



**THE TRUTH ABOUT
AUSTIN'S MISSING HOUSING**
AUGUST 2023

ABOUT THE REPORT

The Truth About Austin's Missing Housing is a research publication from the Austin Board of REALTORS®. This analysis objectively compares the supply and demand for housing in Travis County and the city of Austin across various price ranges based on five distinct median family income (MFI) segments, reflecting the diverse spectrum of our community. Using data drawn from reputable sources, including the U.S. Census Bureau, U.S. Department of Housing and Urban Development (HUD), and Unlock MLS, the report paints a complete picture of our housing market and the challenges facing our community.

ABOUT THE NUMBERS

This report computes housing affordability for two household sizes: two- and four-person households. The five income cohorts reflect those adopted in the **Austin Strategic Housing Blueprint**: 0-30%, 31-60%, 61-80%, 81-120%, and 121+% of Median Family Income (MFI). The home sale segments are based on homes in price ranges affordable to households in these five MFI cohorts.

The model assumes the average mortgage rate for the first half of 2023 (6.44%). The results are computed for two types of buyers: repeat and first-time buyers. (Repeat buyers denote existing homeowners, first-time buyers, and current renters.) The loan-to-value ratio for repeat buyers is 80%; for first-time buyers, 95%. As the loan-to-value ratio exceeds 80%, a mortgage insurance premium of 0.5% is applied to first-time buyers. The debt-to-income ratio measures 30% for repeat buyers; for first-time buyers, 35%. Property taxes and insurance are priced at 3.5% of home price. The home price-to-income multiplier measures 3.15 for repeat buyers; for first-time buyers, 3.17. The results are computed for both the 2- and 4-person household sizes.

Income limits for each cohort and household size were obtained from 2023 HOME & CDBG Program Limits published by the City's Housing Department. The income limits are higher for 4-person households than for 2-person households. For example, in 2023, the income range for a two-person household earning between 61% and 80% of MFI is \$56,101 to \$74,800, but \$70,081 to \$93,450 for a four-person household.

Data in this analysis is derived from the U.S. Census Bureau, U.S. Department of Housing and Urban Development (HUD), as well as housing market statistics from Unlock MLS, the most complete, accurate source of listing information across the 18-county Central Texas region.



The full methodology for this report can be found on Page 17.

TABLE 1. MAXIMUM HOME PRICE AFFORDABLE BY ANNUAL INCOME

INCOME	REPEAT BUYERS	FIRST-TIME BUYERS
	Maximum Home Price Affordable	
\$50,000	\$157,397	\$158,535
\$60,000	\$188,877	\$190,242
\$70,000	\$220,356	\$221,949
\$80,000	\$251,836	\$253,656
\$90,000	\$283,315	\$285,363
\$93,450	\$294,176	\$296,302
\$100,000	\$314,795	\$317,070
\$110,000	\$346,274	\$348,777
\$120,000	\$377,754	\$380,484
\$122,300	\$384,994	\$387,777
\$132,300	\$416,473	\$419,484
\$142,300	\$447,953	\$451,191
\$152,300	\$479,432	\$482,898

SOURCE: AUSTIN BOARD OF REALTORS®, HUD

TABLE 2. MEDIAN FAMILY INCOME LEVELS FOR LOCAL PUBLIC SERVANTS BASED ON STARTING SALARIES

OCCUPATION	2023 STARTING SALARY	HOUSEHOLD INCOME WITH 2 STARTING SALARIES	2-PERSON HOUSEHOLD MFI LEVEL	4-PERSON HOUSEHOLD MFI LEVEL
AISD Teacher	\$55,000	\$110,000	81-120%	81-120%
Austin EMS Medic - Field	\$51,480	\$102,960	81-120%	81-120%
Austin Firefighter	\$55,259	\$110,518	81-120%	81-120%
Austin Police Officer	\$65,411	\$130,822	120+%	81-120%

SOURCE: AUSTIN BOARD OF REALTORS®, AUSTIN INDEPENDENT SCHOOL DISTRICT, CITY OF AUSTIN, HUD

HOW TO INTERPRET THE FINDINGS

Knowing how to interpret the data and findings in this report is key to understanding the current landscape of our housing market.

The five values in the two rightmost columns in each table (the percentage and count of the under- or oversupply of homes) sum to zero. In a perfectly balanced market, there is neither an undersupply nor an oversupply of homes, which translates into a percentage/count of zero. An oversupply of homes in any given income cohort indicates that buyers who earn less than that income cohort would have to spend more than is reasonably affordable to them to purchase a home.

For example, in Table 13 in the Appendix, the two rightmost columns for the 120+% MFI row show that there is a 59.7% oversupply, or approximately 147,301 homes, in Travis County for first-time buyers who earn 121% or more of MFI. This indicates that to buy a home, first-time buyers in Travis County who earn no more than 120% of MFI would have to “buy up,” or spend more than is reasonably affordable to them to purchase a home. The same interpretation is applied to the negative percentages and counts in the two rightmost columns in each table and indicates an undersupply or shortage of homes considered affordable to that MFI cohort.



Example of Under/Oversupply Percentage & Count Columns from Table 13 in the Appendix:

Under/Oversupply	Under/Oversupply (# of Homes)
-20.0%	(49,208)
-23.8%	(58,579)
-14.4%	(35,501)
-1.6%	(4,012)
59.7%	147,301

Using this interpretation throughout the report, the data shows that among two-person households in Travis County and the city of Austin, there is an undersupply of homes for buyers earning no more than 120% of MFI. Homeownership would be difficult for these buyers to attain. Meanwhile, among four-person households in Travis County and the city of Austin, there is an undersupply of homes for buyers earning no more than 80% of MFI, potentially putting homeownership out of reach for these households.

LETTER FROM THE AUSTIN BOARD OF REALTORS®

We are thrilled to present **The Truth About Austin's Missing Housing**, a groundbreaking publication from the Austin Board of REALTORS® research arm that uncovers critical insights into the housing market dynamics of Travis County and the city of Austin.

This comprehensive report quantifies the severe undersupply of housing and sheds light on common barriers that not only contribute to higher housing costs and a shortage of homes but also reduce our community's ability to properly respond to growing housing demand. We invite you to explore this analysis, which not only reveals the full breadth of Austin's housing supply problem but also offers actionable policy recommendations for local leaders to bridge the gap in missing housing.

Homeownership has historically been a cornerstone of wealth-building in the United States, on average proving more financially favorable than renting and investment, according to the **Central Texas Buy vs. Rent Index**. Nevertheless, the ability to achieve homeownership is becoming increasingly out of reach for many households in Austin and Travis County. In the first quarter of 2023, only 35.9% of existing homeowners in the Austin-Round Rock-Georgetown MSA earned the required income (\$149,790) to qualify for a mortgage loan for the median-priced home, a significant drop from 61.7% in 2013. Simultaneously, renters with the dream of homeownership experienced a similar decline – an estimated 17.6% of current renters earn the required income (\$117,805) to qualify for a mortgage loan for the first-quartile sales price, down from 39.5% in 2013.

