STAFF TASK FORCE ON GENTRIFICATION IN EAST AUSTIN

Findings and Recommendations

March 13, 2003

MEMORANDUM

TO: Mayor Gustavo Garcia and Members of the City Council

FROM: Joe Canales, Deputy City Manager

RE: Staff Task Force on Gentrification in East Austin

DATE: March 13, 2003

On behalf of the members of the Staff Task Force on Gentrification in East Austin, I am pleased to present the following report that summarizes both our findings and recommendations and is submitted for your consideration. Over the past several months, I have overseen the work of staff members on this Task Force and would like to take this opportunity to acknowledge and thank all of those who served and have diligently worked to meet the Council's directives:

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As always, should you have any questions, please do not hesitate to contact me at 974-2194.

Sincerely,

Joe Canales
Deputy City Manager

cc: Toby Hammett Futrell, City Manager
Lisa Gordon, Assistant City Manager
Michael McDonald, Acting Chief of Staff

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Section I. Introduction

As Austin has experienced growth during the 1990s – both in its population and in its economy – there have been growing concerns among many citizen groups about the impact of that growth on many of the neighborhoods in the urban core. There is heightened concern for those neighborhoods in East Austin that include a higher number of moderate-income and low-income households, relative to the rest of the Austin urban core and the Austin M.S.A. Some community groups were particularly concerned with the increasing property tax valuations in the eastern part of the city and asserted that historic zoning was the main driver of those increases.

In response to these community concerns, on May 9, 2002, the Mayor Pro Tem and other members of the City Council directed the City Manager to investigate and report back to Council with a comprehensive analysis addressing the following questions:

- What is the process for a property to be designated as historic? What are the criteria?
- What are the benefits of historic zoning to the owners of such properties?
- What are the benefits, if any, of historic zoning in a neighborhood area? What are the benefits, if any, of a historic district in an area?
- How does the Travis Central Appraisal District (TCAD) assess taxes?
- What are possible initiatives addressing equity and sustainability for the next legislative session, e.g. possible tax freezes for those that make improvements to their properties and generally work to improve the quality of life in an area?
- What is the possible connection between historic zoning and gentrification? Is historic zoning the primary, sole, or a contributing factor to gentrification?

As a result of this directive, the City Manager requested that an internal, cross-departmental task force convene to address the questions listed above. The members of the resulting Staff Task Force on Gentrification in East Austin chose the following study area: Airport Boulevard on the east, Town Lake on the south, I-35 on the west, and Manor Road on the north. (See Appendix A for a detailed map of the area.)

On June 27, 2002, the City Council passed Resolution 020627-105 creating and directing the Gentrification Implications of Historic Zoning in East Austin Task Force to examine and advise on the possible gentrification implications of historic zoning in East Austin. The members of the Task Force submitted their findings and policy recommendations for City Council review on October 10, 2002. The findings of the Staff Task Force on Gentrification supplements and expands upon the work of the commission-based Gentrification Implications of Historic Zoning in East Austin Task Force.

The staff task force report addresses the specific questions posed by Council in May 2002. In addition to addressing those questions, the report provides an in-depth, data-driven examination of the complex phenomenon of gentrification as it relates to East Austin. Many American cities face challenges similar to those facing Austin. Given the current gentrification pressures, what are the best ways to mitigate the negative impacts? Staff's fundamental goal in the report was to provide the Council with policy options that could mitigate the potential negative impact of gentrification in East Austin neighborhoods over the long-term while addressing the immediate concerns of long-time residents of East Austin.

Section II. Background: Gentrification

The term "gentrification" is widely used but is not always clearly defined. Defining "gentrification" was a critical first step for the staff task force that was accomplished before it conducted its analysis of data and responded to concerns and policy recommendations offered by some East Austin community groups.

Definition in Use by City

The definition of "gentrification" adopted by City Staff is the same definition developed by the Brookings Institution and recommended by the Gentrification Committee in its June 14, 2001 report to the City Council. Gentrification is:

"...the process by which higher income households displace lower income residents of a neighborhood, changing the essential character and flavor of that neighborhood."

The Brookings Institution is an independent, nonpartisan organization devoted to research, analysis, education, and publication focused on public policy issues in the areas of economics, foreign policy, and governance. The goal of Brookings activities is to improve the performance of American institutions and the quality of public policy by using social science to analyze emerging issues and to offer practical approaches to those issues in language aimed at the general public. In April 2001, the Brookings Institution Center on Urban and Metropolitan Policy issued ***Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices.*** This comprehensive report suggests policies and strategies that can be pursued to advance equitable development by optimizing the benefits of neighborhood change while minimizing or eliminating the downsides of such change. The report has been used as a major resource by staff and citizen committees to study the issue of gentrification.

Some East Austin residents recommended that the Gentrification Implications of Historic Zoning in East Austin Task Force (October 2002 Report) make race a measure of "essential character and flavor" of a neighborhood. The Gentrification Implications of Historic Zoning in East Austin Task Force rejected this proposed modification of the definition of "gentrification." The Council-appointed Task Force did, however, choose to modify the "gentrification" definition to indicate that "displacement" could be voluntary or involuntary, and that the displacement is permanent. The staff task force does not support this change; they find that homeownership/rental trends are still a valid way of determining whether involuntary displacement is occurring. Staff contends that, if a portion of the study area were to experience significant increases in homeownership, this would represent a pattern of higher income homeowners moving into the neighborhood and lower income renters involuntarily moving out of the area. Staff recommends retaining the "gentrification" definition recommended by the Gentrification Committee (June 2001 Report).

Indicators of Gentrification

There are three conditions that must be present before a neighborhood can be said to be undergoing gentrification:

- Displacement of original residents;
- Physical upgrading of the neighborhood, particularly of housing stock; and,

- A notable change in neighborhood character.

Given the definition of gentrification that the City has thus far used as a guideline for measuring gentrification, the question we posed was: ***What evidence is available that gentrification is, in fact, occurring in East Austin?*** The Brookings Institution report suggests that a combination of the following conditions would indicate the likelihood that gentrification could occur:

- High rate of renters
- Ease of access to job centers (freeways, public transit, reverse commutes, new subway stations or ferry routes)
- High and increasing levels of metropolitan congestion
- High architectural value
- Comparatively low housing values

The Brookings report also outlines trends indicating that gentrification is in progress. These trends include the following:

- Shift from rental tenure to homeownership
- Increase in down-payment ratios, decline in FHA-financing
- Influx of households and individuals interested in specifically urban amenities and cultural niches
- Influx of amenities that serve higher income levels, for instance music clubs and galleries, valet parking, new coffee house locations, etc.

In addition, Brookings identified five factors contributing to gentrification today:

- Rapid job growth
- Tight housing market
- Preference for City Amenities
- Increased traffic congestion and lengthening commutes
- Targeted public sector policies.

Gentrification and Equitable Development

The Brookings Institution report pointed out that revitalization and reinvestment are needed if older neighborhoods are going to be sustainable over time. The Gentrification Committee in its June 2001 Report to the City Council supported the goal of *equitable development.* The Staff Task Force also supports the *equitable development* goal. While gentrification is viewed as a negative phenomenon when it results in involuntary displacement of lower income residents by higher income residents, revitalization and reinvestment have the following positive impacts:

- ***Desegregation.*** Over the last 30 years there has been a decline in the level of segregation in Austin. Although there has been some displacement of low-income residents in East Austin over the past three decades, there has also been a de-concentration of ethnic segregation in some East Austin neighborhoods.
- ***Rising affluence and level of home ownership.*** Influx of whites accounts for a very small part of the widespread rise in property values.
- ***Resulting increase in the tax base.***
- ***Promotion of livable inner-city neighborhoods in proximity to jobs.*** Some East Austin neighborhoods embody the principles espoused by New Urbanists and others. Modest homes laid out in a relatively compact development pattern that are close to the downtown

area will help reduce dependence on the automobile and conversion of land in environmentally sensitive zones.

Framework to Mitigate the Negative Aspects of Gentrification

The Brookings Report identifies a framework for addressing the issues of gentrification. This framework suggests continued data analysis to identify those neighborhoods that are experiencing gentrification as well as to identify those neighborhoods that are under pressure to become gentrified. The framework includes the following:

1. ***Know the context and the growth dynamics to determine the extent which gentrification is a reality.*** This means that a particular neighborhood may be changing its character in a variety of ways: because homeowners are replacing renters; property values, rents, or taxes are rising to the extent that current residents are being involuntarily replaced; rehabilitation or new construction on vacant lots is changing neighborhood character. Gentrification could be occurring if higher income people are displacing lower income residents involuntarily. Gentrification must be measured at the neighborhood level. The term "neighborhood" must be defined in a way that will allow policy makers to identify when gentrification is likely to occur or is in progress. This will allow policy makers to make investment and policy decisions that are proportionate to the level of risk of gentrification or to the stage of gentrification that is occurring already. There may be a tendency to replicate, some best practices and regulatory tools available in other states. The approaches may or may not be appropriate to the type of gentrification pressures that some East Austin neighborhoods face. (Lead Department: NHCD, TPSD)
2. ***Anticipate pressures; understand the dynamics of gentrification and conduct analysis.*** The 2000 Census Data and information provided in the City of Austin 2000–2005 Consolidated Plan (the City's blueprint for addressing the community's most critical housing and community development needs) suggests where gentrification would likely occur. A review of the data for all neighborhoods is underway and will be made available to policy makers as investment and policy decisions are considered. (Lead Department: NHCD, TPSD)
3. ***Get organized.*** Develop a strategy for expanding the number and skills of neighborhood-based organizations. The City of Austin does this to some extent in Neighborhood Planning. (Lead Department: NPZD)
4. ***Develop a unified vision and implementation plan.*** New and old residents must be involved in developing the vision. Equitable development requires a mix of homeownership and rental opportunities for families at different income levels. Community participation is a key element in developing the City's Consolidated Plan for Housing and Community Development. In addition, the City does this to some extent in Neighborhood Planning. (Lead Department: NHCD, NPZD)
5. ***Implement regulatory and policy fixes.*** The S.M.A.R.T. Housing Policy requires an Affordability Impact Statement on all proposed new or amended rules, ordinances or plans to mitigate City policy having a negative impact on housing affordability. In addition, the 2001 Gentrification Report recommendations as well as the suggestions in the S.M.A.R.T. Housing Annual Report create opportunities to promote equitable development. Neighborhoods with residents at 50% Median Family Income or below must be the priority beneficiaries of these changes in policies and regulations, for these are the neighborhoods facing the most severe gentrification pressures. (Lead Department: NHCD, TPSD, WPDR, NPZD)

6. ***Gain control of public/private property that can be taken out of the market and used for reasonably priced housing and office space.*** City Council action to designate City land in Montopolis and in Govalle as surplus and the purchase of available land in Colony Park for S.M.A.R.T. Housing development demonstrate Austin is moving in this direction. There may be additional opportunities for public and private investment that are a result of recent State legislation that allows school districts and the State to make surplus land more readily available for "reasonably-priced" housing. The surplus property opportunities are becoming the functional equivalent of "community land trusts" that are used in other communities in Texas and other states. (Lead Department: NHCD)
7. ***Educate residents about their legal rights and home buying and selling strategies.*** Council Member Alvarez encouraged and the 2001 Gentrification Committee recommended the development of a separate legal and financial assistance program that would (1) help people gain clear title to their property; (2) help people develop wills to avoid title disputes; and (3) help people move from contracts for deed to conventional mortgages. In addition, homeowners need clear information about opportunities for homestead or senior property tax exemptions. Tenants need clear information about their rights. For lower income renters to become and remain homeowners, home buying and selling workshops as well as credit counseling workshops will continue to be critical components of the gentrification mitigation strategy. (Lead Department: NHCD)
8. ***Improve public education.*** Residents are more likely to remain in neighborhoods with better schools, and housing values increase when prospective homeowners recognize local schools with higher performance. Neighborhoods and schools must continue to be partners in the planning that creates expanded housing opportunities if schools are expected to be able to serve a growing number of students. (Lead Organization: Austin Independent School District)
9. ***Prepare groups to negotiate.*** Austin should continue to implement this in the Neighborhood Planning process. (Lead Department: NPZD)
10. ***Create forums to resolve conflicts and unify the community.*** Neighborhood Planning teams contribute to this process. The S.M.A.R.T. Housing program requires applicants to contact registered neighborhood associations before filing an application for zoning change or zoning variance. This creates the opportunity for conflict resolution prior to the formal public hearing process. (Lead Department: NPZD)

Section III. Background: Historic Zoning and Tax Exemptions

History

Austin's City Council created the city's Historic Landmark Commission and established the city historic landmark program in 1974. The Historic Landmark Commission evaluates buildings and structures under 13 criteria and recommends those properties significant to Austin's history for designation as city historic landmarks. Designation preserves the exterior of the structure, and carries a property tax exemption for the owner to ensure proper maintenance and preservation.

