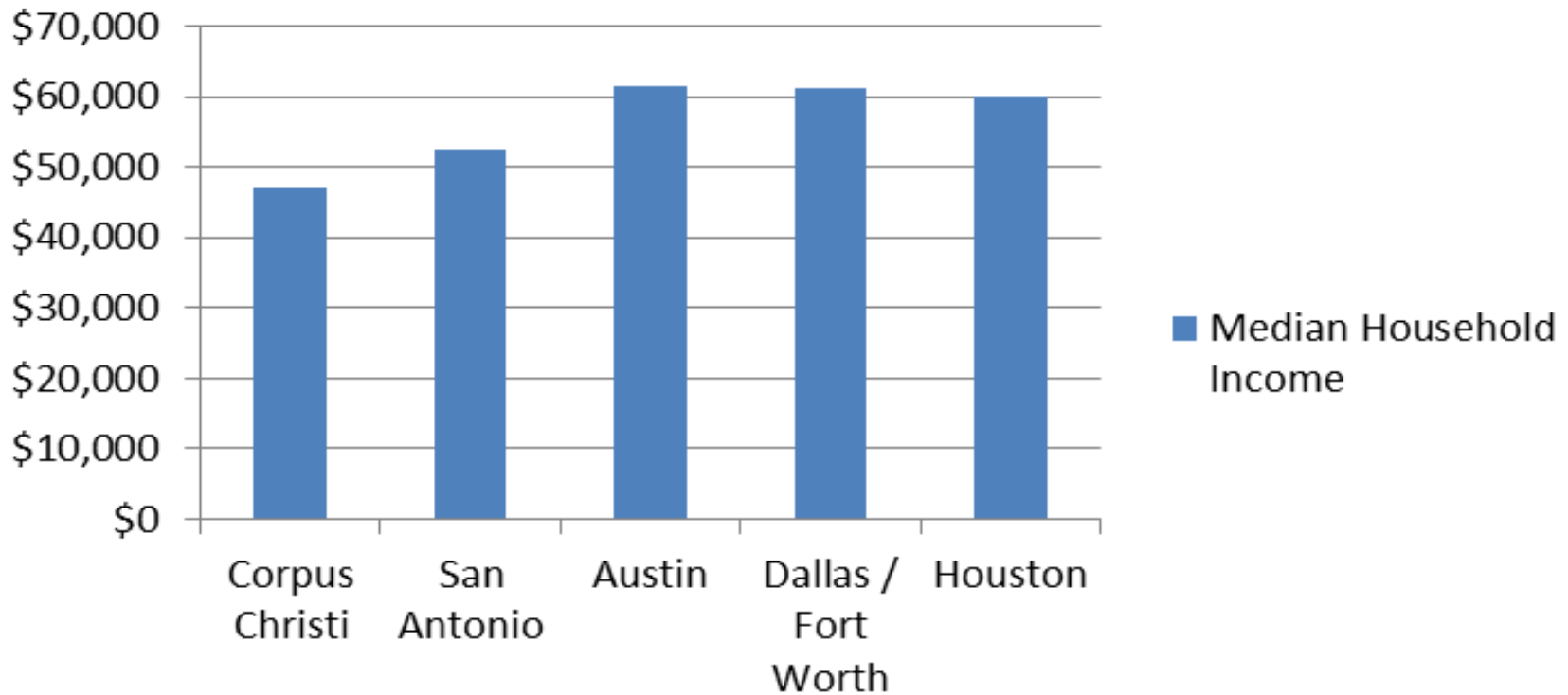


- **Land Use rules** help promote healthy, livable communities by encouraging responsible land use and development of a variety of housing types.
- **Younger residents** bring an energetic vibrancy and help lead to revitalization of housing in areas that need it.
- **Senior residents** help contribute to the sense of history of the community. A mix of housing allows seniors to age in place, keeping grandparents near their children and grandchildren.
- **Customers:** New housing brings in additional residents that in turn become new customers for local businesses.