At the heart of our housing crisis lies the acute shortage of homes in our community, particularly for lower-income buyers. This analysis reveals that in the first half of 2023, households earning 80% or less of the area MFI in both Travis County and the city of Austin faced an alarming undersupply of affordable homes for sale.

ONLY 35.9% OF AUSTIN-AREA HOMEOWNERS EARN ENOUGH TO QUALIFY FOR A MORTGAGE FOR THE MEDIAN-PRICED HOME.

The majority of 2-person household buyers (earning 120% MFI or less) in Travis County and Austin face a severe shortage of affordable homes – an estimated 40.7% undersupply (a shortage of 221,603 homes) for Travis County and 51.1% undersupply (a shortage of 215,077 homes) for the city of Austin.

The analysis depicts an even greater shortage of affordable homes for 4-person households in Travis County and the city of Austin. Both Travis County and Austin have significant shortages of homes affordable to a 4-person household earning 80% MFI or less – an estimated 45.4% undersupply (a shortage of 247,240 homes) for Travis County and 50% undersupply (a shortage of 211,023 homes) for the city of Austin.

ONLY 17.6% OF AUSTIN-AREA RENTERS EARN ENOUGH TO QUALIFY FOR A MORTGAGE FOR THE FIRST-QUARTILE SALES PRICE.

Findings also show that no homes for sale were affordable for extremely low-income buyers, while buyers with very low- and low-incomes could only afford between 1% to 26% of the homes for sale. The situation is especially dire for first-time buyers, for whom the shortage is even more pronounced, painting a vivid picture of the challenge ahead.

The true scale of our housing market's undersupply has not been properly examined until now. This analysis exposes a reality that our community cannot afford to ignore – a county and city grappling with a severe housing affordability crisis. A reality that demands bold action to confront the housing crisis head-on.

LETTER FROM THE AUSTIN BOARD OF REALTORS®, CONT'D

Acknowledging the ongoing undersupply in our housing market is the first step towards change. This report underscores the necessity for collaborative efforts between local leaders, developers, stakeholders, and the broader community. By acknowledging the existing barriers to housing development, such as zoning regulations and lengthy approval processes, we can reshape our housing priorities to advance innovative solutions that promote market affordability across all price points.

We appreciate the actions of local leaders, like the Austin Mayor and City Council, who are committed to taking bold steps to change the trajectory of our housing market. During the first half of 2023, the Austin City Council initiated several important policy changes designed to lower the cost of housing by removing regulatory barriers, simplifying the City's Land Development Code, and streamlining the development review process. Most notably, the Austin City Council is pursuing policy changes intended to encourage the creation of missing middle housing like triplexes, townhomes, cottage courts, and other smaller housing types. This has started an important community conversation about smaller lot sizes and housing types across Austin. We look forward to participating in these important community conversations to advance housing policies that have the greatest impact on closing the gaps in our housing supply.

We hope this analysis is a helpful tool as local policymakers prioritize housing in our region. We have outlined actionable policy recommendations that can set our community on a path to bridge the gap in missing housing. By revisiting outdated housing blueprints, streamlining development processes, and championing regulatory reforms prioritizing market affordability, we can work towards a more equitable and prosperous future for residents at all income levels.

The data in this report tell a compelling story of a community at a crossroads. As we navigate the challenges an undersupplied housing market presents, it is our collective responsibility to take bold action. As a community, we must work to reshape the trajectory of our housing landscape to ensure that the promise of prosperity is accessible to every member of our community.

The time for change is now. Swift and bold action is needed. Our community must come together to meet the challenge of housing our rapidly growing population by collectively finding ways to increase the abundance and variety of housing. ABoR is committed to being a consensus builder and looks forward to partnering with local leaders to address our community's housing affordability issues so that anyone who wants to buy a home can do so at a price point they can afford.

AUSTIN HAS A 50% UNDER-SUPPLY OF HOUSING FOR FOUR-PERSON HOUSEHOLDS EARNING 80% MFI OR LESS. THAT EQUATES TO A SHORTAGE OF 211,023 HOMES.



EMILY CHENEVERT

Chief Executive Officer
Austin Board of REALTORS®
& Unlock MLS

RESULTS FOR 2-PERSON HOUSEHOLDS | ALL BUYERS

Most 2-person household buyers in the city of Austin and Travis County face a severe shortage of homes that are within an affordable price range for their budget. This means there are not enough homes for sale to keep up with the housing demand for the average 2-person household in Austin or Travis County.

- In the city of Austin, an estimated 63.9% of 2-person household buyers have a median family income of 120% MFI or less, but only 12.9% of homes sold in the first half of 2023 were affordable to them, leaving a 51.1% shortage (215,077 units) of homes affordable for the majority of Austinites in this cohort.
- With an estimated 17.9% undersupply of housing, Austin buyers with a 2-person household earning between 31% and 60% MFI (between \$28,051 and \$56,100 annually) have the greatest need for new housing to meet the demand.
- Both Travis County and the city of Austin have a sufficient oversupply of homes affordable to market-rate households (who earn at least 121% MFI), 40.6% oversupply for Travis County, and 51.1% oversupply for Austin.

215,077 HOMES

Estimated number of missing homes in Austin that are considered affordable to a 2-person household with a median family income of 120% MFI or less.



PERSPECTIVE: The median starting salary for an Austin ISD teacher was around \$55,000 in spring 2023. Thus, a 2-person household comprised of two new AISD teachers would fall into the 81-120% MFI level with an estimated household income of \$110,000 annually. With an 8.0% undersupply of housing for a 2-person household earning between 81%-120% MFI (between \$74,801 and \$117,400 annually), this two-teacher household faces a difficult time finding a home affordable to them within the City of Austin. Households with the starting salary of two Austin Firefighters or two Austin EMS Medics face the same difficulty finding a home affordable to them in the city of Austin since both fall into the same 81-120% MFI level.

CHART 1. ESTIMATED UNDER/OVERSUPPLY OF HOUSING 2-PERSON HOUSEHOLD BY MFI LEVEL

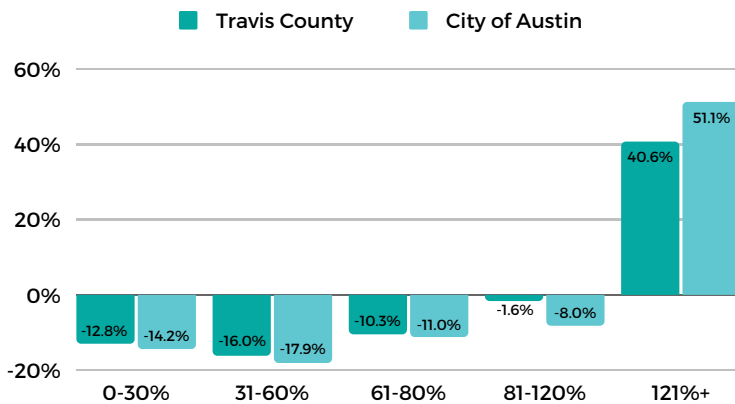


TABLE 3. EST. UNDER/OVERSUPPLY OF HOUSING ALL BUYERS | 2-PERSON HOUSEHOLD

INCOME LIMIT	AFFORDABLE HOME PRICE RANGE	TRAVIS COUNTY	CITY OF AUSTIN
0-30%	\$88,453-	(69,781)	(59,882)
31-60%	\$88,454 - \$176,906	(87,380)	(75,250)
61-80%	\$176,907 - \$235,875	(55,945)	(46,416)
81-120%	\$235,876 - \$370,210	(8,497)	(33,529)
121%+	\$370,211+	221,602	215,077