The city has sponsored several historic structures surveys since 1974 to identify historically significant buildings worthy of historic landmark designation. Much of the East Austin study area was covered by a 1978 survey, which began the process of designating East Austin historic landmarks. By 1990, the City Council had designated 35 properties in East Austin as historic landmarks. Currently, there are 47 city historic landmarks in East Austin (representing nearly 13% of the city-wide total), and there is great potential for additional designations in East Austin, especially for those properties with cultural and historical significance to the Hispanic and African-American communities.

Designation as a City Historic Landmark – the Historic Zoning Process

Property owners may apply for designation as a city historic landmark by filing an application with the City Historic Preservation Office, which forwards the document to the Historic Landmark Commission, then to the appropriate land use commission, and finally to City Council for review and approval. The applicant must provide substantial data demonstrating the historical significance of the property, including a complete ownership and occupancy history, an architectural history detailing all modifications to the building, and biographical information on important people who resided or are otherwise connected with the property. The City Historic Preservation Officer assesses each application for its ability to demonstrate historical significance and forwards a written staff recommendation to each of the reviewing commissions.

The Historic Landmark Commission may also initiate a historic zoning case on its own, in which case the City Historic Preservation Office completes the information required for evaluation of the historical significance of the building and provides a written staff recommendation detailing those findings.

City Code provides that landmark designation must be based upon the property's ability to meet one or more of the following city historic landmark criteria:

1. Character, interest or value as part of the development, heritage, or cultural characteristics of the City of Austin, State of Texas, or the United States;
2. Recognition as a Recorded Texas Historic Landmark, a National Historic Landmark, or entered into the National Register of Historic Places;
3. Embodiment of distinguishing characteristics of an architectural type or specimen;
4. Identification as the work of an architect or master builder whose individual work as influenced the development of the city;

5. Embodiment of elements of architectural design, detail, materials, or craftsmanship, which represent a significant architectural innovation;
6. Relationship to other distinctive buildings, sites, or areas which are eligible for preservation according to a plan based on architectural, historic, or cultural motif;
7. Portrayal of the environment of a group of people in an area of history characterized by a distinctive architectural style;
8. Archeological value in that it has produced or can be expected to produce data affecting theories of historic or prehistoric interest;
9. Exemplification of the cultural, economic, social, ethnic, or historical heritage of the City, State, or the United States;
10. Location as the site of a significant historic event;
11. Identification with a person or persons who significantly contributed to the culture and development of the City, State, or United States;
12. A building or structure that, because of its location, has become of value to a neighborhood, community area, or the city;
13. Value as an aspect of community sentiment or public pride.

While City Code allows for designation when only one (1) or more of these criteria are met, the general practice of the City Historic Landmark Commission has been to support historic zoning only when the documentation evidences that a minimum of four (4) criteria are met to ensure that only those properties truly significant to the history and culture of the city receive landmark designation.

Once a property is designated a historic landmark, the owner must apply for a Certificate of Appropriateness to the Historic Landmark Commission for approval of any non-routine exterior changes to the property. The Commission reviews each application for a Certificate of Appropriateness under the *Secretary of the Interior's Rehabilitation Standards*, a national set of historic design standards. The Historic Landmark Commission also reviews applications for signs on landmark properties. The Commission reviews around 50 applications for a Certificate of Appropriateness annually.

Tax Exemptions for Historic Landmarks

Owners of City Historic Landmarks may apply annually for a property tax exemption; all property-taxing entities in Travis County participate in this program, although not at the same rate. For owner-occupied residential properties, the City of Austin, Austin Community College, and Travis County taxing authorities exempt 100% of the property taxes on the value of the improvements (structures) and 50% of the property taxes on the value of the land of parcels with historic zoning. The Austin Independent School District taxing authority exempts 50% of the property taxes on the value of the improvements and 25% of the property taxes on the value of the land for owner-occupied residential properties with historic zoning. Income-producing historic landmarks receive exemptions equaling one-half of the exemptions for owner-occupied residential properties. In 2002, over 200 historic landmarks received these property tax exemptions; 28 of those were in the East Austin study area.

Property owners are eligible for the annual tax exemption only if the historic landmark property is maintained in good repair and in full compliance with the city historic landmark program as of January 1 of the year of application. The City Historic Preservation Office inspects every landmark

annually to ensure that the properties are being properly maintained and that there are no modifications or signs on the premises that have not been approved by the Historic Landmark Commission. Landmarks requiring repairs must be rehabilitated in accordance with the Secretary of the Interior's Rehabilitation Standards. The Historic Landmark Commission reviews and approves each tax exemption application every year.

Historic Landmarks Benefit the Community

The historic landmark program helps to ensure the preservation of important historic, cultural, architectural, and archeological sites for the benefit of the entire city. Designation precludes demolition except in rare circumstances; historic zoning helps to ensure that valuable buildings and structures that define the character of the city are preserved for future generations.

The tax exemption program provides a strong incentive for private property owners to preserve historically significant sites on their own initiative. The private sector plays a lead role in preservation in Austin, allowing the community to retain a large number of important historic buildings. The preservation of historic buildings contributes to the retention of neighborhood character as well as attracting revitalization projects and generating sales tax revenues.

National studies of the benefits of historic preservation show that historic rehabilitation and restoration projects create more and varied construction jobs than new construction projects. The labor-intensive nature of repair and restoration work provides a stimulus for the local economy with the employment of architects, contractors, skilled craftspeople, and laborers.

Tax Exemptions

Many properties in the East Austin Study Area are eligible for one or more tax exemptions. As indicated above, exemptions are subtracted from the market value of a property denoted by TCAD. Taxes are assessed on a reduced property valuation resulting in a lower property tax bill for the owner. For example, if a home is appraised at $50,000, and a homeowner qualifies for a $15,000 exemption (such as a homestead exemption), TCAD will only assess taxes on the property based on a worth of $35,000.

While some types of exemptions, such as those for homesteads (partial), religious organizations (100 percent), cemeteries (100 percent) and charitable organizations (100 percent) are required by state law; the governing body of each taxing unit (AISD, City of Austin, Travis County and ACC) can confer additional exemptions as permitted by state law.

The most common tax exemption is a "homestead exemption" or exemption for property which serves as an owner's principal residence. In the state of Texas, the appraised value of a residence homestead is limited to the lesser of either the property's market value OR the sum of the market value of any new improvements and 110 percent of the appraised value of the preceding year. To apply for a homestead exemption, a property owner must file an application with the county appraisal district between January 1 and April 30 of the tax year. An owner may file late up to one year after taxes or paid or they go delinquent, whichever is first. Once an owner receives the exemption, the owner does not need to reapply. Over 65-year old homestead owners can qualify for

additional exemptions. In addition to homestead exemptions, property owners can also be eligible for other exemptions such as a disabled person's or a disabled veteran's exemption.

TCAD data suggests that a relatively high rate of homeowners in the study area do not file homestead exemptions. While the City has not performed a scientific study regarding the cause of this problem, a general lack of knowledge of the homestead application process, suspicion of governmental regulations, and language barriers are all likely contributing factors to this problem.

Section IV. Analysis

Overview

Staff focused on the possible link between the underlying forces of gentrification and the presence of historic zoning at the neighborhood-level in East Austin. The study area is Airport Boulevard on the east, Town Lake on the south, I-35 on the west, and Manor Road on the north, because this is the area where historic zoning in East Austin is most evident. Within this large area, staff's analysis concentrated on several small neighborhoods that were examined in the City's Gentrification Task Force Study. Four of these small neighborhoods (Guadalupe, Robertson's Hill, Swede Hill, and Willow Spence) contain the vast majority of landmarked parcels east of I-35 (see Appendix A).

To determine the magnitude and spatial scope of gentrification in East Austin, staff examined the changing patterns of ethnicity, home ownership, household income, renovations to existing housing stock, and property values. The staff analysis included an evaluation of the presence of City of Austin landmarked structures and the existence and location of National Historic Districts in the study area (see Appendix A).

The aim of this analysis is two-fold. First, the analysis seeks to answer the question of whether or not gentrification is occurring in East Austin. Second, the analysis would let policy makers know whether the presence of parcels designated as historic landmarks or historic districts is a causal agent for gentrification in East Austin. This analysis relies heavily on decennial census data; property appraisal data from the Travis Central Appraisal District; and building permit records from the City of Austin.

Changing ethnicity patterns

One perspective offered during testimony before the Council-appointed Task Force: "The replacement of low income residents of communities of color with those of higher income whites." Simply put, the influx of Anglos of higher income in a neighborhood would be an indicator of gentrification. Under this proposal, gentrification would not be occurring if higher income Hispanic families were replacing lower income Hispanic families or lower-income African-American families.

As a whole, East Austin experienced population growth from 1990 to 2000. This population increase is primarily attributable to increased household sizes and the occupancy of formerly vacant housing units. However, the small neighborhood study areas of Guadalupe, Robertson's Hill and Willow Spence witnessed population loss during the decade (see Appendix B – Data Table 1). To show the data in a different way, ethnicity shares at the Census tract-level are shown in Data Table 3, Appendix B – the study area is mapped with Census tracts identified in Appendix C.

All of the neighborhood study areas within the study area experienced small increases in their White share of total population, large decreases in their Black shares, and with the exception of Guadalupe and Willow Spence, significant increases in their Hispanic share of total population. The entire study area experienced a shallow 1.6 percentage point increase in the White share of total, a 7.8 point drop in the Black share, and a 5.4 point gain in the Hispanic share.

Based on examination of Census data, there is no apparent relationship between the magnitude or type of ethnic change experienced in East Austin during the 1990s and the presence or absence of historic zoning at the study area level. Small neighborhood areas that host the greatest number of landmark parcels did not

systematically experience the greatest amount of ethnic change. Moreover, historic zoning in East Austin has tended to act as a stabilizing agent in neighborhoods with respect to household turnover and compositional change.

The commonly held belief that East Austin is experiencing a significant increase its overall share of White population is not supported by the 2000 Census data. The factual demographic reality is that East Austin is evolving into a predominately Hispanic community.

Home ownership trends

The percentage of all housing units that are occupied by their owners (and the direction and magnitude of change in this calculation) is widely considered to be a descriptive measure of the nature of neighborhoods and where they are headed, however, examination of this data for East Austin reveals little. Movement in tenure trends was variable during the 1990s—some neighborhood areas witnessed increases while others experienced declines. For example, Blackland witnessed more than a five-point drop in owner occupancy while Robertson's Hill hosted a five-point increase. The study area as a whole saw a slight increase of 1.6 points in home ownership while the City of Austin experienced an increase of 4.3 points (see Appendix B – Data Table 1).