## 2. Definitions of Affordable Housing



### Median Household Income

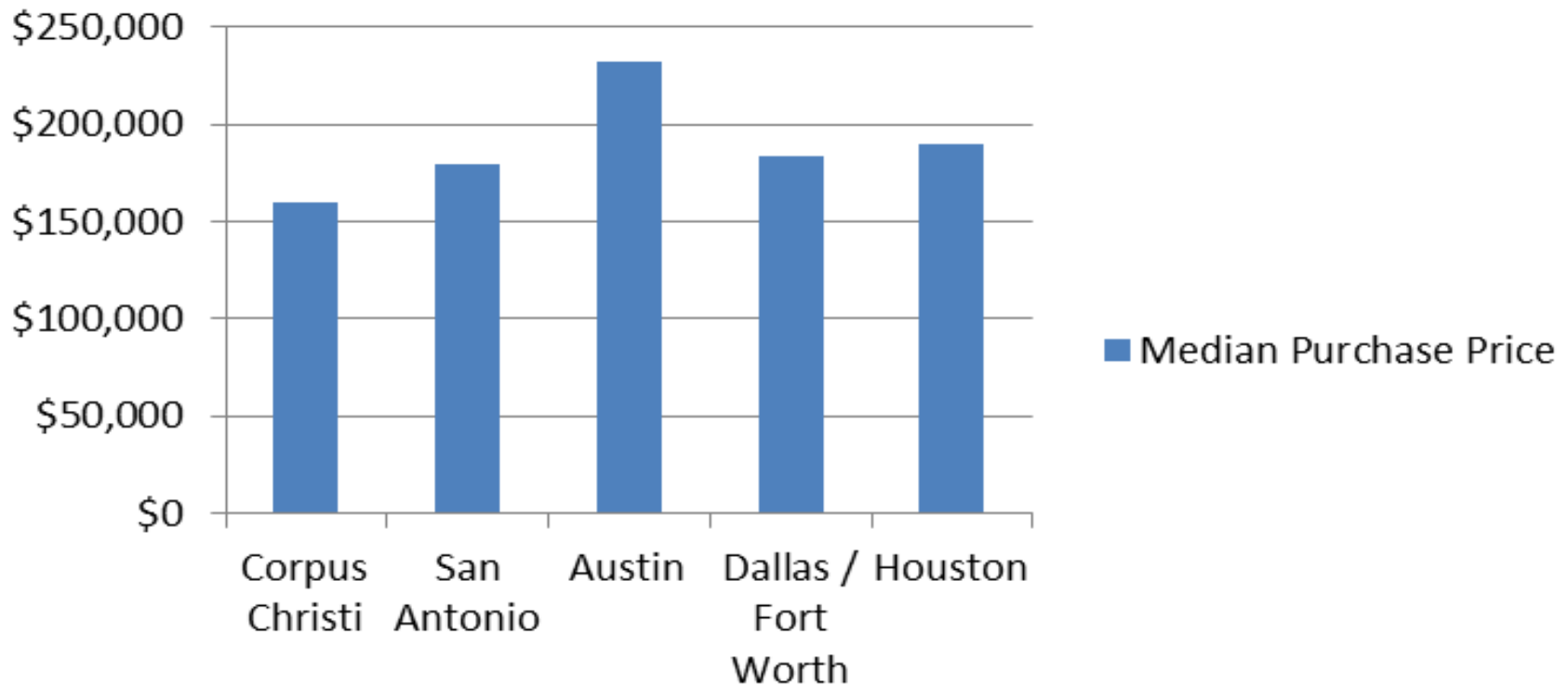


Source: Hendricks Berkadia – Apartment Real Estate Advisors

## 2. Definitions of Affordable Housing



### Median Purchase Price

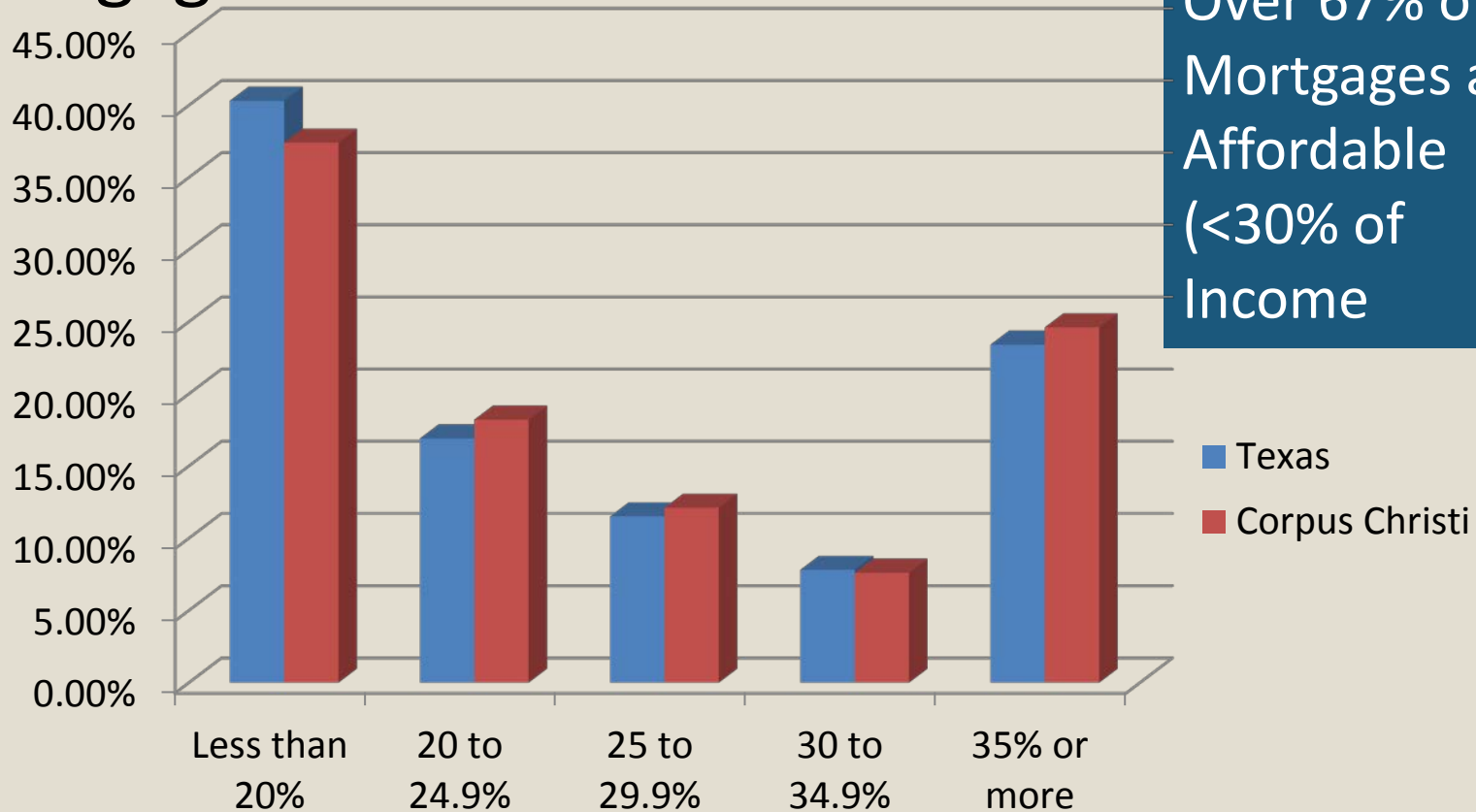