SOURCE: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

RESULTS FOR 2-PERSON HOUSEHOLDS | FIRST-TIME BUYERS

The majority of first-time buyers with a 2-person household face a significant undersupply of housing considered affordable to them within Travis County and the city of Austin, according to the results of the 2-person household model. Nearly 80% of first-time buyers with a 2-person household in Travis County and Austin have a median family income of 120% MFI or less, yet only a small portion of homes sold in the first half of 2023 were considered affordable. With a housing supply that does not match the demand, this group of first-time buyers is left with a considerable shortage of homes – 147,300 missing homes in Travis County and 151,883 missing homes in Austin.

- To meet the demand for first-time buyers, Travis County and the city of Austin must take significant steps to increase the supply of for-sale housing affordable to 2-person households earning 120% MFI or less.
- In Travis County, the 31-60% MFI cohort (earning between \$28,051 - \$56,100 annually) has the greatest need for new housing to meet the demand for first-time buyers with a 2-person household due to a 23.8% undersupply of housing (estimated at 58,579 missing homes).
- Travis County and the city of Austin have a sufficient oversupply of homes affordable to market-rate households (earning at least 121% of area MFI).

66.5%
APPROX. 151,883
MISSING HOMES

The city of Austin has an estimated 66.5% shortage of homes (estimated at 151,883 homes) considered affordable to first-time buyers, with a 2-person household earning a median family income of 120% MFI or less (annual income of \$117,400 or less). Only 13.0% of homes sold in the first half of 2023 were considered affordable to a 2-person household first-time buyer with a median family income of 120% MFI or less.

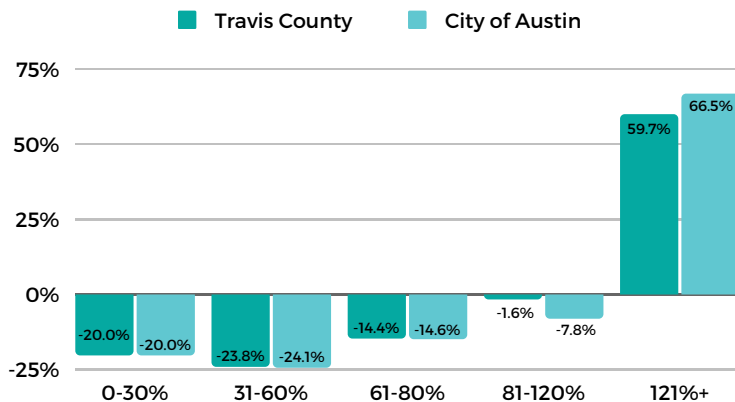
55,124
HOMES

Estimated number of missing homes in Austin affordable to first-time buyers earning between 31% and 60% of area median income for a 2-person household. The price of homes affordable to a first-time buyer with a 2-person household in this MFI level range from \$88,938 and \$177,876.



PERSPECTIVE: The average starting salary for an Austin Firefighter was around \$55,259 in spring 2023. Thus, a 2-person household comprised of two starting AFD Firefighters would fall into the 81-120% MFI level with an estimated household income of \$110,518 annually. With a 7.8% undersupply of housing for first-time buyers with a 2-person household earning between 81%-120% MFI (between \$74,801 and \$117,400 annually), this two-firefighter household faces a difficult time finding a home affordable to them within the city limits they are sworn to protect. Households with the starting salary of two Austin EMS Medics face the same difficulty finding an affordable home in the city they are serving since their household income falls into the same 81-120% MFI level.

CHART 2. ESTIMATED UNDER/OVERSUPPLY OF HOUSING FIRST-TIME BUYERS | 2-PERSON HOUSEHOLD BY MFI LEVEL



SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

TABLE 4. EST. UNDER/OVERSUPPLY OF HOUSING FIRST-TIME BUYERS | 2-PERSON HOUSEHOLD

INCOME LIMIT	AFFORDABLE HOME PRICE RANGE	TRAVIS COUNTY	CITY OF AUSTIN
0-30%	\$88,938-	(49,208)	(45,603)
31-60%	\$88,938 - \$177,876	(58,579)	(55,124)
61-80%	\$177,877 - \$237,168	(35,501)	(33,292)
81-120%	\$237,169 - \$372,240	(4,012)	(17,864)
121%+	\$372,241+	147,301	151,883

RESULTS FOR 2-PERSON HOUSEHOLDS | REPEAT BUYERS

Repeat buyers with a 2-person household fair a little better than first-time buyers but still face significant shortages of affordable homes for the four lowest-income cohorts—buyers earning 120% MFI or less. The supply of housing affordable to 2-person households earning 120% MFI or less needs to be increased to meet the demand of repeat buyers in Travis County and Austin.

- The price of homes affordable to repeat buyers earning between 81-120% of MFI for a 2-person household (earning between \$74,801 and \$117,400 annually) ranges from \$253,467 to \$369,569. An estimated 19.3% of owner-occupied households in the City of Austin fall in this income cohort, but only 10.7% of homes sold in the first half of 2023 were affordable to them, leaving a gap of 8.6% – estimated at 16,603 missing homes.
- In the city of Austin, the 31% - 60% MFI cohort (earning between \$28,051 - \$56,100 annually) has the greatest need for new housing to meet the demand for repeat buyers with a 2-person household due to a 10.4% undersupply of housing (estimated at 20,126 missing homes).
- Travis County and the city of Austin have a sufficient oversupply of homes affordable to market-rate households (who earn at least 121% MFI).

33.2%
APPROX. 64,125
MISSING HOMES

The city of Austin has an estimated 33.2% shortage of homes (estimated at 64,125 homes) considered affordable to repeat buyers with a 2-person household earning a median family income of 120% MFI or less (annual income of \$117,400 or less). Only 12.2% of homes sold in the first half of 2023 were considered affordable to a 2-person household repeat buyer in this income cohort. Travis County has an estimated 25.3% shortage of homes (estimated at 75,870 homes) for the same income cohort.

28,801
HOMES

Estimated number of missing homes in Travis County affordable to repeat buyers earning between 31% and 60% of area median family income for a 2-person household. The price of homes affordable to a repeat buyer with a 2-person household in this MFI level range from \$88,301 to \$176,600.