If gentrification across East Austin had been rapid and widespread during the 1990s, there would have been a corresponding increase in home ownership rates—a trend not borne out through an examination of census data. This point speaks more to the pace and scope of gentrification than anything else and is evidence that if gentrification is occurring in East Austin, its velocity is rather moderate and its spatial manifestation is somewhat spotty.

Household Income Dynamics

To measure and describe patterns of real income change in East Austin, the unit of geography shifts from the small neighborhood study area to larger census tracts (see Appendix C). Real income change (see Appendix B – Data Table 2) is calculated by comparing median household income for a census tract from the 1990 Census, adjusted for inflation, to median household income from Census 2000.

All tracts within the study area saw increases in real income. The Austin metropolitan region's overall median household income jumped a staggering 25.8%, after adjusting for inflation, and several tracts within the study area out-performed the region in terms of percentage gains. But percentage gain can be somewhat misleading, these tracts came out of the cellar so to speak and in terms of absolute income increases still lag behind most tracts in the western portion of the Austin region.

Tract 9.01, which includes the Guadalupe neighborhood, witnessed an almost doubling of its real household income, and yet experienced only a shallow 1.4 change in its White share of total population, moving from 3.8% White to 5.2% White. Tract 9.01 shifted from hosting a plurality of Hispanics to where the majority of the population is Hispanic. Higher income Hispanic households took the place of somewhat lower income African-American households within Tract 9.01 during the 1990s.

In 1990, Tract 9.01 was one of the poorest tracts in the region and within East Austin itself ranked 15th out of 19 total tracts in terms of median household income. And although it has climbed into 8th spot within East Austin in terms of income, it remains one of the poorest tracts in the region.

Income gains in East Austin would have been significantly higher had there not been a large influx of international immigrants who, with their relatively low incomes, collectively acted to dampened the expansion of affluence in East Austin. As evidence of the demographic complexity exhibited in East Austin, the ultimate effect of the in-migration of these low-income households was somewhat offset by the arrival and return in some cases of middle-class Hispanic households. This trend of middle-class Hispanic household migration (and in many cases it is a return trip) can be seen in other large cities like Chicago, Los Angeles and Miami. At a much smaller scale, this urban phenomenon is underway in Austin.

Historic Landmark Valuations

Travis Central Appraisal District (TCAD) property value data shows that in recent years the property values for city historic landmarks have risen at a significantly higher rate than other properties in the study area. From 1995 to 2000, for example, the property valuations for the 28 privately owned landmark properties increased at a rate exceeding 146 percent, while the overall rate of increase for the study area was 87 percent. Similarly, from 2000 to 2002, historic landmark property valuations rose by 61 percent, while increasing by 39 percent for non-designated parcels in the study area. A complete listing of privately owned landmarks in the study area can be found in Appendix D.

The higher property value increases for city historic landmarks appears to be largely attributable to the higher rate of building permit investment evidenced by these properties. As indicated above, TCAD uses building permit data to partially determine individual appraisal values. City building permit data shows $3,056,734 of construction value created in the East Austin study area from 2000 to 2002, with a $50 value per square foot on average. Owners of five of the City Historic Landmarks secured building permits during this period, creating $478,853 of construction value with a $77 average value per square foot. The City Historic Landmarks created 11 percent of all construction value in the study area from 2000 to 2002, while representing only 0.34% of the properties in the area. The average construction value generated per square foot by the city historic landmark projects is also $30 per square foot higher (or 64% higher) than the average construction value for the study area.

It is unclear as to whether the higher property value increases for city historic landmarks translates into higher property values for neighboring properties. Travis Central Appraisal District data shows the Swede Hill, Willow Spence, and Blackland neighborhood areas as having the highest property value increases from 1990 to 2000, although no privately-owned residential landmarks are located in the Blackland neighborhood, and only one is found in the Willow Spence area and two in Swede Hill. Property rate increases are also significantly higher in the Guadalupe, Blackshear and Robertson's Hill areas than the study area as a whole.

While the Guadalupe area has the highest concentration of city historic landmarks in the study area, the landmark sites still represent a relatively small percentage of the overall property area in the neighborhood. An above-average level of sales and building permit activity occurred throughout the Guadalupe area for historically designated and non-designated properties alike. However, historic landmarks have generated a significant amount of the building permit value in the Guadalupe area, suggesting that city historic landmark designation had the most potential to impact property values in this area.

Property Values Over Time

Changes in property values in East Austin have kept pace with increases experienced in the remainder of the City, although in East Austin the pattern shows considerably greater spatial variation. Further, this pattern has not been consistent over time. Property values remained relatively stagnant during the period from 1990 to 1995. Increases in property values did not keep up with the general rate of inflation. Since 1995, the increase in value has accelerated and continues to accelerate. Appendix B – Data Table 4 shows that from 2000 to 2002, the City as a whole experienced an increase of 27% in valuation--some of this expansion was due to new construction and some due to annexation on the City's periphery. The study area experienced an equivalent increase of 39% over the same time period.

The pattern within the small neighborhoods shows greater variation. Blackshear, Guadalupe, and Willow Spence held their value during the first half of the 1990s. In the second half of the 1990s, the same neighborhoods not only held their value but also increased in value more rapidly than the City as a whole. Although in general the greatest increases were in neighborhoods with historic zoning or historic districts (Swede Hill, Willow Spence, and Guadalupe), all of the neighborhoods examined in this report showed large increases in valuation, regardless of whether they were considered historic or not. In fact, the entire study area held its own when compared with the citywide rate of increase. This pattern continued into the 2000s but at an accelerated rate.

Additional examination is directed at valuation patterns for the same neighborhoods by broad land use type. Residential properties tended to increase in value more quickly from 1995 to 2002 than non-residential properties, which have been much more stable over time. But as Appendix B – Data Table 5 shows, increases in non-residential values are also beginning to accelerate. Land use data highlight two notable exceptions to the trends discussed above. New hotel and restaurant construction along I-35 in the late 1990s caused a spike in commercial valuation trends in Swede Hill. In addition, residential land in the Blackland neighborhood dropped by 29% in the early 1990s, presumably due to property acquisition by the University of Texas. The University's action moved parcels into a tax-exempt status; demolished or relocated existing homes, apartments, and businesses; and therefore lowered the overall taxable value of the neighborhood.

As discussed in the preceding section, the 28 privately owned historic properties in East Austin have collectively had a much higher growth rate than any individual neighborhood study area. This phenomenon has been used to support the theory that expensive homes with landmark designation pull up property values of surrounding residences. The fact that similar increases in value have been experienced in non-historic neighborhoods indicates that livability and proximity to downtown are more important determinants of value than historic zoning.

Although these increases in value have been spectacular in terms of the percentage increase, it is important to remember that housing values are still very low when compared to similar properties in other parts of central Austin. Unless there is some intervening force, housing values are likely to continue to increase until some equilibrium is reached with similarly situated properties in other parts of Austin. The rising level of affluence in East Austin will eventually result in demand for a change in commercial services and a consequent rise in non-residential property values.

Housing Stock Renovations and Housing Stock Expansion

Few new residential units have been built within the small neighborhood study areas since April 2000 when the City Council adopted the S.M.:ART. Housing Policy. However, renovations and remodels to existing housing stock have generated a sizable amount of building activity (see Appendix B – Data Table 6). The variance between study areas with respect to value per square foot of renovations appears to correlate positively with the presence of historic zoning. In other words, neighborhoods with a large number of landmark properties tend to foster more expensive remodeling projects than do neighborhoods without many parcels zoned historic. For example, the composite value of the renovations within the Guadalupe study area is decidedly higher than the combined value of renovations to stock within the Blackshear study area. This correlation is also evident in the Robertson's Hill and Willow Spence areas, but is confounded by the high values of renovations in the Blackland neighborhood, an area that contains little historic zoning.

Impact of Historic Landmark Designation on Gentrification

The impact of historic zoning on gentrification appears to be minimal. Only a handful of properties in the study area are designated as City Historic Landmarks (significantly less than 1%). As a result, the property values of the historically designated properties have low potential to have any significant impact on property values in East Austin as a whole.

Given that historically zoned properties in East Austin are largely clustered in the East Cesar Chavez and Central East Austin neighborhood areas, the historically-designated properties do not appear to have an effect on property values in other more distant East Austin neighborhoods, such as Govalle, Chestnut, or neighborhoods east of Airport Boulevard. This is partially evidenced by the fact that the Travis Central Appraisal District calculates property value appraisals based on comparative data within 3,000 individual neighborhood units, with no cross-neighborhood data collection or analyses.

In the neighborhoods where historically zoned properties are clustered (primarily East Cesar Chavez and Central East Austin), historically zoned properties could potentially have a small impact on adjacent property values if several of the historically-designated properties sold in a short period and at a higher rate per square foot than other properties in the immediate neighborhood. Insufficient data exists to demonstrate whether this is true or not, although the historic landmark properties tend to have relative stable ownership histories (i.e., largely owner-occupied residences).

The National Register Historic District designation of Swede Hill and Willow-Spence, do not appear to have an impact on property values. The property values and the rate of property value increase in these two relatively small areas appear to be similar to those of surrounding neighborhoods. Travis Central Appraisal District data suggests that property values in adjacent and nearby areas are actually increasing at a slightly higher rate than those in the two National Register Historic Districts. This appears to be partially attributable to a greater number of larger new addition and new construction projects that occur in non-historic neighborhoods due to height and size limitations imposed in historic districts. This conclusion is consistent with studies in other cities that have shown that historic district designations can actually have a mitigating impact on property values provided that the area is under market pressure and the highest and best use of the property would be buildings larger than those provided by existing historic buildings.

Overall, historic zoning and designation of National Register Historic Districts appear to have had a positive impact on East Austin neighborhoods. City historic landmark designation has helped to stabilize deteriorating neighborhoods and prevent tear-downs of important historic buildings for

replacement by larger new construction, while at the same time retaining the neighborhoods' sense of place and community pride.

Summary

The staff offers the following answers to key questions that are indicators of whether gentrification is underway in East Austin:

1. ***Have original residents been displaced?*** During the 1990s, the study area, and East Austin as a whole, experienced more *replacement* and less *displacement.* Hundreds of African-American households left East Austin during the 1990s for the suburbs of Pflugerville and Round Rock. In many cases, vacant housing stock was left in their wake, which would gradually become occupied by incoming Hispanic households, and to a much lesser extent, White households. And yet there are pockets within East Austin where the property value increase over the past years has exerted enormous displacement pressure on current residents. The true victims of gentrification are low-income renters who are offered few housing alternatives in the face of an excruciatingly tight housing market.

2. ***Has there been physical upgrading to neighborhoods?*** Yes. An examination of building permits issued for residential remodeling projects indicates that housing stock investment over the past few years in East Austin is going well beyond the level of routine or preventive maintenance. Most of the growth in property value has been due to market forces, however, and not renovations and actual stock improvements.

3. ***Has there been a change in neighborhood character?*** Yes, to a limited extent. The neighborhoods within the study area all experienced significant increases in real income, and likewise, all neighborhoods experienced rising property values. These increases are due in part to the changing character of households flowing through East Austin housing stock, and also in part due to the participation of existing East Austin households in Austin's boom economy of the 1990s.