HUD Affordability Definition: Home price no more than 95% of median purchase price



## 2. Definitions of Affordable Housing

### Mortgage as % of Income:



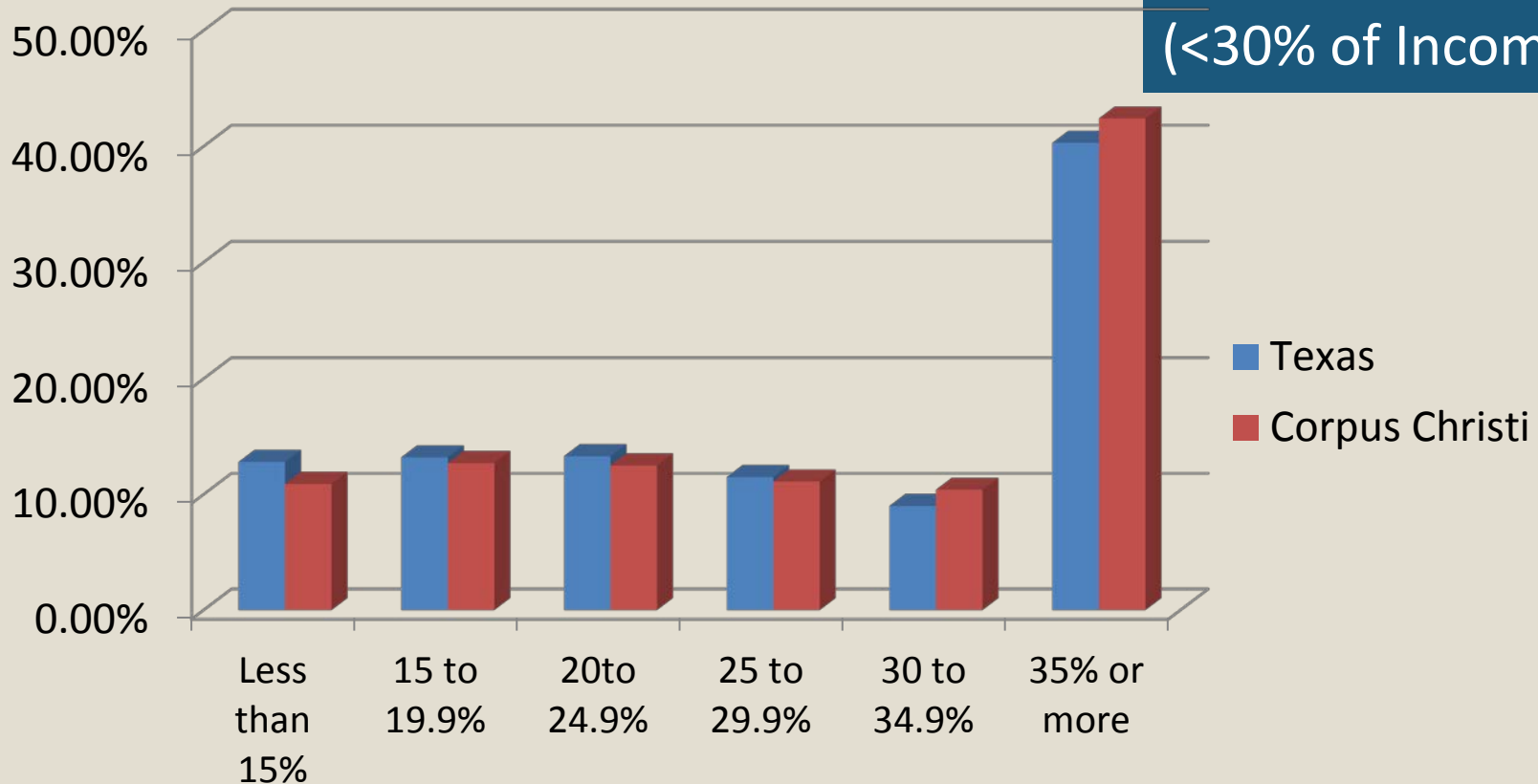
Over 67% of  
Mortgages are  
Affordable  
(<30% of  
Income