CHART 3. ESTIMATED UNDER/OVERSUPPLY OF HOUSING REPEAT BUYERS | 2-PERSON HOUSEHOLD BY MFI LEVEL

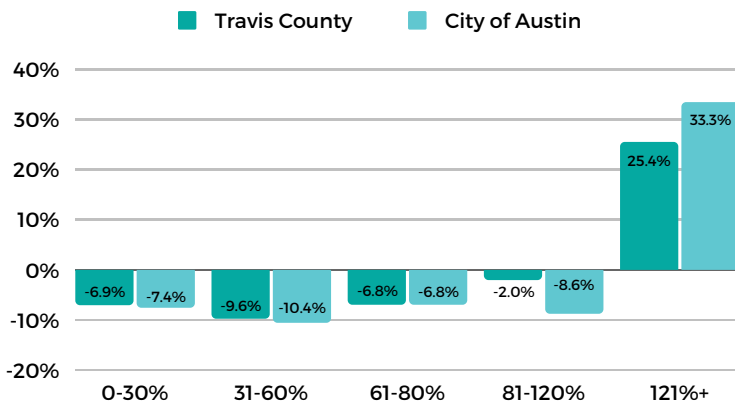


TABLE 5. EST. UNDER/OVERSUPPLY OF HOUSING REPEAT BUYERS | 2-PERSON HOUSEHOLD

INCOME LIMIT	AFFORDABLE HOME PRICE RANGE	TRAVIS COUNTY	CITY OF AUSTIN
0-30%	\$88,300-	(20,572)	(14,279)
31-60%	\$88,301 - \$176,600	(28,801)	(20,126)
61-80%	\$176,601 - \$235,466	(20,416)	(13,117)
81-120%	\$235,467 - \$369,569	(6,081)	(16,603)
121%+	\$369,570+	75,871	64,125

SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

RESULTS FOR 4-PERSON HOUSEHOLDS | ALL BUYERS

The results of the models for 4-person households depict an even greater shortage of affordable homes when compared to the shortage faced by 2-person households in Travis County and the city of Austin. According to the 4-person household model, there is a severe shortage of homes for sale that are considered affordable for the lowest-income cohorts—buyers earning 80% of the area MFI or less.

- To meet current housing demand, both Travis County and the city of Austin must significantly increase the supply of housing affordable to 4-person households earning 80% MFI or less.
- With an estimated 22% undersupply of housing, Austin buyers with a 4-person household earning between 31%-60% MFI (between \$35,051 and \$70,080 annually) have the greatest need for new housing to meet demand and close the estimated 92,846 shortage of homes. The same is true for Travis County, with the 31%-60% MFI cohort experiencing a 19.8% shortage estimated at 107,968 homes.
- Both Travis County and the city of Austin have a sufficient oversupply of homes affordable to 4-person households in the 81-120% MFI and 121+% MFI cohorts, equating to a 45.4% oversupply for Travis County and 50.1% oversupply for Austin.

50%
APPROX. 211,023
MISSING HOMES

The city of Austin has an estimated 50% shortage (estimated at 211,023 homes) of homes considered affordable to a 4-person household earning a median family income of 80% MFI or less (annual income of \$93,450 or less).

247,240
HOMES

Estimated number of missing homes in Travis County that are considered affordable to a 4-person household with a median family income of 80% MFI or less.



PERSPECTIVE: Austin’s estimated 211,023 shortage of homes affordable to 4-person households at 80% MFI or below is more than 3.5 times higher than the City’s 60,000 affordable unit goal outlined in the [Austin Strategic Housing Blueprint](#). The City’s goal is to build 60,000 new homes that are affordable to 4-person households at 80% MFI or below by 2025 to keep pace with population growth.

CHART 4. ESTIMATED UNDER/OVERSUPPLY OF HOUSING 4-PERSON HOUSEHOLD BY MFI LEVEL

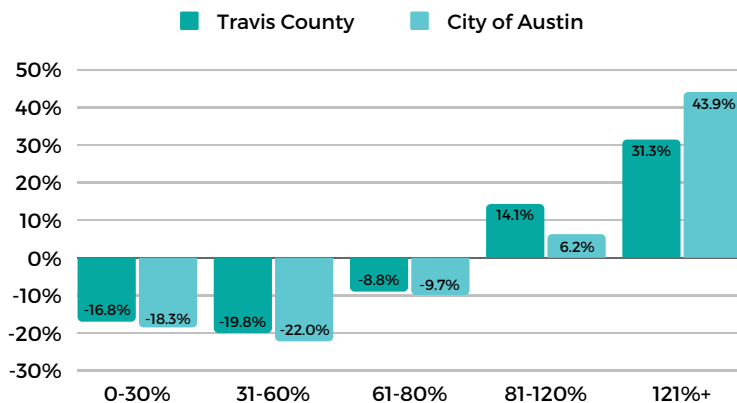


TABLE 6. EST. UNDER/OVERSUPPLY OF HOUSING ALL-BUYERS | 4-PERSON HOUSEHOLD

INCOME LIMIT	AFFORDABLE HOME PRICE RANGE	TRAVIS COUNTY	CITY OF AUSTIN
0-30%	\$110,527-	(91,380)	(77,249)
31-60%	\$110,528 - \$220,991	(107,968)	(92,846)
61-80%	\$220,992 - \$294,686	(47,892)	(40,928)
81-120%	\$294,687 - \$462,763	76,768	26,255
121%+	\$462,764+	170,471	184,768

SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

RESULTS FOR 4-PERSON HOUSEHOLDS | FIRST-TIME BUYERS

In both Travis County and the city of Austin, nearly 70% of first-time buyers with a 4-person household have a median family income of 80% or less. However, less than 5.2% of homes sold in the first half of 2023 were considered affordable to them. Results from the 4-person household model indicate that most first-time buyers with a 4-person household face a significant shortage of homes available to them – a shortage of 160,274 homes in Travis County and 151,023 homes in Austin.

- To meet the demand for first-time buyers, Travis County and the city of Austin must take significant steps to increase the supply of affordable for-sale housing to 4-person households earning 80% MFI or less.
- In Travis County, the 31% - 60% MFI cohort (earning between \$35,051 - \$70,080 annually) has the greatest need for new housing to meet the demand for first-time buyers with a 4-person household due to a 28.7% undersupply of housing (estimated at 70,785 missing homes).
- Both Travis County and the city of Austin have a sufficient oversupply of homes affordable to workforce households (who earn between 81-120% MFI) and market-rate households (who earn at least 121% MFI).

65%
AN ESTIMATED
**160,274 MISSING
HOMES**

Travis County has an estimated 65.0% shortage of homes (estimated at 160,274 homes) considered affordable to first-time buyers with a 4-person household earning a median family income of 80% MFI or less (annual income of \$93,450 or less).

**151,023
HOMES**

Estimated number of missing homes in Austin considered affordable to first-time buyers with a 4-person household earning a median family income of 80% MFI or less.