Classically defined gentrification does indeed seem to be occurring in East Austin. The pace of gentrification, however, is not rapid and the spatial manifestation is not widespread—it is confined to the zone hugging I-35. And importantly, the incoming gentry are not overwhelmingly White, but rather Hispanic. Finally, this analysis shows that the role of historic zoning is not causal but rather coincidental to the complex set of urban dynamics that are part of the overall gentrification process.

Section IV. Relevant Processes and Programs

The City of Austin has a variety of tools that can be used to mitigate the negative impacts of gentrification by implementing initiatives and programs aimed to improve the quality of life in East Austin. Those relevant departmental programs and processes are as follows:

Neighborhood, Housing, and Community Development Department

The following actions taken by the City Council can mitigate the negative impacts of gentrification, reduce the market forces that are leading to gentrification, and address issues related to gentrification:

S.M.A.R.T. Housing Policy

A major contributor to gentrification is a tight housing market where demand for reasonably priced housing exceeds the existing supply. In the first six months of 2000, only 45 homes valued at under $125,000 were constructed within the city limits of Austin and 27 of those homes were city subsidized. In response to the City's housing crisis, the City Council approved in April 2000 a policy that would stimulate the construction of reasonably priced housing in mixed income neighborhoods. This includes financial incentives for development that meets S.M.A.R.T. Housing criteria and a more rapid processing of these development applications. These incentives for housing development apply to the entire City limits of Austin. Additionally, the S.M.A.R.T. Housing Policy requires Affordability Impact Statements before Boards and Commissions or City Council make final decisions on any proposed change in regulations that could impact housing affordability. In addition, City departments are required to make surplus property available for potential S.M.A.R.T. Housing development. The S.M.A.R.T. Housing policy is a mechanism to stimulate the production of new mixed income housing units citywide that should help to reduce the increasing pressures of gentrification being faced by neighborhoods subject to such market pressures.

The Austin Housing Finance Corporation

The City of Austin's Neighborhood Housing and Community Development Office is the City's policy maker for reasonably priced housing and community development, and AHFC is the sub-recipient, which facilitates the construction of homes and implements the City's housing programs. The relationship between NHCD and AHFC was granted by the City and administered under an annual contract between the NHCD and AHFC. AHFC assists the City in housing related projects by:

- Administering the City's federally funded affordable housing programs
- Serving as the City's lead agency in S.M.A.R.T. Housing development.

Funding Increases to Support S.M.A.R.T. Housing

In September 2000, the City Council expanded its existing housing funding strategies to include General Fund support for S.M.A.R.T. Housing development that supplements the traditional funding from the United States Department of Housing and Urban Development and Bond Financing available through the Austin Housing Finance Corporation. This funding is approved annually as part of the City's Budget adoption process.

Previous Efforts to Understand and Define Gentrification in Austin

The City Council appointed a Gentrification Committee that issued a report on June 14, 2001. Both the Community Development Commission and the Planning Commission have recommended adopting the report. In this 2001, Gentrification Committee report, NHCD recommended additional code amendments intended to mitigate the impacts of gentrification and promote the mixed-income aspects of the City of Austin's S.M.A.R.T. Housing policy. Findings of the 2001 Gentrification Committee Report included:

- Some East Austin neighborhoods have experienced a significant change in ethnicity from 1990 to 2000. A change in ethnicity at the neighborhood level may prove to be an indicator of "gentrification", but comparative income data was not available from the 2000 Census to evaluate this assumption.
- The Gentrification Committee found that the Guadalupe neighborhood is not a neighborhood that has undergone a significant change in ethnicity from 1990 to 2000. The Guadalupe neighborhood experienced less than a 2% change in Black, White, or Hispanic population from 1990 to 2000. Blackland, Blackshear, Chestnut, and Swede Hill all experienced ethnic change in the 15% to 25% range. Black population in these neighborhoods is decreasing, Hispanic population is increasing, and White population is remaining relatively constant.
- Guadalupe has a Community Housing Development Organization (CHDO) that builds or rehabilitates homes for families at 80% Median Family Income or below, and also builds and rehabilitates rental housing for families at 50% Median Family Income or below. None of the other East Austin neighborhoods examined by the Gentrification Committee have CHDOs that have constructed home ownership and rental units as extensively in the past decade as Guadalupe has.

In addition, during the analysis conducted on this 2001 Report, NHCD staff made the following findings:

- East Austin neighborhoods have become more attractive because of a variety of factors:
    - Lower lot and house costs than other parts of town;
    - Proximity to downtown and the University of Texas;
    - Reduced crime through community policing;
    - Closing Robert Mueller Airport;
    - Construction of new homes and businesses on formerly vacant lots by CHDOs and private developers;
    - Increased investment in the rehabilitation of existing homes and businesses;
    - Demolition of existing substandard or abandoned homes and businesses and replacement with new homes and businesses;
    - Reduction in industrial zoning
    - The adoption of Smart Growth infill options in neighborhood plans that may increase opportunities for additional housing.

- Because gentrification is ultimately an issue of housing availability and affordability, the S.M.A.R.T. Housing Policy should be a critical component of the City of Austin's Gentrification Mitigation Strategy because it is a mechanism to stimulate the production of new mixed-income housing units citywide. Increased production of reasonably priced housing will help to mitigate gentrification in some neighborhoods by reducing the market

pressure on existing central city housing. In addition, the Policy requires continued review of new or amended rules, policies, ordinances or plans. Affordability Impact Statements are prepared and provided prior to City Council action to decrease the likelihood that City policies will increase housing costs. During the first two years of the S.M.A.R.T. Housing Policy, staff has been able to identify several key improvements that could encourage more equitable development and increase the production of reasonably priced housing. These improvements could reduce the negative impacts of gentrification:

1. Tracts of land that are vacant are potential sites for mixed-income development or market development. If S.M.A.R.T. Housing applicants are able to receive residential zoning for sites that are currently zoned non-residential, the opportunities for spreading mixed-income development throughout the City increase. Data from HUD presented during the Gentrification studies demonstrates that from 1970-1990 Austin had the most favorable housing affordability index in the nation (when median housing costs and median family income were compared). This occurred at a time when single-family and multi-family development could occur on sites with non-residential zoning. Zoning regulations adopted nearly two decades ago prohibited residential development on sites with non-residential zoning. One of the results of this policy is that only 8% of the vacant land citywide is available for multi-family housing that serves families most vulnerable to involuntary displacement. The amount of available vacant land could increase to 50% if the previous zoning entitlements were available for S.M.A.R.T. Housing development. Mixed-income housing development that meets S.M.A.R.T. Housing standards could be the result. Failure to adopt these entitlements could result in residentially zoned land continuing to be market housing rather than mixed-income housing. The construction of market housing in some neighborhoods could intensify existing gentrification pressures and result in involuntary displacement of lower income families.

2. The promotion of alternate methods of compliance for S.M.A.R.T. Housing applicants who meet Austin's land use regulations is another strategy for promoting mixed-income development rather than market housing development. Austin has adopted alternate methods of compliance standards in local building codes for several decades. Architects and engineers who demonstrate that their design equals or exceeds the performance goals of the building codes receive administrative approval without having to seek variances and waivers. Design professionals for S.M.A.R.T. Housing development could submit their documentation of compliance with land use standards the same way they submit their building designs. City staff would perform the technical review of the documentation submitted and approve, reject, or approve with modifications the proposed alternate method of compliance. This would be another incentive for mixed-income housing instead of market housing that could increase gentrification pressures in a neighborhood.

Neighborhood Planning and Zoning Department

Overview of the Neighborhood Planning Process

In Austin, neighborhood planning is an opportunity for citizens to take a proactive role in the planning process and decide how their neighborhoods will move into the future. The process asks members of the

community to address the local issues and concerns that affect them, their families, and their neighbors. All stakeholders of the neighborhood are invited to participate – business owners, renters, residents, property owners, and various community organizations and institutions. The neighborhood plan is the result of an involved and participatory process. Working together and with Neighborhood Planning staff, interested citizens and volunteers from the neighborhood develop these plans. In neighborhoods where plans have been adopted, or will soon be adopted, the residents have stated their concerns to City government and have developed a means to address them. They have established a clear vision of their priorities and needs, a guide for future development, as well as City programs and projects that affect a particular neighborhood. Neighborhood planning provides a mechanism for residents who are concerned about gentrification, or any other neighborhood issue, to address the issue in a formal way.

Neighborhood Planning and Historic Zoning

Since the late 1990s, the City of Austin has completed five neighborhood plans in the study area - the Central East Austin, Chestnut, East Cesar Chavez, Holly, and Rosewood neighborhood plans. All of these plans include historic preservation-related goals, as well as priorities to encourage compatible new infill construction and the retention of neighborhood character.

The Central East Neighborhood plan is the only one of the five plans that specifies local, state and national designation of individual properties and districts as an explicit goal. The Central East Neighborhood Plan recommends local historic district designations for six areas in the neighborhood planning area, including Juniper Street, Swedish Hill, Thirteenth Street, San Bernard Street, New York Avenue, and East Ninth and Tenth Streets.

The remaining four plans, Rosewood, East Cesar Chavez, Holly and Chestnut, specifically call for an updated city-sponsored historic survey to identify important historic sites. The East Cesar Chavez plan specifically calls for investigation into the feasibility of creating a historic overlay in some areas of the neighborhood that would offer property tax incentives to help existing residents keep their homes and make it more affordable for them to repair these homes (Objective 2, Action Item 14). The Rosewood Neighborhood plan requests a housing rehabilitation resource guide (in English and Spanish) to help owners repair older houses that contribute to neighborhood character. Several of the plans also ask for increased education and efforts by the city to work with property owners to identify and designate important historic landmarks in the community.

Transportation, Planning, and Sustainability Department

City Historic Preservation Program

The study area contains 47 City Historic Landmarks (historically zoned tracts) – 28 (60%) in private ownership and 19 (40%) owned by public or non-profit entities. The 47 historically zoned properties in the study area represent .34% (or just over one-third of one percent) of the nearly 14,000 properties in the City Council designated study area according to 2002 Travis Central Appraisal District data.

Almost all of the landmarks located in the study area are located within 10 blocks of East Avenue (now IH-35) in older residential neighborhoods developed in the mid- to late-19th century. These historically zoned properties represent the wide spectrum of East Austin's history – including African American institutions and residences; Hispanic cultural landmarks; homes of Swedish pioneers; and businesses and residences of other early European settlers and merchants. While the

cultural history of each of the ethnic groups is represented, the cultural history of the East Austin Hispanic community is the group least represented by the currently designated City historic landmarks in the East Austin study area.

The City Historic Preservation Office records show that approximately one-third of the privately owned City Historic Landmarks in East Austin are minority-owned. Hispanic ownership of City Historic Landmarks has increased in particular in recent years, reflecting the large increase in Hispanic population in East Austin reported in the U.S. Census from 1990 to 2000.

Historic Preservation Planning Efforts Underway

The Historic Preservation provisions in the City Code have not been substantially modified since the 1980s. In the past several years, the City Historic Preservation Office and the City Historic Landmark Commission have recommended a series of ordinance amendments to help update the city's historic preservation program and make it more relevant to the community's needs. The City Council has also encouraged the City Historic Landmark Commission and City Historic Preservation Office to update, simplify and streamline its requirements in recent years.