■ Texas  
■ Corpus Christi

Source: US Census, American Community Survey

## 2. Definitions of Affordable Housing

Gross Rent as % of Income:



Over 47% of Rents are Affordable (<30% of Income)

Source: US Census, American Community Survey

# 3. Current Housing in Corpus Christi



- **≈ 123,000 Total Housing Units**
  - **≈ 89% Occupied**
  - **≈ 11% Vacant**
  
- **Occupied Housing Units (≈ 110,000)**
  - **≈ 60% Owner-occupied**
  - **≈ 40% Renter-occupied**

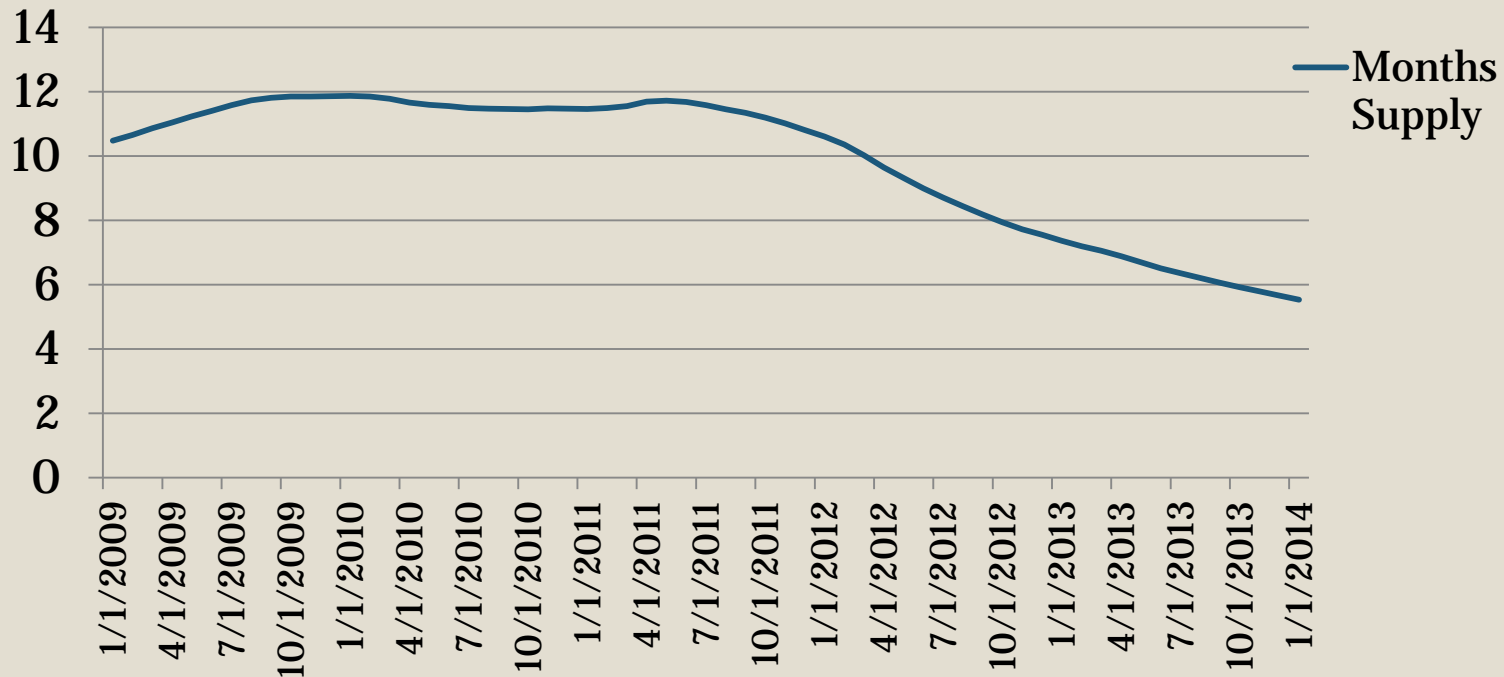
Source: US Census, American Community Survey