CHART 5. ESTIMATED UNDER/OVERSUPPLY OF HOUSING FIRST-TIME BUYERS | 4-PERSON HOUSEHOLD BY MFI LEVEL

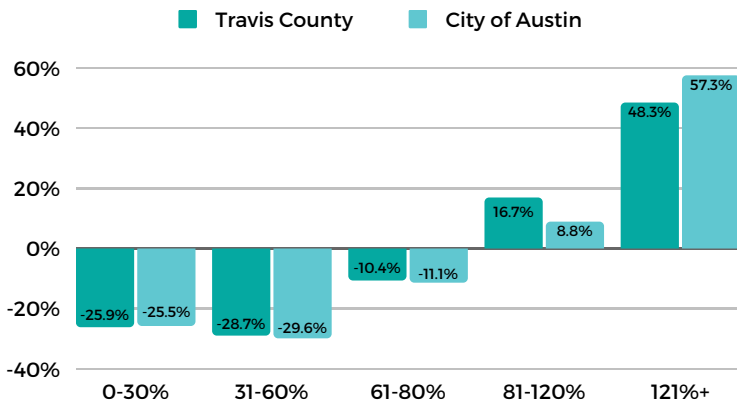


TABLE 7. EST. UNDER/OVERSUPPLY OF HOUSING FIRST-TIME BUYERS | 4-PERSON HOUSEHOLD

INCOME LIMIT	AFFORDABLE HOME PRICE RANGE	TRAVIS COUNTY	CITY OF AUSTIN
0-30%	\$111,133-	(63,758)	(58,209)
31-60%	\$111,134 - \$222,203	(70,785)	(67,581)
61-80%	\$222,204 - \$296,302	(25,731)	(25,233)
81-120%	\$296,303 - \$465,300	41,158	20,153
121%+	\$465,301+	119,116	130,871

SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

RESULTS FOR 4-PERSON HOUSEHOLDS | REPEAT BUYERS

Results from the 4-person household model, indicate that repeat buyers in the lowest-income cohorts for 4-person households – buyers earning 80% of area median family income or less – face significant shortages of homes affordable to them. In the first half of 2023, less than 5% of the homes sold were considered affordable to repeat buyers with a 4-person household earning 80% MFI or less.

- The price of homes affordable to repeat buyers earning between 61-80% MFI for a 4-person household (earning between \$70,081 and \$93,450 annually) ranges from \$220,609 to \$294,176. An estimated 10.9% of owner-occupied households in Travis County fall in this income cohort, but only 3.7% of homes sold in the first half of 2023 were affordable to them, leaving a 7.2% gap – estimated at 21,460 missing homes.
- In the city of Austin, the 31-60% MFI cohort (earning between \$35,051 - \$70,080 annually) has the greatest need for new housing to meet the demand for repeat buyers with a 4-person household due to a 13.1% undersupply of housing (estimated at 25,265 missing homes).
- There is a sufficient oversupply of homes affordable to repeat buyers among workforce households (who earn between 81-120% MFI) and market-rate households (who earn at least 121% MFI) in both Travis County and the city of Austin.

30.9%
APPROX. 59,557
MISSING HOMES

The city of Austin has an estimated 30.9% shortage of homes (estimated at 59,557 homes) considered affordable to repeat buyers with a 4-person household earning 80% MFI or less (annual income of \$93,450 or less).

86,265
HOMES

Estimated number of missing homes in Travis County considered affordable to repeat buyers with a 4-person household earning 80% MFI or less.

CHART 6. ESTIMATED UNDER/OVERSUPPLY OF HOUSING REPEAT BUYERS | 4-PERSON HOUSEHOLD BY MFI LEVEL

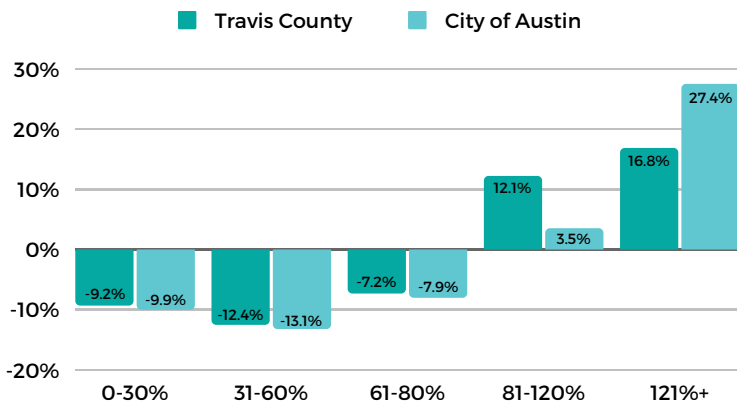


TABLE 8. ESTIMATED UNDER/OVERSUPPLY OF HOUSING REPEAT BUYERS | 4-PERSON HOUSEHOLD

REPEAT BUYERS | 4-PERSON HOUSEHOLD

INCOME LIMIT	AFFORDABLE HOME PRICE RANGE	TRAVIS COUNTY	CITY OF AUSTIN
0-30%	\$110,336-	(27,622)	(19,040)
31-60%	\$110,337 - \$220,608	(37,183)	(25,265)
61-80%	\$220,609 - \$294,176	(21,460)	(15,252)
81-120%	\$294,177 - \$461,961	36,028	6,822
121%+	\$461,962+	50,236	52,735

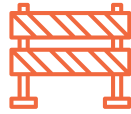
SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

UNDERSTANDING BARRIERS TO MISSING MIDDLE HOUSING

Missing middle housing is crucial for fostering diversity in housing options and affordability by providing a range of housing options that bridge the gap between single-family homes and large apartment complexes. Missing middle housing types include townhomes, duplexes, triplexes, fourplexes, and cottage courts, often offering a more affordable homeownership option to low- and moderate-income households. However, local practices such as rigid zoning regulations, complex development review processes, as well as a multitude of development fees, have limited the development of missing middle housing - creating an undersupply of housing for these types of housing. Below is a snapshot of common barriers to the development of missing middle housing.

REGULATORY BARRIERS

Local regulatory barriers limit a market's ability to offer a diversity of housing options, including smaller, lower-cost homes.



- **Zoning Regulations:** Local zoning regulations limit housing supply and constrain the creation of missing middle housing. Single-family zoning often prohibits the construction of multi-family homes - like townhomes, duplexes, and cottage courts - which enable the distribution of land costs across multiple homes while delivering more homes per lot.
- **Minimum Lot Size Regulations:** Minimum lot size refers to the minimum area of land required for a specific purpose, like the lot size required for one home. Large minimum lot size requirements prevent diverse housing options, restrict the ability to subdivide lots effectively, and impact housing affordability by limiting the financial feasibility of building anything other than one home that is relative to the scale of the lot size.
- **Parking Regulations:** Many local jurisdictions have outdated parking regulations that impose costly, undue burdens on housing development. Local parking regulations can significantly influence the financial and physical viability of missing middle housing.
- **Other Non-Zoning Regulations:** Other local land use regulations - like drainage and water quality requirements - often limit the financial or physical feasibility of constructing missing middle housing.