In 2000, the Historic Landmark Commission recommended the following initiatives and amendments to the City's historic preservation related ordinances:

- Simplify, clarify and strengthen the historic landmark criteria required for designation;
- Establish minimum Historic Landmark Commission voting requirements for contested historic zoning cases;
- Allow administrative review and approval of small alterations to historic landmarks through the Certificate of Appropriateness and National Register Historic District review processes;
- Provide fee waivers for the repair of unsafe historically designated residential structures;
- Allow substandard historic buildings to be "mothballed" instead of demolished;
- Establish a standardized hearing process for all historic zoning cases and allow contested cases to occur through a two-step process which provides an emphasis on finding compromise solutions;
- Establish a professional services fund for the Commission to assist property owners in assessing the preservation feasibility of threatened historic buildings;
- Establish a new preservation category, "Endangered Historic Status," to ensure that all preservation options are explored;
- Streamline the historic demolition review process;
- Increase review of major public improvements in historic districts to ensure that they are compatible and supportive of the area's historic scale and character;
- Restrict temporary porta-potties in public rights-of-way in historic districts;
- Increase penalties for unauthorized alterations to designated City Historic Landmarks;
- Increase incentives for commercial historic rehabilitation projects.

In 2001, the Historic Landmark Commission recommended that the City Council adopt a comprehensive local historic district ordinance. The Commission gathered information on historic district ordinances throughout Texas and the United States to determine which tools were most effective elsewhere and were most appropriate for Austin. The Commission's proposal is to amend

the Code to allow for "local historic district (HD)" and "local historic district endangered (HDE)" zoning combining districts. HDE designations would be reserved for historic districts whereby the majority of the residents are at or below 80 percent of the Median Family Income based on the most recent U.S. Census.

Under the proposal, historic neighborhoods with substantial intact historic buildings more than 50 years of age could qualify for the designation through an adopted neighborhood plan, or through a neighborhood petition of at least 50 percent of the property owners in the proposed historic district. Property owners would be subject to Historic Landmark Commission design review for all exterior changes. While the Commission is required to perform some of exterior work in National Register Historic Districts currently, these review requirements would be strengthened for local historic districts.

As recommended by the Commission, the proposed historic district overlays would include the following financial incentives:

- For a major rehabilitation project (whereby the value of the proposed work equals at least 30 percent of the assessed value of the structure at the time work commences) on a "contributing" historic building, the city would assess property taxes based on the pre-improvement value for a period of 5 years as long as all restoration work is approved by the Historic Landmark Commission.

- For a major rehabilitation project on substandard "contributing" historic building, the city would provide a 100 percent exemption from property taxes for a period of five (5) years beginning in the year following the project's completion.

- In "Historic Districts Endangered," all single-family residential owners would also receive an automatic property tax exemption of 20 percent or $200 annually per year, whichever is greater, for 10 years beginning from the year of the HDE designation. No rehabilitation work would be required to qualify for this incentive. Historic and non-historic property owners alike would qualify for this incentive.

These Commission proposals will require further legal review and an Affordability Impact Statement to determine potential impact on housing affordability prior to commission or City Council action.

The Historic Landmark Commission proposed these historic district provisions to provide the community with more tools and options to preserve important historic and culturally significant neighborhoods; to provide private property owners with incentives to rehabilitate under-utilized historic properties; and to offset any potential gentrification impacts of the designations.

Travis Central Appraisal District (TCAD)

Lastly, there is one other process that is relevant to the focus of this report, the tax appraisal process. That process is conducted through the Travis Central Appraisal District (TCAD). Below is a summary of its more specific relevance to our analysis:

Overview

The study area as defined by the internal taskforce falls completely within the boundaries of the Travis Central Appraisal District (TCAD), the entity responsible for appraising properties and assessing applicable property taxes in Travis County. The relevant taxing entities within the study area include: the Austin Independent School District (AISD), the City of Austin, Travis County, and Austin Community College (ACC). Each of these entities assigns tax rates as allowed by law beginning in August of each year.

The Travis Central Appraisal District appraises property annually, assigning a market value for each property and assessing taxes for each property based on its market value minus any applicable exemptions. Exemptions remove part of a property's value from taxation, thus lowering the overall taxes due. Additional information on TCAD's valuation and exemption processes are delineated in Appendix E. More in depth information is available directly from TCAD (contact TCAD on the web at www.traviscad.org, visit their offices at 8314 Cross Park Drive or call 834-9317.). Art Corey, Chief Appraiser of the Travis Central Appraisal District, provided the much of the information listed below in informal discussions and formal presentations.

Section V. Task Force Recommendations

Although gentrification in East Austin is currently limited in scope, the members of the staff task force expect the trend to accelerate. Most if not all of the conditions for continued gentrification are present in East Austin and continued growth in jobs, a tightening housing market and increased congestion will make homes throughout the urban core increasingly desirable. Current economic conditions may delay this process, but they will not stop it. The areas currently affected by gentrification are largely confined to the area along I-35. As conditions improve, and with the passage of time, the area subject to the forces of gentrification may expand to encompass all of East Austin. In fact, the negative aspects of gentrification can be viewed as a specific symptom of a larger citywide affordability crisis.

Mitigation of these negative aspects of gentrification can be addressed by four levels of public policy:

- Encouraging *equitable development* of economically and socially diverse communities by providing a mix of housing opportunities in select neighborhoods.
- Developing historic preservation tools which act as neighborhood stabilizers.
- Relieving the pressure on gentrifying neighborhoods by continuing citywide affordable housing efforts.
- Improving public education regarding current programs.

Given the findings and analysis listed above, the staff offers the following recommendations:

1. ***Adopt the Brookings Framework to Mitigate the Negative Aspects of Gentrification***
   The Brookings Institute's report on gentrification outlines a framework for addressing the issues of gentrification. This framework provides a comprehensive approach to a very complicated issue and requires continued analysis of data from those neighborhoods most vulnerable to gentrification. In addition, Brookings also recommends neighborhood planning, resident education, and implementation of regulatory and policy fixes.

2. ***Strengthen the relationship between S.M.A.R.T. Housing and Smart Growth Policies***
   Strengthen the relationship between S.M.A.R.T. Housing and Smart Growth policies to ensure that City investment promotes equitable development and does not exacerbate identified trends of involuntary replacement. : If S.M.A.R.T. Housing and Smart Growth investments are more closely aligned, these City policies can strengthen existing neighborhoods by providing reasonably priced housing options, improving urban design and enhancing economic opportunities.

3. ***Promote S.M.A.R.T. Housing Development***
   Promote S.M.A.R.T. Housing development that yields new homes for first time homebuyers and rental housing for those who cannot afford safe housing under current market conditions inside the City limits. Incentives should be provided for families at or below 80% median family income who could rent or own housing as well as families at or below 50% median family income who generally can only afford rental housing within the City limits. This approach supplements federally funded City housing programs that specifically target rental housing at or

below 50% median family income and down payment assistance for first-time homebuyers at or below 80% median family income.

4. ***Continue to Identify Surplus City, School District and State Property for S.M.A.R.T. Housing Developments***
   Continue to Identify surplus City, school district and State property that could be a resource for S.M.A.R.T. Housing in Austin the way that Community Land Trusts are in other jurisdictions. This approach is consistent with City policy on surplus property and state legislation enacted in the past five years.

5. ***Encourage the Development of S.M.A.R.T. Housing Rental Units on Non-Residentially Zoned Property***
   Encourage the development of S.M.A.R.T. Housing rental units on non-residentially zoned property to increase opportunities for housing for lower income families who cannot afford to purchase a home currently. This proposal would expand the amount of vacant land available for housing development that would serve low-income families that are most at risk for involuntary displacement.

6. ***Develop and Promote Alternate Methods of Compliance for Land Development***
   Performance-based standards for land development could significantly increase the City's supply of reasonably priced housing for purchase and rent by reducing the time spent in the development review process. This approach would allow S.M.A.R.T. Housing applicants to develop creative ways to comply with Austin's land use standards by applying alternate methods of compliance standards that have been used for building code compliance in Austin for more than seven decades.

7. ***Educate Residents About Legal Rights Regarding Homeownership***
   Educating residents about their legal rights regarding home buying and selling is key to creating housing opportunities for lower income residents. The City can continue homebuyer fairs that provide prospective homebuyers information about how to successfully move from renting to homeownership.

8. ***Continue to Evaluate City Policies and Ordinances for Impact on Housing Affordability***
   Continued evaluation of pending code amendments governing pipelines and site development standards for residential development needs to occur in relation to the equitable development goal. Policy makers should continue to receive complete information about the available policy options and the potential impact of each option on housing affordability.

9. ***Creation of a Virtual Historic Zoning Tax Appraisal "Neighborhood" (Non-Geographically Based) at the Travis Central Appraisal District (TCAD)***
   The Task Force members support the initiative of TCAD to remove historically zoned properties from the tax valuation methodology process used by the Travis Central Appraisal District (TCAD). This effort will help minimize any affect that the appreciation of historic properties might have on surrounding properties and parallels recommendation #1 of the Gentrification Implications of Historic Zoning in East Austin Task Force. [TCAD has agreed to and is in the process of implementing the creation of a separate category of only historically zoned properties that would be considered in the general process of valuing neighborhood properties.]

10. *Expand Tax Appraisal District Public Outreach*

The City should partner with the Travis Central Appraisal District to increase outreach to homeowners in East Austin to make them aware of homestead exemptions for which they may already qualify. Providing literature and brochures specifically about the homestead exemptions in both Spanish and English, and mailing this literature to homeowners in East Austin would be one possible avenue of providing increased outreach. Media coverage on homestead exemptions, inclusion of information on homestead exemptions in public utility bills, workshops at public libraries and at neighborhood meetings in East Austin are other possibilities for better informing East Austin homeowners regarding existing property tax incentives available to homeowners.

11. *Increase Rehabilitation Funding for Low-Income Historic Homeowners*

Because of the high numbers of older housing in East Austin and the occupancy of this housing primarily by persons of low to moderate income, another recommendation is to expand the use of Federal housing monies for historic rehabilitation work in East Austin.

This goal would require expanded funding for the existing city low-interest loan housing program administered by the Austin Housing Finance Corporation (AHFC) to fund more historic housing rehab projects provided that the projects have a reasonable cost. Currently, AHFC does not fund the rehabilitation of owner-occupied homes determined to be historically significant. Applications for low-interest loans to rehab historic houses are denied due to the increased cost of these projects and the increased paperwork required to receive the required clearances from the Texas Historical Commission. This funding request could be reviewed as part of the Community Development Commission and City Council consideration of funding under the annual Action Plan.

The City Historic Preservation Office has been working with Austin Housing Finance Corporation and the Texas Historical Commission over the past six (6) months to develop a unique set of design guidelines for City-participating historic housing rehab projects. These guidelines would place an emphasis on preserving the exterior, street-visible historic features of an older house, and would allow more leniencies in removing and replacing historic fabric for the interiors and non-visible street facades. The proposed guidelines could reduce the costs of historic housing rehabs for city-assisted low-income housing projects. The Texas Historical Commission has also agreed to delegate its federally required design reviews of these projects to the City Historic Preservation Office to reduce time delays and facilitate implementation in a timely manner. These options are in review.

A primary advantage of funding historic housing rehab projects is that it helps to support low-income individuals choosing to live in older housing and provides low-income individuals with more housing choices. In many cases, the owners have inherited the homes through the family and prefer to retain and rehabilitate them to retain the family connection with the house. Because historic housing is highly reliant on natural timber materials, major rehabilitation work is often needed to repair rotted and deteriorated members and to bring the houses up to current building codes.

Another advantage to expanding the low-interest loan program to fund historic house rehab projects is that historic housing was often built with superior materials than are currently

available, such as first-growth timbers used for foundations, framing, floors and porches. Once rehabilitated, national studies have shown that historic houses appreciate faster and hold their value longer than new housing. As such, a rehabilitated historic house provides a lower-income person not only with physical continuity in their existing home, but also with a wise financial investment in the long-term.