# 3. Current Housing in Corpus Christi



## Supply vs. Demand - Single Family

**Months Supply - Entire MLS, 2009 thru 2013**



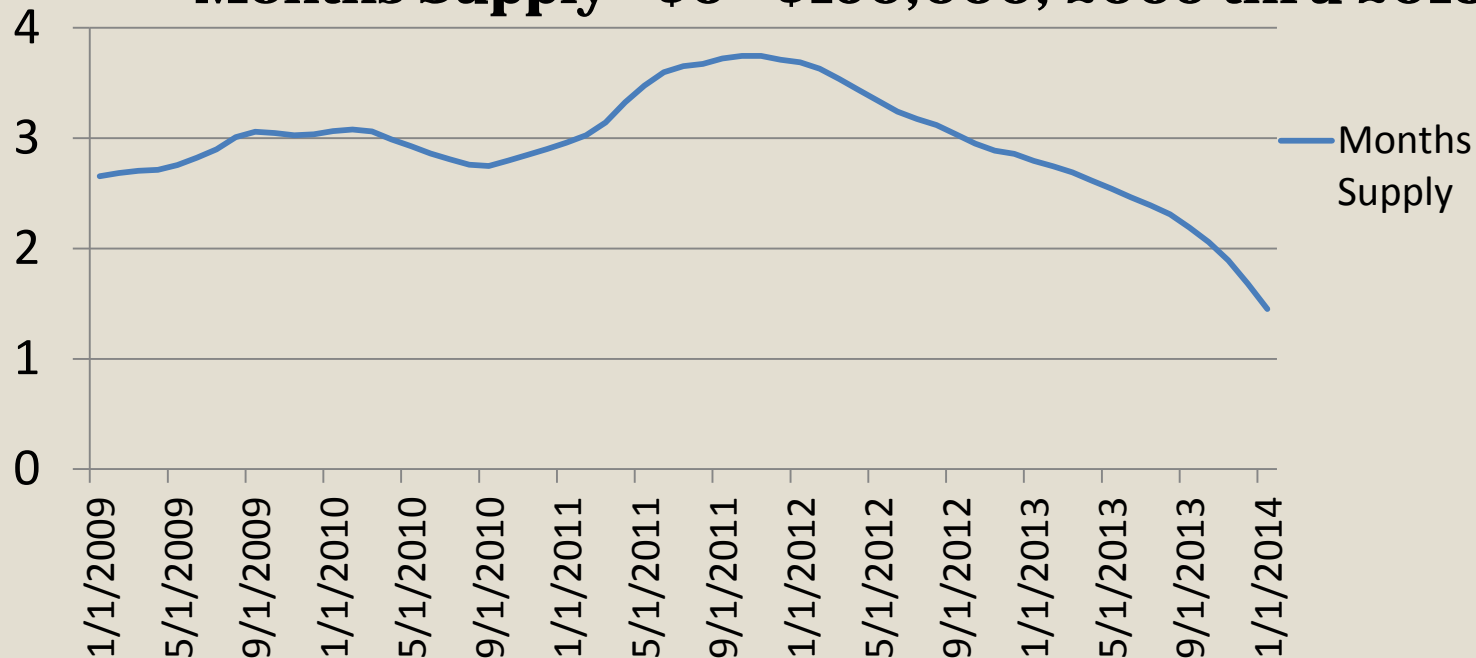
Source: Corpus Christi Association of Realtors