DEVELOPMENT REVIEW & PERMITTING PROCESS

Local regulatory barriers limit a market's ability to offer a diversity of housing options, including smaller, lower-cost homes.



- **Subdivision and Platting Process** - Local subdivision and platting processes can often be expensive and time-consuming, greatly impacting the cost and ability to build missing middle housing. Complex subdivision and platting processes often incentivize developers to build one large home on a lot instead of subdividing to build multiple smaller homes.
- **Site Plan Process** - Local site plan processes can be complex, expensive, and time-consuming, as they involve navigating through complex reviews, multiple approvals, and coordination with various stakeholders. While many local jurisdictions allow a simpler review process for single-family or duplex projects, missing middle housing projects with three to sixteen homes often must adhere to review processes required of large multifamily projects. This complexity extends the development timeline for missing middle housing - often adding one to two years - and requires financial resources that may pose challenges to developers wanting to provide affordably priced housing.

DEVELOPMENT FEES

Local regulatory barriers limit a market's ability to offer a diversity of housing options, including smaller, lower-cost homes.



Local housing development fees are assessed at all stages of the development process, including zoning, subdivision, site plan, and permitting. The accumulation of these development fees can make or break a first-time buyer's ability to afford a home. **The 2022 Central Texas Housing Development Fees Analysis** found that for an Austin renter earning the median household income in 2019, City of Austin development fees could comprise up to 20% of the mortgage that a household could reasonably afford.

RECOMMENDATIONS FOR LOCAL POLICYMAKERS

While several factors that impact the variety and overall cost of housing are outside the control of local governments, regulatory barriers and development fees and services are one area local jurisdictions have direct oversight and can take action. We invite local policymakers to consider the following recommendations in order to increase missing middle housing types in their community.

1. ESTABLISH & REGULARLY UPDATE DATA-DRIVEN HOUSING GOALS

Local governments play a vital role in setting local housing policies and establishing meaningful housing goals based on accurate data. Local jurisdictions should adopt a comprehensive approach to housing planning by establishing clear, data-driven housing goals that are systematically measured and evaluated annually.

Establishing key performance indicators allows local jurisdictions to monitor housing outcomes, identify gaps, and recalibrate policies accordingly. Regular measurement and evaluation ensure that the housing goals remain relevant and responsive to changing circumstances. Local jurisdictions should review and update outdated housing policies and plans when needed. For example, the City of Austin should revisit the [Austin Strategic Housing Blueprint](#) to ensure that the housing goals outlined in the plan are based on accurate data that reflects the current landscape of Austin's housing market.

WHY IT MATTERS: Accurate data serves as the foundation for informed decision-making. Setting housing goals rooted in accurate data and committing to annual measurement and evaluation, can help local jurisdictions to enhance housing affordability, accessibility, and quality of life for all residents. A data-driven approach ensures that goals accurately reflect the housing landscape and empowers local jurisdiction to make impactful decisions to effectively address housing challenges and shape vibrant, inclusive environments for generations to come.

2. REDUCE MINIMUM LOT SIZE REQUIREMENTS & REVISE THE SUBDIVISION PROCESS

Local jurisdictions should work to reduce the residential minimum lot size, properly adjust site development standards accordingly, and revise the subdivision process so it is efficient and accessible to all residents. In many communities, reducing the residential minimum lot size to at least half of the current standard would allow housing providers to divide existing lots, creating additional housing. Removing arduous site development and design standards, like the "McMansion" regulations in the city of Austin, would allow housing providers to build smaller housing types like townhomes, triplexes, and cottage courts. Revising the subdivision process so it is easier and cheaper to disaggregate lots versus aggregating lots would encourage housing providers to build smaller housing types. For example, Austin City Council has already initiated several of these policy changes including reducing the minimum lot size, revising the subdivision process, and removing the "McMansion" regulations for lots with more than one unit.

WHY IT MATTERS: Smaller housing types are low cost, have a low impact on infrastructure and the environment and serve a larger number of residents. Reducing the minimum lot size, adjusting site plan development standards, and revising the subdivision process encourages housing providers to create smaller housing types, putting more units online and reducing the cost of housing.

3. REMOVE RESIDENTIAL PARKING REQUIREMENTS

Local jurisdictions should work to implement market-based parking requirements. Revising policies to eliminate parking requirements could reduce the development cost of multi-family homes especially in high transit areas. For example, the Austin City Council has already initiated code amendments to remove parking requirements city-wide.

WHY IT MATTERS: A 2019 article from the National Association of REALTORS®, [Parking Requirements Harm the Value of Land](#), explains how parking requirements can affect real estate values. Planner Daniel Herriges states "Parking is a significant cost of real-estate development, typically in the tens of thousands of dollars per stall. When local regulations require more parking than is actually needed, that cost must either be swallowed by the developer or passed on to customers." Reducing parking requirements could reduce the cost of housing and encourage transit-oriented development.

RECOMMENDATIONS FOR LOCAL POLICYMAKERS, CONT'D

4. REDUCE COMPATIBILITY STANDARDS CITYWIDE

Local jurisdictions should work to create consistency and reduce the impact of compatibility standards on housing throughout their jurisdictions. Compatibility standards that change depending on the size and type of corridor create inconsistency in the development process and make it difficult for developers to build according to those standards. In addition to consistency, jurisdictions should work to reduce the triggering distance for compatibility and redefine what properties can trigger compatibility. Redefining “triggering property” to apply only to properties that contain only residential units and are zoned for single-family homes means that larger multifamily housing or larger missing middle housing types will not trigger compatibility, creating soft density and a variety of housing types. Reducing compatibility standards can help unlock existing housing opportunities without increasing entitlements. For example, the Austin City Council has initiated code amendments to redefine “triggering property,” reduce the triggering distance for compatibility standards, and make compatibility standards uniform across the city.

WHY IT MATTERS: In a report by the Manhattan Institute, [Lone Star Slowdown? How Land-Use Regulation Threatens the Future of Texas](#), researcher and author Conor Harris concludes that although laws in Texas may facilitate horizontal growth, “they restrict ‘vertical’ growth, or the redevelopment of built areas,” (i.e., compatibility standards) which may lead to problems with “unaffordable housing, slow transportation, and diminished social mobility.” Suburban-style communities tend to be auto-centric, and single-family, and use a large amount of land. Reducing compatibility standards allows housing providers to create housing that is transit-oriented, diverse in style and price point, and serves more residents within a smaller land area.

5. IMPLEMENT DEVELOPMENT PROCESS IMPROVEMENTS

Local jurisdictions should work to simplify their development process and implement reforms to create process efficiencies that will streamline and expedite residential permitting. Hiring an outside consulting group to research and develop actionable recommendations that can be implemented to reform and improve the development review process can be beneficial to local jurisdictions. For example, under the leadership of Austin's Mayor Kirk Watson, the City of Austin partnered with McKinsey & Consulting to study the site plan review process to identify improvements and begin to implement policy and process reforms. In addition, local jurisdictions can create a review panel of housing providers and technical experts to review and revise technical criteria manuals and the permitting process for contradictions and redundancies. Local jurisdictions should consider an expedited review process for developments of three to 16 residential units and set a goal of approving permits for residential developments within 14 days, prioritizing the production of missing middle housing developments.