Furthermore, the City should continue to explore other programs and sources of funding to provide small grants to homeowners desiring to correct common historic house deficiencies that arise, such as porch repairs, foundation leveling, roof replacement, painting, plumbing and electrical upgrades, provision of modern insulation, and window repairs/upgrades. The City desires to research what other cities have done in terms of establishing small grant programs to help low- to moderate- home owners repair these common problems, make their older homes more habitable, and extend the life of the city's historic housing stock.

12. Increase Historic Preservation Tools and Incentives

Staff should review the City Historic Landmark Commission's recommendations to adopt a citywide historic district ordinance and to clarify historic landmark designation requirements prior to the scheduling of public hearings before the Planning Commission and the City Council.

There should be increased public outreach efforts for the historic landmark program in East Austin, as well as funding for initiatives to survey and designate historic resources in East Austin which are important to the community, and which reflect the area's diverse history and cultural development. Increased designations will allow more worthy historic property owners in East Austin to take advantage of the historic property tax incentives. Specifically, public recommendations include:

- City Council funding of historic building surveys and designation projects already identified in five adopted neighborhood plans in East Austin, including the Central East, Rosewood, East Cesar Chavez, Holly and Chestnut plans.

- Increased public outreach efforts, such as community workshops, conducted in both English and Spanish in East Austin to better educate and inform the public of the historic landmark program, and its benefits.

- Translation of the existing historic landmark application form, and associated literature and handouts, into Spanish to help further public outreach efforts in East Austin.

- Evaluation of tax abatements in City designated historic districts. This proposal would be examined in light of the *equitable development* goal, so that the policy would enhance potential negative impacts related to gentrification.

Section VI. Appendices: A – E

Appendix A. Study Area Map

Study Areas Map 1

Gentrification Task Force Study Areas

Austin, Texas

September 2002

Produced by: Ryan Robinson, City Demographer, Department of Planning, City of Austin, September 2002

Appendix B. Data Tables

Data Table 1

Gentrification Task Force Data Sheet

Demographic Change from 1990 to 2000

Geographic Entity (See Map 1)	Change in Total Population	Change in Total White	Change in Total Black	Change in Total Hispanic	Change in Total Asian	Change in Total Other	Point Change in Percent White	Point Change in Percent Black	Point Change in Percent Hispanic	Point Change in Percent Asian	Point Change in Percent Other	Change in Total Housing Units	Change in Occupied Housing Units	Change in Vacant Housing Units	Change in Vacancy Rate	Change in Owner Occupied Housing Units	Change in Renter Occupied Housing Units	Point Change in Owner Occupancy Rate
Clarksville	-4	43	-41	-9	1	2	13.8	-12.1	-2.6	0.3	0.6	18	18	0	-0.7	20	-2	8.7
Blackland	26	31	-117	92	0	20	5.3	-25.5	16.5	0	3.7	-60	-7	-53	-17	-14	7	-5.3
Blackshear	101	41	-290	340	8	2	2	-17.5	15	0.4	0.1	-136	-37	-99	-11.1	-11	-26	0.8
Guadalupe	-103	1	-11	-92	2	-3	1.9	-0.2	-1.8	0.4	-0.3	-32	0	-32	-11.6	-3	3	-1.7
Robertson's Hill	-12	40	-252	186	3	11	3.2	-19.1	14.8	0.2	0.9	-132	-17	-115	-16.9	19	-36	5.4
Swede Hill	109	65	-44	79	1	8	8.4	-21	11.2	0.1	1.3	-20	16	-36	-11.8	1	15	-2.5
Willow Spence	-37	15	9	-57	-3	-1	2.8	1.4	-3.7	-0.4	-0.1	-8	6	-14	-6.4	12	-6	4.6
Remainder of Study area	1,308	290	-736	1,589	61	104	1	-5.9	4	0.3	0.5	-177	360	-537	-8.1	249	111	1.4
Total Study area (1)	**1,392**	**483**	**-1,441**	**2,137**	**72**	**141**	**1.6**	**-7.8**	**5.4**	**0.3**	**0.5**	**-565**	**321**	**-886**	**-9.5**	**253**	**68**	**1.4**
External Task Force Study Area (2)	2,670	-161	-1,073	3,801	-26	129	-2.1	-15	16.6	-0.2	0.6	93	782	-689	-11.3	233	549	-3.4
Total Study Area (3)	**4,062**	**322**	**-2,514**	**5,938**	**46**	**270**	**0**	**-10.2**	**9.5**	**0.1**	**0.6**	**-472**	**1,103**	**-1,575**	**-10.3**	**486**	**617**	**-0.4**
Northeast Study Area (4)	9,356	-2,312	-369	11,199	339	499	-18.3	-7.7	24.2	0.6	1.2	238	1,900	-1,662	-11.9	564	1,336	-1.2
Southeast Study Area (5)	14,860	2,811	585	9,433	1,200	831	-7.6	-2.6	7.1	1.3	1.8	2,445	5,289	-2,844	-19.3	462	4,827	-2.4
Total East Austin (6)	**28,278**	**821**	**-2,298**	**26,570**	**1,585**	**1,600**	**-6.1**	**-9**	**13**	**0.9**	**1.2**	**2,211**	**8,292**	**-6,081**	**-13.9**	**1,512**	**6,780**	**-3.1**
Total City of Austin	**190,940**	**60,388**	**8,435**	**93,711**	**17,331**	**11,075**	**-8.7**	**-2.2**	**7.6**	**1.8**	**1.6**	**59,788**	**73,501**	**-13,713**	**-7.4**	**41,128**	**32,373**	**4.3**

NOTES: (1) The Study area is bounded by Manor Road on the north, Airport Boulevard on the east. Town Lake on the south, and by IH 35 on the west. Please see Study Areas Map 1.

(2) The External Task Force Study Area is bounded by Manor Road on the north, US 183 on the east and south, and Airport Boulevard on the west.

(3) The Total Study Area is the combination of the Study area plus the External Task Force Study Area.

(4) The Northeast Study Area is bounded by US 183 on the north and east, Manor Road on the east and south, and IH 35 on the west.

(5) The Southeast Study Area is bounded by Town Lake on the north, US 183 and Ben White on the east and south, and IH 35 on the west.

(6) The Total East Austin Study Area is the combination of the Total Study Area (3) plus the Northeast and Southeast Study Areas.

Data Table 2

Gentrification Task Force Data Sheet

Tract-level Income analysis

East Austin Census Tracts

1990 Census Tract	1990 Census Median Household Income	Adjusted 1990 Census Median Household Income	Census 2000 Median Household Income	Absolute Difference	Percentage Difference	Points Above or Below Regional Trend	Rank in 1990 Income n=19	Rank in 2000 Income n=19	1990 Owner Occupancy Rate	2000 Owner Occupancy Rate	Point Change in Owner Occupancy Rate
3.03	$28,385	$38,793	$35,184	($3,609)	-9.30%	-35.1	3	5	45.50%	38.50%	-7
4.02	$14,567	$19,909	$25,829	$5,920	29.70%	4	12	14	44.90%	37.90%	-7.1
8.01	$23,179	$31,678	$35,478	$3,800	12.00%	-13.8	6	4	70.40%	71.10%	0.7
8.02	$8,904	$12,169	$12,427	$258	2.10%	-23.7	18	19	37.80%	37.90%	0.1
8.03	$11,786	$16,108	$25,703	$9,595	59.60%	33.8	17	15	48.80%	47.80%	-1
8.04	$8,749	$11,957	$17,725	$5,768	48.20%	22.5	19	18	33.40%	36.20%	2.8
9.01	$12,976	$17,734	$31,538	$13,804	77.80%	52.1	15	8	52.70%	51.60%	-1.1
9.02	$14,018	$19,158	$23,700	$4,542	23.70%	-2.1	14	16	44.70%	48.70%	4
10	$14,331	$19,586	$23,597	$4,011	20.50%	-5.3	13	17	42.90%	47.70%	4.8
21.04	$22,500	$30,750	$41,419	$10,669	34.70%	8.9	8	3	52.80%	60.80%	8
21.05	$12,923	$17,662	$26,194	$8,532	48.30%	22.5	16	13	15.30%	14.20%	-1.1
21.06	$32,330	$44,185	$44,405	$220	0.50%	-25.3	2	1	66.40%	66.70%	0.3
21.07	$27,521	$37,613	$31,470	($6,143)	-16.30%	-42.1	4	9	58.20%	48.00%	-10.3
21.08	$25,234	$34,487	$32,253	($2,234)	-6.50%	-32.3	5	6	42.00%	41.40%	-0.7
21.09	$17,760	$24,272	$30,234	$5,962	24.60%	-1.2	9	10	72.10%	65.10%	-7
21.1	$16,568	$22,643	$27,344	$4,701	20.80%	-5	10	11	68.30%	64.00%	-4.3
21.11	$14,611	$19,969	$26,463	$6,494	32.50%	6.7	11	12	41.20%	48.40%	7.2
21.12	$22,864	$31,248	$31,726	$478	1.50%	-24.3	7	7	38.90%	34.50%	-4.5
21.13	$38,814	$53,047	$44,345	($8,702)	-16.40%	-42.2	1	2	74.00%	72.60%	-1.4
Region (1)	$28,474	$38,915	$48,950	$10,035	25.80%						

SOURCE: 1990 and 2000 Census data.

NOTES: (1) The Region is defined as the Austin MSA (Metropolitan Statistical Area) that includes the five counties of: Bastrop, Caldwell, Hays, Travis and Williamson.

Data Table 3

Gentrification Task Force Data Sheet

Tract-level Ethnicity analysis

East Austin Census Tracts

Census Tract	1990 Percent White	1990 Percent Black	1990 Percent Hispanic	1990 Percent Asian	1990 Percent Other	2000 Percent White	2000 Percent Black	2000 Percent Hispanic	2000 Percent Asian	2000 Percent Other	Point Change in Percent White	Point Change in Percent Black	Point Change in Percent Hispanic	Point Change in Percent Asian	Point Change in Percent Other
3.03	62.40%	19.30%	17.50%	0.60%	0.20%	46.90%	12.70%	38.20%	0.70%	1.50%	-15.5	-6.6	20.7	0.1	1.3
4.02	26.00%	51.80%	20.60%	1.40%	0.20%	33.30%	36.10%	25.60%	2.70%	2.30%	7.3	-15.7	5	1.3	2.1
8.01	10.10%	12.40%	76.20%	0.10%	1.20%	7.50%	9.00%	82.80%	0.10%	0.60%	-2.6	-3.4	6.6	0	-0.6
8.02	2.80%	71.10%	24.70%	0.30%	1.10%	3.30%	53.90%	40.90%	0.60%	1.30%	0.5	-17.2	16.2	0.3	0.2
8.03	7.70%	73.10%	18.80%	0.10%	0.30%	10.90%	50.50%	37.20%	0.10%	1.20%	3.2	-22.6	18.4	0	0.9
8.04	2.80%	64.30%	32.30%	0.00%	0.60%	6.00%	42.90%	49.60%	0.10%	1.30%	3.2	-21.4	17.3	0.1	0.7
9.01	3.80%	45.80%	49.60%	0.20%	0.60%	5.20%	31.20%	62.30%	0.60%	0.70%	1.4	-14.6	12.7	0.4	0.1
9.02	4.70%	6.40%	88.00%	0.20%	0.70%	4.70%	7.30%	86.60%	0.40%	1.00%	0	0.9	-1.4	0.2	0.3
10	11.30%	2.00%	85.90%	0.10%	0.70%	13.00%	1.40%	84.00%	0.30%	1.30%	1.7	-0.6	-1.9	0.2	0.6
21.04	60.30%	19.20%	19.00%	1.00%	0.50%	48.30%	10.50%	38.80%	0.40%	1.90%	-12	-8.7	19.8	-0.6	1.4
21.05	54.80%	11.90%	30.40%	2.30%	0.60%	32.90%	13.30%	46.40%	4.80%	2.50%	-21.9	1.4	16	2.5	1.9
21.06	57.40%	28.00%	13.90%	0.40%	0.30%	39.00%	19.20%	39.80%	0.60%	1.50%	-18.4	-8.8	25.9	0.2	1.2
21.07	25.00%	55.40%	18.60%	0.80%	0.20%	12.10%	41.40%	45.00%	0.30%	1.30%	-12.9	-14	26.4	-0.5	1.1
21.08	8.10%	82.90%	8.10%	0.70%	0.20%	5.20%	72.70%	20.30%	0.40%	1.40%	-2.9	-10.2	12.2	-0.3	1.2
21.09	1.90%	86.60%	11.00%	0.30%	0.20%	5.10%	66.40%	27.20%	0.30%	1.00%	3.2	-20.2	16.2	0	0.8
21.1	2.30%	53.00%	44.20%	0.10%	0.40%	2.80%	39.70%	56.70%	0.10%	0.70%	0.5	-13.3	12.5	0	0.3
21.11	5.00%	37.20%	56.50%	0.10%	1.20%	6.50%	23.20%	69.20%	0.10%	0.90%	1.5	-14	12.7	0	-0.3
21.12	44.90%	33.90%	19.80%	0.90%	0.50%	17.90%	24.90%	55.10%	0.50%	1.60%	-27	-9	35.3	-0.4	1.1
21.13	45.60%	39.70%	13.60%	0.40%	0.70%	28.40%	38.50%	31.10%	0.80%	1.20%	-17.2	-1.2	17.5	0.4	0.5