# 3. Current Housing in Corpus Christi



## Supply vs. Demand – Single Family

**Months Supply - \$0 - \$150,000, 2009 thru 2013**



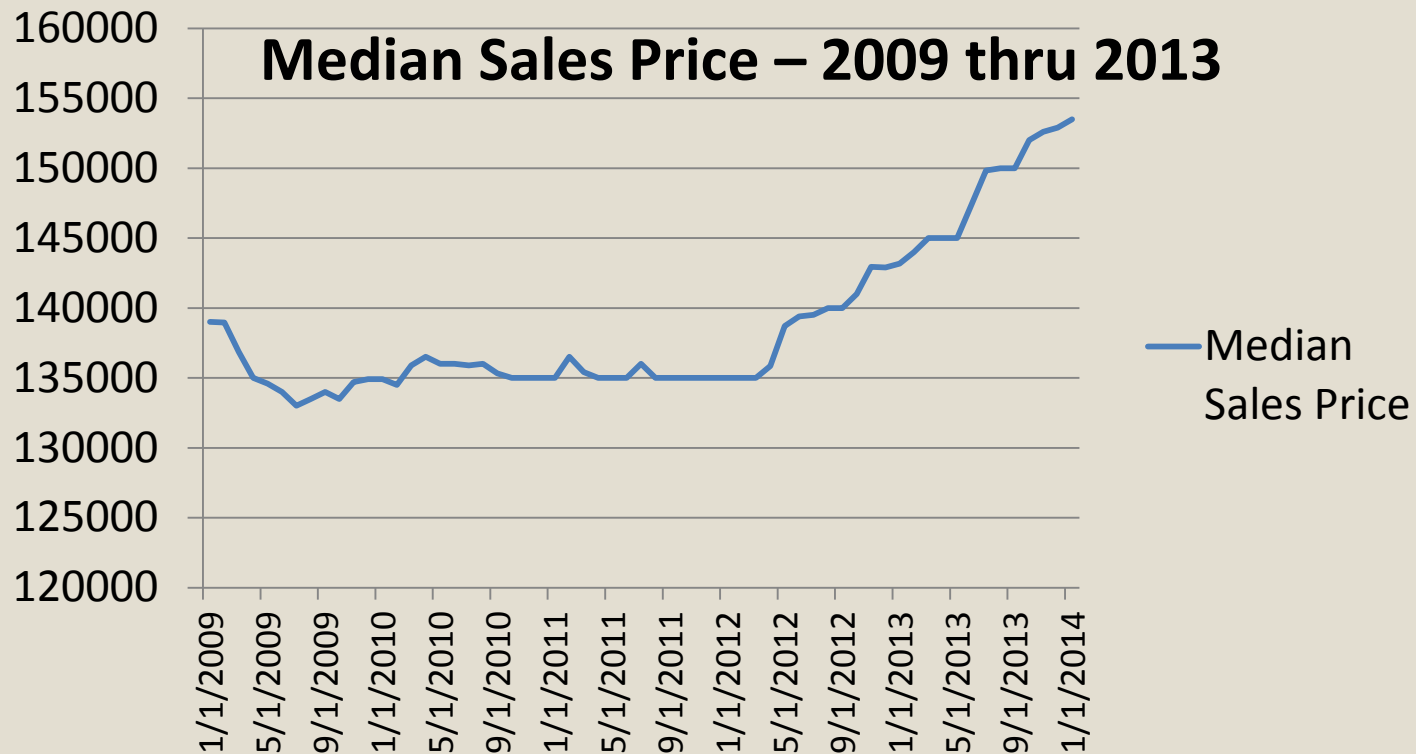
Single Family Permits in Pipeline = 806

Source: Corpus Christi Association of Realtors, and City Development Services

# 3. Current Housing in Corpus Christi



## Supply vs. Demand - Single Family



Single Family Permits in Process = 806

Source: Corpus Christi Association of Realtors, and City Development Services

# 3. Current Housing in Corpus Christi



## Supply vs. Demand - Multi Family

	Corpus Christi	San Antonio	Austin	Dallas / Fort Worth	Houston	Texas Avg.
Apartment Occupancy Rate	95.20%	91.80%	95.20%	93.60%	92.50%	90.9%
Average asking Rent	\$830	\$807	\$995	\$856	\$871	\$855

Source: ALNData.com

# 3. Current Housing in Corpus Christi



- Median Home Price \$159,640
- 95% of Median Price \$151,624
  - Definition of affordable home per HUD is 95% of median purchase price
- Median Household Income
  - \$47,029
- Affordable Monthly Mortgage / Rental Rate
  - \$1175 or less