WHY IT MATTERS: The Texas Real Estate Research Center highlights that the time municipalities take for their review and application iterations increases financing costs for new housing, ultimately driving up the cost of new housing. By operating more efficiently and prioritizing residential developments, local jurisdictions can process the same volume with fewer resources.

6. RIGHT-SIZE DEVELOPMENT FEES

Local jurisdictions should right-size development fees to ensure appropriate fee levels are charged for different-sized developments. As communities grow, it is critical that they find ways to minimize fees for infill and missing middle developments in their urban core so that the fees are comparable to suburban style developments.

WHY IT MATTERS: According to the [2022 Central Texas Housing Development Fees Analysis](#), development fees have a greater impact on homes built in an infill-style development than those built in a suburban-style development. Some cities, like the city of Austin, have extreme per-unit cost differences between these two styles of development due to the larger reliance on base fees rather than marginal fees related to the size of the development. This means that infill-style housing is inherently more expensive to build on a per-unit basis.

APPENDIX

RESULTS FOR 2-PERSON FAMILIES | ALL BUYERS

TABLE 9. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN TRAVIS COUNTY

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERSUPPLY (# OF HOMES)
0-30%	\$28,050-	\$88,453-	12.8%	0.0%	-12.8%	(69,781)
31-60%	\$28,051 - \$56,100	\$88,454 - \$176,906	16.2%	0.2%	-16.0%	87,380
61-80%	\$56,101 - \$74,800	\$176,907 - \$235,875	11.6%	1.3%	-10.3%	(55,945)
81-120%	\$74,801 - \$117,400	\$235,876 - \$370,210	19.7%	18.1%	-1.6%	(8,497)
121+%	\$117,401+	\$370,211+	39.8%	80.4%	40.6%	221,602

TABLE 10. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN THE CITY OF AUSTIN

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERSUPPLY (# OF HOMES)
0-30%	\$28,050-	\$88,453-	14.2%	0.0%	-14.2%	(59,882)
31-60%	\$28,051 - \$56,100	\$88,454 - \$176,906	18.0%	0.1%	-17.90%	(75,250)
61-80%	\$56,101 - \$74,800	\$176,907 - \$235,875	12.4%	1.4%	-11.0%	(46,416)
81-120%	\$74,801 - \$117,400	\$235,876 - \$370,210	19.3%	11.4%	-8.0%	(33,529)
121+%	\$117,401+	\$370,211+	36.1%	87.1%	51.1%	215,077

RESULTS FOR 4-PERSON FAMILIES | ALL BUYERS

TABLE 11. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN TRAVIS COUNTY

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERSUPPLY (# OF HOMES)
0-30%	\$35,050-	\$110,527-	16.8%	0.0%	-16.8%	(91,380)
31-60%	\$35,051 - \$70,080	\$110,528 - \$220,991	20.9%	1.1%	-19.8%	(107,968)
61-80%	\$70,081 - \$93,450	\$220,992 - \$294,686	12.5%	3.8%	-8.8%	(47,892)
81-120%	\$93,451 - \$146,750	\$294,687 - \$462,763	21.3%	35.4%	14.1%	76,768
121+%	\$146,751+	\$462,764+	28.5%	59.8%	31.3%	170,471

TABLE 12. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN THE CITY OF AUSTIN

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERSUPPLY (# OF HOMES)
0-30%	\$35,050-	\$110,527-	18.3%	0.0%	-18.3%	(77,249)
31-60%	\$35,051 - \$70,080	\$110,528 - \$220,991	23.1%	1.1%	-22.0%	(92,846)
61-80%	\$70,081 - \$93,450	\$220,992 - \$294,686	12.6%	2.9%	-9.7%	(40,928)
81-120%	\$93,451 - \$146,750	\$294,687 - \$462,763	20.9%	27.1%	6.2%	26,255
121+%	\$146,751+	\$462,764+	25.0%	68.9%	43.9%	184,768

ALL TABLE SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

RESULTS FOR 2-PERSON FAMILIES | FIRST-TIME BUYERS

TABLE 13. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN TRAVIS COUNTY

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$28,050-	\$88,938-	20.00%	0%	-20.00%	-49,208
31-60%	\$28,051 - \$56,100	\$88,938 - \$177,876	23.90%	0.20%	-23.80%	-58,579
61-80%	\$56,101 - \$74,800	\$177,877 - \$237,168	15.80%	1.40%	-14.40%	-35,501
81-120%	\$74,801 - \$117,400	\$237,169 - \$372,240	19.90%	18.30%	-1.60%	-4,012
121+%	\$117,401+	\$372,241+	20.50%	80.20%	59.70%	147,301

TABLE 14. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN THE CITY OF AUSTIN

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$28,050-	\$88,938-	20.00%	0%	-20.00%	-45,603
31-60%	\$28,051 - \$56,100	\$88,938 - \$177,876	24.30%	0.10%	-24.10%	-55,124
61-80%	\$56,101 - \$74,800	\$177,877 - \$237,168	16.00%	1.40%	-14.60%	-33,292
81-120%	\$74,801 - \$117,400	\$237,169 - \$372,240	19.30%	11.50%	-7.80%	-17,864
121+%	\$117,401+	\$372,241+	20.50%	87.00%	66.50%	151,883

RESULTS FOR 2-PERSON FAMILIES | REPEAT BUYERS

TABLE 15. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN TRAVIS COUNTY

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$28,050-	\$88,300-	6.90%	0%	-6.90%	-20,572
31-60%	\$28,051 - \$56,100	\$88,301 - \$176,600	9.80%	0.20%	-9.60%	-28,801
61-80%	\$56,101 - \$74,800	\$176,601 - \$235,466	8.20%	1.30%	-6.80%	-20,416
81-120%	\$74,801 - \$117,400	\$235,467 - \$369,569	19.50%	17.40%	-2.00%	-6,081
121+%	\$117,401+	\$369,570+	55.70%	81.10%	25.40%	75,871

TABLE 16. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN THE CITY OF AUSTIN

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$28,050-	\$88,300-	7.40%	0.00%	-7.40%	-14,279
31-60%	\$28,051 - \$56,100	\$88,301 - \$176,600	10.60%	0.10%	-10.40%	-20,126
61-80%	\$56,101 - \$74,800	\$176,601 - \$235,466	8.20%	1.40%	-6.80%	-13,117
81-120%	\$74,801 - \$117,400	\$235,467 - \$369,569	19.30%	10.70%	-8.60%	-16,603
121+%	\$117,401+	\$369,570+	54.50%	87.80%	33.30%	64,125