SOURCE: 1990 and 2000 Census data.

Data Table 4

Gentrification Task Force Data Sheet

Change in Property Values for Study Areas

	Year				5-Year Percentage Change		
Study Area	**1990**	**1995**	**2000**	**2002**	**1990 - 1995**	**1995 - 2000**	**2000 - 2002**
Clarksville	$7,467,150	$13,775,206	$22,367,803	$28,819,897	84%	62%	29%
Blackland	7,500,519	6,129,231	12,800,371	19,054,649	-18%	109%	49%
Blackshear	10,327,824	12,082,860	20,750,266	29,651,053	17%	72%	43%
Guadalupe	11,444,038	13,973,062	27,445,050	39,285,903	22%	96%	43%
Swede Hill	7,632,070	8,107,104	21,781,737	33,312,658	6%	169%	53%
Robertson's Hill	12,871,413	13,149,033	22,809,299	35,202,476	2%	73%	54%
Willow Spence	5,197,264	6,026,766	12,642,617	17,558,189	16%	110%	39%
Remaining Study area	190,434,401	196,918,150	361,076,138	493,772,867	3%	83%	37%
Total Study area	$245,407,529	$256,386,206	$479,305,478	$667,837,795	4%	87%	39%
Remaining External Task Force Area	242,811,145	245,646,563	418,444,391	524,209,770	1%	70%	25%
Total External Task Force Area	**$488,218,674**	**$502,032,769**	**$897,749,869**	**$1,192,047,565**	**3%**	**79%**	**33%**
Northeast	642,540,605	776,264,861	1,168,689,825	1,416,130,063	21%	51%	21%
Southeast	482,950,749	759,639,145	1,114,701,965	1,349,709,486	57%	47%	21%
Total East Austin	**$1,859,117,557**	**$2,294,322,981**	**$3,660,447,137**	**$4,625,724,909**	**23%**	**60%**	**26%**
Total City of Austin	**$14,677,796,495**	**$20,278,763,529**	**$37,194,836,686**	**$47,153,283,963**	**38%**	**83%**	**27%**

Study Areas boundaries (north, east, south, and west boundaries):

Clarksville - Waterson, West Lynn, 10th, Mo-Pac Ramp NB

East Austin - U.S. 183, Ben White, IH-35 Ramp NB. Includes the following areas:

Northeast - U.S. 183, Manor, IH-35 Ramp NB

Southeast - Town Lake, U.S. 183, Ben White, IH-35 Ramp NB

External Task Force - Manor, US 183, Town Lake, IH-35 Ramp NB. Includes the following areas:

Study area - Manor, Airport, Town Lake, IH-35 Ramp NB. Includes the following areas:

Blackland - Manor, Chestnut, MLK, Comal

Blackshear - Rosewood, Northwestern, 7th, Chicon

Robertson's Hill - 11th, Chicon, 12th, IH-35 Ramp NB

Guadalupe - 11th, Navasota, 5th, IH-35 Ramp NB

Swede Hill - MLK, Leona, 14th, Chicon, 12th, IH-35 Ramp NB

Willow Spence - Cesar Chavez, Navasota, Holly, IH-35 Ramp NB

Sources: Valuations - Travis Central Appraisal District; Geographic Data - City of Austin TPSD

Data Table 5

Gentrification Task Force Data Sheet

Change in Residential and Commercial Property Values for Study Areas

	Total Market Value by Year				Percentage Change		
RESIDENTIAL	1990	1995	2000	2002	1990 - 1995	1995 - 2000	2000 - 2002
Blackland	$6,052,722	$4,318,131	$10,561,972	$16,338,262	-29%	145%	55%
Blackshear	$9,175,671	$10,621,021	$18,303,520	$26,596,215	16%	72%	45%
Guadalupe	$5,563,485	$6,819,839	$13,965,681	$21,713,020	23%	105%	55%
Robertson Hill	$10,728,217	$10,866,185	$19,640,410	$31,097,115	1%	81%	58%
Swede Hill	$5,068,762	$5,138,023	$11,152,559	$18,854,060	1%	117%	69%
Willow Spence	$4,130,027	$5,119,266	$11,597,507	$15,411,814	24%	127%	33%
COMMERCIAL AND OTHER							
Blackland	$1,447,797	$1,811,100	$2,238,399	$2,716,387	25%	24%	21%
Blackshear	$1,152,153	$1,461,839	$2,446,746	$3,054,838	27%	67%	25%
Guadalupe	$5,880,553	$7,153,223	$13,479,369	$17,572,883	22%	88%	30%
Robertson Hill	$2,143,196	$2,282,848	$3,168,889	$4,105,361	7%	39%	30%
Swede Hill	$2,563,308	$2,969,081	$10,629,178	$14,458,598	16%	258%	36%
Willow Spence	$1,067,237	$907,500	$1,045,110	$2,146,375	-15%	15%	105%
TOTAL							
Blackland	$7,500,519	$6,129,231	$12,800,371	$19,054,649	-18%	109%	49%
Blackshear	$10,327,824	$12,082,860	$20,750,266	$29,651,053	17%	72%	43%
Guadalupe	$11,444,038	$13,973,062	$27,445,050	$39,285,903	22%	96%	43%
Robertson Hill	$12,871,413	$13,149,033	$22,809,299	$35,202,476	2%	73%	54%
Swede Hill	$7,632,070	$8,107,104	$21,781,737	$33,312,658	6%	169%	53%
Willow Spence	$5,197,264	$6,026,766	$12,642,617	$17,558,189	16%	110%	39%

Study Areas boundaries (north, east, south, and west boundaries):

Blackland - Manor, Chestnut, MLK, Manor

Blackshear - Rosewood, Northwestern, 7th, Chicon

Guadalupe - 11th, Navasota, 5th, IH-35 Ramp NB

Robertson Hill - 11th, Chicon, 12th, IH-35 Ramp NB

Swede Hill - MLK, Leona, 14th, Chicon, 12th, IH-35 Ramp NB

Willow Spence - Cesar Chavez, Navasota, Holly, IH-35 Ramp NB

Sources: Valuations - Travis Central Appraisal District; Geographic Data - City of Austin TPSD

Data Table 6

Gentrification Task Force Data Sheet

Building Permit Data

From 04-01-00 to 09-01-02

	NEW CONSTRUCTION				REMODELS AND ADDITIONS				DEMO-LITIONS
Geographic Entity (See Map 1)	Units	Square Feet	Construction Value	Value per Unit	Permits	Square Feet	Construction Value	Value per Square Foot	Units
Clarksville	2	3,965	$375,000	$187,500	10	6,742	$469,119	$70	2
Blackland	0	0	$0	na	7	883	$68,800	$78	2
Blackshear	13	12,802	$443,588	$34,122	28	7,462	$171,116	$23	5
Guadalupe	8	9,448	$504,900	$63,113	11	3,885	$301,629	$78	0
Robertson's Hill	6	10,898	$500,744	$83,457	6	1,732	$124,300	$72	2
Swede Hill	4	5,814	$354,500	$88,625	16	4,003	$142,401	$36	1
Willow Spence	2	4,235	$198,000	$99,000	8	500	$36,001	$72	1
Remainder of Staff Study Area	103	142,325	$6,008,410	$58,334	207	43,071	$2,212,487	$51	41
Total Staff Study Area (1)	**136**	**185,522**	**$8,010,142**	**$58,898**	**283**	**61,536**	**$3,056,734**	**$50**	**52**
External Task Force Study Area (2)	752	774,019	$27,138,180	$36,088	103	30,129	$1,274,737	$42	12
Total Study Area (3)	**888**	**959,541**	**$35,148,322**	**$39,581**	**386**	**91,665**	**$4,331,471**	**$47**	**64**
Northeast Study Area (4)	70	146,294	$4,296,876	$61,384	168	48,909	$2,683,447	$55	20
Southeast Study Area (5)	1,659	1,973,841	$60,008,977	$36,172	76	26,522	$814,215	$31	8
Total East Austin (6)	**2,617**	**3,079,676**	**$99,454,175**	**$38,003**	**630**	**167,096**	**$7,829,133**	**$47**	**92**
Remainder of City (7)	15,138	31,498,755	$1,200,815,287	$79,325	3,293	1,696,758	$98,216,667	$58	233

Total City of Austin	**17,757**	**34,582,396**	**$1,300,644,462**	**$73,247**	**3,933**	**1,870,596**	**$106,514,919**	**$57**	**327**

NOTES: (1) The Staff Study Area is bounded by Manor Road on the north, Airport Boulevard on the east. Town Lake on the south, and by IH 35 on the west.

(2) The External Task Force Study Area is bounded by Manor Road on the north, US 183 on the east and south, and Airport Boulevard on the west.

(3) The Total Study Area is the combination of the Staff Study Area plus the External Task Force Study Area.

(4) The Northeast Study Area is bounded by US 183 on the north and east, Manor Road on the east and south, and IH 35 on the west.