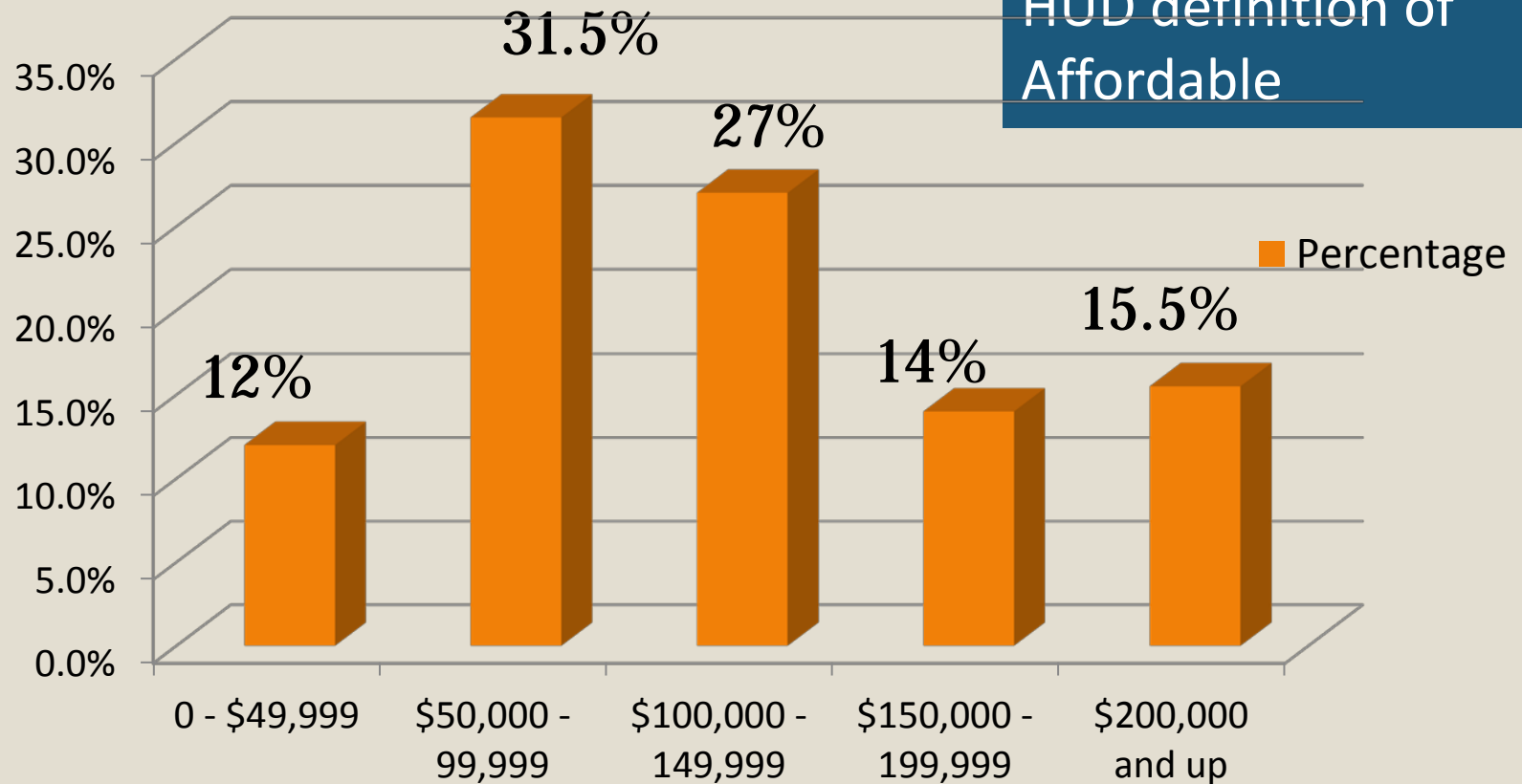
Sources: [HendricksBerkadia.com](http://HendricksBerkadia.com), [mortgagecalculator.org](http://mortgagecalculator.org)



# 3. Current Housing: Owner Occupied

Median Price \$159,640  
95% of Median \$151,624

Over 70% of Current Housing Stock meets HUD definition of Affordable



Source: US Census, American Community Survey

# 3. Current Housing: Owner and Rental



- Mortgage Payment on Median Home Value  
\$1,171.20 monthly
  
- Average Rental Rate  
\$830.00 monthly

Source: [mortgagecalculator.org](http://mortgagecalculator.org) and

# 3. Current Housing: Housing Authority



## Corpus Christi Housing Authority:

- Provide 1,334 vouchers for Section 8 housing
- Operate 1,836 units with Maximum Monthly Rents:

<b>Apartment Type</b>	<b>Corpus Christi</b>	<b>CCHA Max Rent</b>	<b>CCHA rent % of CC</b>
Efficiency	\$ 642	\$ 481	75%
1 Bdrm	\$ 722	\$ 517	72%
2 Bdrm	\$ 896	\$ 566	63%
3 Bdrm	\$ 960	\$ 713	74%

Client pays no more than 33% of their adjusted monthly income for the rental of a unit

# 4. CC Association of Realtors



- Corpus Christi is very affordable, especially compared to other housing markets throughout Texas.
- Inventory (supply) is down, so prices (demand) are going up. CC is a Seller's market.
- Six months inventory is a balanced, healthy market:
  - ❑ Entire MLS inventory - 5.5 months supply
  - ❑ \$0 - \$150,000 Price Inventory – 1.45 months supply
- CCAR Executive Director: The lack of a National Builder contributes to the lack of inventory, making the entire home buying circle more difficult for first time home buyers.

Source: Warren Andrich, Corpus Christi Association of Realtors

# 5. 2014 Housing Forecast



- Today's presentation = Snapshot of Corpus Christi's current housing and rental environment
- Comprehensive Planning Consultant's Scope of services includes detailed housing market analysis
  - Should be completed in the next six months
- Type A funding is potentially available for re-focusing as deemed appropriate

# Findings



- Housing in Corpus Christi is affordable
- Current shortage in Housing Supply at \$150,000 or less
- In the Pipeline:
  - ✦ 806 units permitted Single Family
  - ✦ 1,479 units permitted Multi Family
- Demand for housing of all types increasing due to influx of population – Eagle Ford Shale, other
- Comprehensive plan consultants will provide data that can assist in Council policy discussion