RESULTS FOR 4-PERSON FAMILIES | FIRST-TIME BUYERS

TABLE 17. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN TRAVIS COUNTY

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$35,050-	\$111,133-	25.90%	0%	-25.90%	-63,758
31-60%	\$35,051 - \$70,080	\$111,134 - \$222,203	29.80%	1.10%	-28.70%	-70,785
61-80%	\$70,081 - \$93,450	\$222,204 - \$296,302	14.50%	4.10%	-10.40%	-25,731
81-120%	\$93,451 - \$146,750	\$296,303 - \$465,300	18.90%	35.60%	16.70%	41,158
121+%	\$146,751+	\$465,301+	10.90%	59.20%	48.30%	119,116

TABLE 18. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN THE CITY OF AUSTIN

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$35,050-	\$111,133-	25.50%	0%	-25.50%	-58,209
31-60%	\$35,051 - \$70,080	\$111,134 - \$222,203	30.70%	1.10%	-29.60%	-67,581
61-80%	\$70,081 - \$93,450	\$222,204 - \$296,302	14.20%	3.10%	-11.10%	-25,233
81-120%	\$93,451 - \$146,750	\$296,303 - \$465,300	18.70%	27.50%	8.80%	20,153
121+%	\$146,751+	\$465,301+	11.00%	68.30%	57.30%	130,871

RESULTS FOR 4-PERSON FAMILIES | REPEAT BUYERS

TABLE 19. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN TRAVIS COUNTY

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$35,050-	\$110,336-	9.20%	0%	-9.20%	-27,622
31-60%	\$35,051 - \$70,080	\$110,337 - \$220,608	13.50%	1.10%	-12.40%	-37,183
61-80%	\$70,081 - \$93,450	\$220,609 - \$294,176	10.90%	3.70%	-7.20%	-21,460
81-120%	\$93,451 - \$146,750	\$294,177 - \$461,961	23.30%	35.30%	12.10%	36,028
121+%	\$146,751+	\$461,962+	43.10%	59.90%	16.80%	50,236

TABLE 20. THE DISTRIBUTION BETWEEN THE DEMAND FOR AND SUPPLY OF HOMES IN THE CITY OF AUSTIN

INCOME LIMIT	INCOME RANGE	AFFORDABLE HOME PRICE RANGE	DEMAND FOR HOMES	SUPPLY OF HOMES	UNDER/OVERSUPPLY	UNDER/OVERS UPPLY (# OF HOMES)
0-30%	\$35,050-	\$110,336-	9.90%	0%	-9.90%	-19,040
31-60%	\$35,051 - \$70,080	\$110,337 - \$220,608	14.20%	1.10%	-13.10%	-25,265
61-80%	\$70,081 - \$93,450	\$220,609 - \$294,176	10.70%	2.80%	-7.90%	-15,252
81-120%	\$93,451 - \$146,750	\$294,177 - \$461,961	23.50%	27.00%	3.50%	6,822
121+%	\$146,751+	\$461,962+	41.70%	69.00%	27.40%	52,735

ALL TABLE SOURCES: AUSTIN BOARD OF REALTORS®, HUD, CENSUS BUREAU

METHODOLOGY

This report computes housing affordability for two household sizes: two- and four-person households. The five income cohorts reflect those adopted in the **Austin Strategic Housing Blueprint**: 0-30%, 31-60%, 61-80%, 81-120%, and 121+% of median family income (MFI). Income limits for each cohort and household size were obtained from the 2023 HOME & CDBG Program Limits published by the City's Housing Department. The income limits are higher for 4-person households than for 2-person households. For example, in 2023, the income range for a 2-person household earning between 61% and 80% of MFI is \$56,101 to \$74,800, but \$70,081 to \$93,450 for a 4-person household.

This report uses a multiplier to compute the affordable home price range, which makes several assumptions. The mortgage interest rate equals the average rate for the first half of 2023 (obtained from the Federal Reserve Economic Database/Freddie Mac). A mortgage insurance premium of 0.5% applies to first-time buyers with a loan-to-value ratio (LTV) of 95% (i.e., borrowers must typically pay for private mortgage insurance should the LTV ratio exceed 80%). The LTV for repeat buyers is 80%. Meanwhile, the debt-to-income ratio (DTI), a measure of mortgage debt as a percentage of income, is 30% for repeat buyers; for first-time buyers, 35%. Property taxes and insurance amount to 3.5% of the home price. The multiplier equals 3.15 for repeat buyers and 3.17 for first-time buyers. This indicates that a repeat buyer earning \$100,000 could afford a home price of \$315,000; first-time buyers, \$317,000.

The demand for homes reflects the proportion of households that fall within each income cohort. These figures were derived from Census Bureau data on the financial characteristics of owner- and renter-occupied households. (Owner-occupied households denote repeat buyers; renter-occupied households, first-time buyers.) As the most recent American Community Survey published by the Census Bureau dates to 2021, exponential smoothing estimates the number of households in each income cohort in 2023. A higher proportion of owner-occupied households (i.e., repeat buyers) is of higher income than renter-occupied households (i.e., first-time buyers). In other words, a higher percentage of first-time buyers fall into lower-income cohorts. For example, among two-person families in the City of Austin, 10.6% of repeat buyers earn between 31% and 60% in 2023, considerably lower than the 24.3% of first-time buyers.

Home sales data from Unlock MLS is used to compute the supply of homes affordable to each income cohort (the data includes MLS transactions from the first half of 2023). The data reflect single-family homes, townhomes, and condos. The demand for homes is subtracted from the supply of homes to determine the percentage of under- or oversupply for each income cohort. An undersupply of homes indicates that the supply is insufficient to meet the demand, while an oversupply of homes suggests that the supply is more than sufficient to meet the demand. The extent, or count, of the under- or oversupply of homes equals the total count of either owner- or renter-occupied households multiplied by the percentage of the under- or oversupply of homes.

ABOUT THE AUSTIN BOARD OF REALTORS®

The Austin Board of REALTORS® is the largest professional trade association in Central Texas, representing nearly 20,000 REALTORS® and real estate professionals. As the organized voice for Central Texas REALTORS® and homeowners, we work with local, state, and national policymakers to implement policies that champion housing equity and accessibility for all. Locally, our advocacy efforts are concentrated around property rights, strategic land use, and business issues and practices. We focus our advocacy on policy areas where our members bring a high level of experience and expertise and can be part of developing solutions for Central Texas. For more information, visit [ABOR.com/Advocacy](https://www.abor.com/advocacy).

ABoR supports efforts to ensure a balanced and healthy housing market. We believe allowing the creation of more housing should be a regional priority. Our communities must come together to meet the challenge of housing in our rapidly growing population by collectively finding ways to increase the abundance and variety of housing. ABoR is committed to being a consensus builder during these conversations, and we are uniquely positioned to bring parties together as our members represent every corner Central Texas.

ABOUT ABOR RESEARCH

ABoR Research is the economic research and publication arm of the Austin Board of REALTORS®, the largest professional trade association in Central Texas. Led by ABoR's Housing Economist, Dr. Clare Losey, ABoR Research delivers timely market intelligence that helps Central Texas real estate professionals, consumers, and policymakers understand trends and economic factors impacting the region's housing market.



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