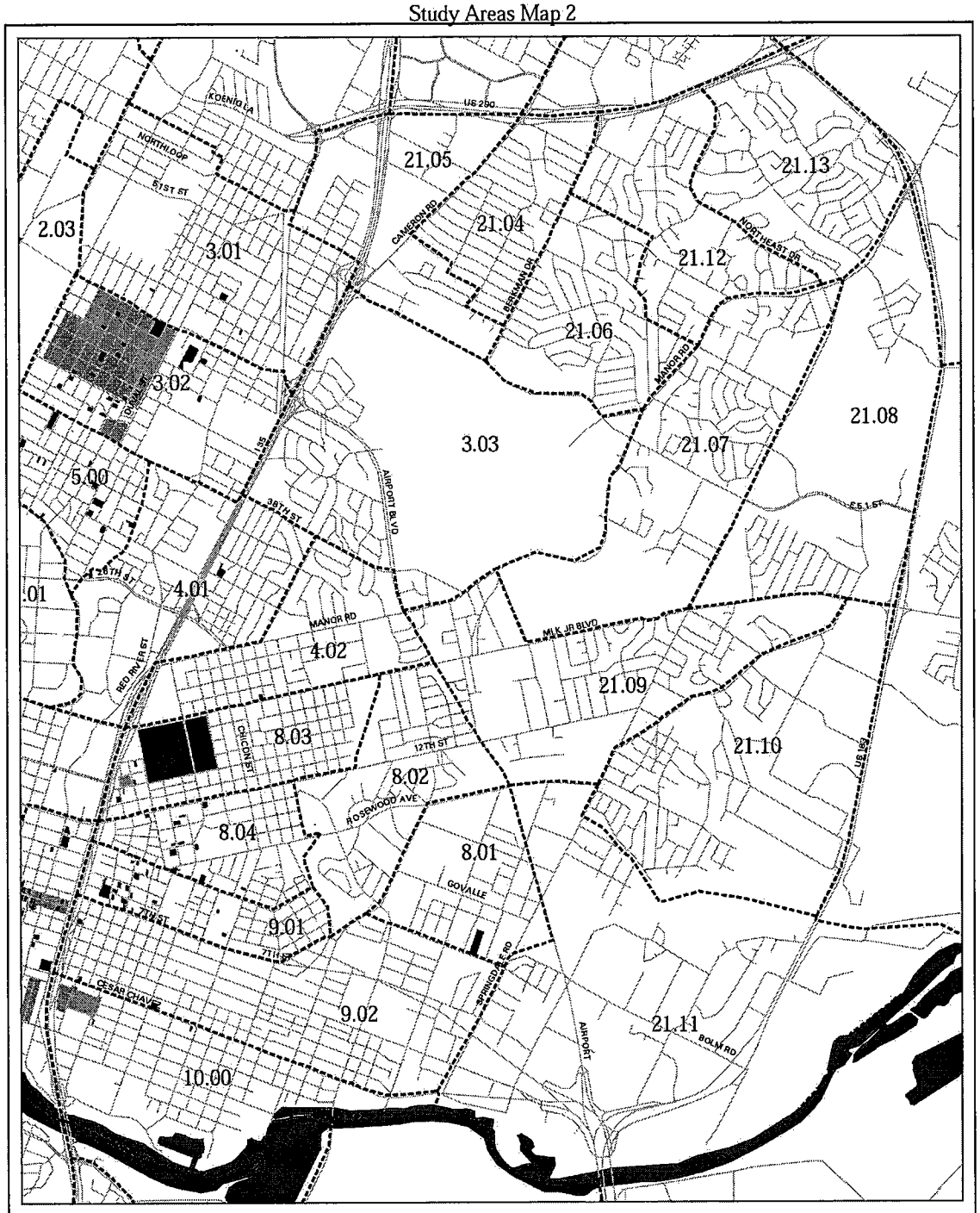
(5) The Southeast Study Area is bounded by Town Lake on the north, US 183 and Ben White on the east and south, and IH 35 on the west.

(6) The Total East Austin Study Area is the combination of the Total Study Area (3) plus the Northeast and Southeast Study Areas.

(7) The Remainder of the City is the area not covered by any of the smaller, specified study areas.

Appendix C. Census Tract Map

Study Areas Map 2



Gentrification Task Force Census Tracts

Austin, Texas

September 2002

---------- Census Tract

Parcels with Historic Zoning

National Historic District

Produced by: Ryan Robinson, City Demographer, Department of Planning, City of Austin, September 2002.

Appendix D. Privately Owned Historic Landmarks in the Study Area

PRIVATELY-OWNED CITY HISTORIC LANDMARKS EAST OF IH-35 IN THE STUDY AREA

Address		Name	Historic Zoning Date	Tax Parcel Number	1990 TCAD Mkt Val	1995 TCAD Mkt Val	2000 TCAD Mkt Val	2002 TCAD Mkt Val	Percent Change 90 - 95	Percent Change 95 - 00	Percent Change 00 - 02
1022	E. 7th Street	Johnson (Alfrida) House	1992 (2001)	02-0605-0907	$31,695	$45,109	$80,945	120,011	142.3%	79.4%	48.3%
1204	E. 7th Street	Briones House	2001	02-0507-0212	66,930	85,840	151,567	252,179	128.3%	76.6%	66.4%
1306	E. 7th Street	Sparks - Ledesma House	1984	02-0507-0707	50,770	69,000	135,000	135,000	135.9%	95.7%	0.0%
1000	E. 8th Street*	Hernandez - Johnson House*	1998	02-0605-1015	35,228	31,199	105,325	329,430	88.6%	237.6%	212.8%
1001	E. 8th Street*	Rogers - Lyons House	1980	02-0605-0901	71,034	78,025	218,924	626,062	109.8%	180.6%	186.0%
1009	E. 8th Street	Parsley House	1993	02-0605-0905	38,601	29,871	93,630	151,492	77.4%	213.4%	61.8%
1011	E. 8th Street	Boothe - Santa Ana House	1991	02-0605-0906	57,751	62,047	130,536	210,955	107.4%	110.4%	61.6%
1100	E. 8th Street*	Lindemann House	1975	02-0507-0317	63,909	78,897	215,517	347,407	123.5%	173.2%	61.2%
1005	E. 9th Street	Stohl - Saldana House	1991	02-0605-1004	40,826	29,032	79,285	151,559	71.1%	173.1%	91.2%
1009	E. 9th Street	Cook - Sifuentes House	1993	02-0605-1006	42,569	43,691	146,879	236,939	102.6%	236.2%	61.3%
1013	E. 9th Street	Newton House	1980	02-0605-1008	59,224	75,583	172,467	278,281	127.6%	128.2%	61.4%
1110	E. 10th Street	Dill - White House	1987	02-0507-0510	33,288	75,000	102,218	102,218	225.3%	36.3%	0.0%
1010	E. 11th Street*	Arnold's Bakery	2001	02-0806-1708	44,882	40,000	24,000	15,810	89.1%	-40.0%	-34.1%
1604	E. 11th Street*	German American Ladies	1979	02-0609-0906	42,509	61,428	213,274	479,521	144.5%	247.2%	124.8%
810	E. 13th Street	Limerick - Frazier House	1978	02-0906-0109	63,125	80,384	117,264	214,302	127.3%	45.9%	82.8%
1000	E. 14th Street	Blomquist House	1985	02-0906-0910	39,616	40,000	64,288	64,288	101.0%	60.7%	0.0%
1007	E. 16th Street	Macken - Anderson House	1986	02-0906-1003	29,780	63,351	81,544	154,096	212.7%	28.7%	89.0%
1000	E. Cesar Chavez	Evans-Morris-Hiesler House	1999	02-0405-1112	40,743	50,750	198,543	198,543	124.6%	291.2%	0.0%
1301	E. Cesar Chavez	Moreland-Melendez House	1980 (2002)	02-0205-0606	57,126	52,340	188,133	198,774	91.6%	259.4%	5.7%
1602	E. Cesar Chavez	Wolf House	1977	02-0207-0506	193,921	185,000	548,176	564,787	95.4%	196.3%	3.0%
1807	E. Cesar Chavez	Berner-Clark-Mercado House	2000	02-0207-0924	31,985	20,523	130,000	143,769	64.2%	533.4%	10.6%
1202	Garden Street	McGown - Griffin House	1986	02-0205-0426	26,291	33,616	83,426	108,525	127.9%	148.2%	30.1%
501	IH-35 Front. N.	Robinson Bros. Warehouse	2002	02-0405-0516	325,257	124,325	650,000	1,171,304	-49.3%	293.9%	80.2%
1208	Inks Avenue	Stuart House	1987	02-0507-0814	58,321	35,554	167,540	347,638	113.2%	34.8%	73.8%
3414	Lyons Rd.	Smith (James) Place	1980	02-0515-0510	63,204	48,829	61,858	98,953	-43.7%	74.0%	60.0%
2106	E. MLK Blvd.	Fiegel House	1986 (2002)	02-1109-2006	62,217	165,000	126,695	194,202	-21.5%	159.5%	53.3%
1170	San Bernard St.	Arnold House	1985	02-0708-0217	25,797	34,100	43,738	50,516	32.2%	28.3%	15.5%
1191	San Bernard St.	Scott - Hammond House	1987	02-0708-0701	48,818	52,622	75,601	164,762	7.8%	43.7%	117.9%
					$1,745,41	**$1,791,116**	**$4,406,37**	**$7,111,323**	**3%**	**146%**	**61%**

* Properties with city building permits issued between January 1, 2000 and December 31, 2001. Permit values range from $12,998 to $221,854. Two of these properties (1000 E. 8th Street and 1010 E. 11th Street) were vacant due to fire damage and building code deficiencies as of January 1, 2000; these buildings are now rehabbed and occupied.

** Land Use Key: H = Homestead; R = Residential other; C = Commercial. Information is based on 2002 TCAD information.

Appendix E. TCAD Methodology

APPRAISAL DISTRICT RESIDENTIAL VALUATION METHODOLOGY

Travis Central Appraisal District
Austin, Texas

The Travis Central Appraisal District has delineated about 3,000 residential neighborhoods in Travis County. A neighborhood is defined to be a grouping of residential properties that will sell for about the same amount on a per foot basis. We periodically review those delineations and update them based on market changes.

We also carry specific information in our database on each property in the county. The information includes age, square footage, quality of construction, roof type, depreciation factors, additional details (swimming pools, additional structures, etc.), land characteristics, and a sketch of the house.

The valuation process consists of the following steps:

1. Value the land (lot) as if vacant by analyzing sales of vacant lots in the neighborhood. If the neighborhood is built out, we will look outside the neighborhood to gather information to enable us to make the best possible determination based on available data.

2. Determine the replacement cost new less depreciation of the improvements. This is done by determining the cost of labor and materials to rebuild the existing improvements in today's environment. We then depreciate those costs to reflect the current condition of the property.

3. Add the values from steps 1 & 2 to arrive at a value based on the Cost Approach. This approach takes into consideration the individual characteristics of each property.

4. Collect sales in the neighborhood and determine a sales ratio for the neighborhood. This is done by dividing the sales price of each property into the value determined by the Cost Approach. For instance, if a property was valued by the Cost Approach at $90,000 and it sold for $100,000 the ratio would be 90% (90,000 divided by 100,000). We then determine a median ratio for the neighborhood based on all the sales.

5. Adjust all values in the neighborhood by the ratio determined in step 4. In other words, if the median ratio was 90% that would indicate the Cost Approach values were 10% below market value. We would then apply an upward adjust of 10% to all values in the neighborhood.

This valuation description is over simplified to some degree because there are always exceptions that must be dealt with, but it should provide a fairly good picture of the process.

This process works very well in consistent neighborhoods less than thirty years old. However, in older less consistent areas such as Tarrytown, Travis Heights, Clarksville, and some east Austin areas mistakes will be made and we rely on the appeals process to collect data we may not have. **The City of Austin's permitting process is also critical to us because that is how we determine that remodels have occurred in these older neighborhoods. It is also important to understand**

that we value most property based on its current use. Therefore, if a residential area is re-zoned to a commercial use we will not adjust land values until the actual use changes.

Properties with Historical designations are scattered throughout the county including east Austin. The characteristics of those properties may not be consistent with the rest of the neighborhood within which they reside, and a sale of one of those properties might skew the market adjustment in the neighborhood. The probability of that happening is not very high because we do not use one sale to determine the market adjustment. We use the median ratio. However, to alleviate any concerns it might be wise to establish a special neighborhood for the historical properties so that any sales of those properties would not affect the surrounding neighborhoods.

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