# 6. Next Steps



## Council Workshops:

- ✓ 1. Federal and Local Resources for Housing
- ✓ 2. Affordable Housing – Where are we?
  - ✦ Finance, Demographics, etc.
- Comprehensive Plan data analysis (app. 6 months)
- 3. Policy Discussion about Housing and Use of Federal and Local Funds



## Council Action:

- 4. Adoption of Housing Policy

# Council Discussion



- Discussion Questions:

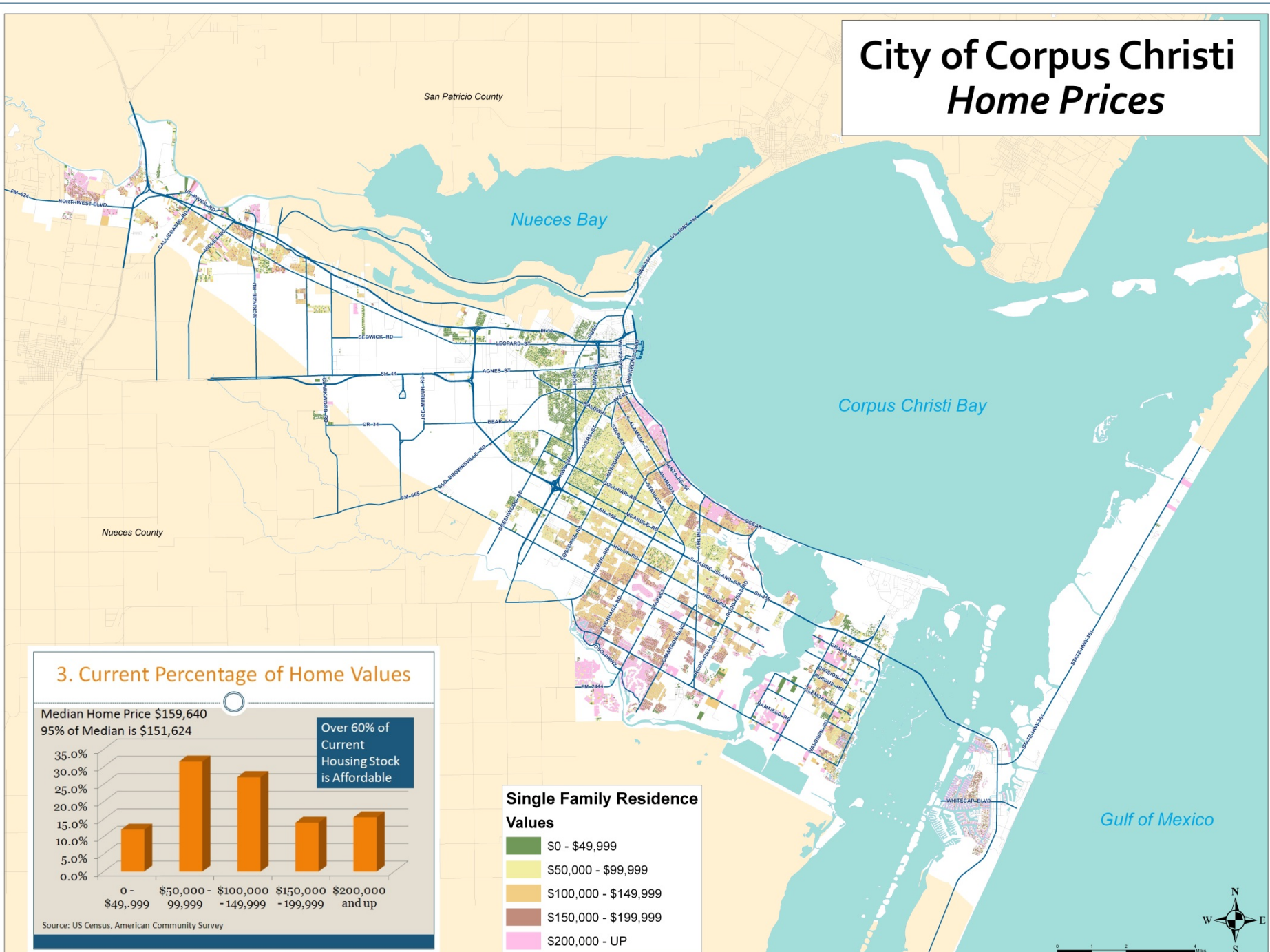
What specific area(s) does the City Council want to address:

- Substandard and Vacant Housing (existing)?
- Low Income Housing?
- Workforce Housing?
- First-Time Home Buyer Housing?
- In-Fill or Downtown Housing?
- Something else?

- Conclusion



# City of Corpus Christi Home Prices



## 3. Current Percentage of Home Values

Median Home Price \$159,640  
 95% of Median is \$151,624

Over 60% of Current Housing Stock is Affordable



Source: US Census, American Community Survey

### Single Family Residence Values

- \$0 - \$49,999
- \$50,000 - \$99,999
- \$100,000 - \$149,999
- \$150,000 - \$199,999
- \$200,000 - UP

