

Living Cities Closing the Gaps Network

Homeownership and Business Starts and Growth

Austin Needs Assessment



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Context and Approach

Living Cities' Closing the Gaps (CTG) Network is a ten-year initiative that brings together leaders from cities across the country to imagine and build an anti-racist society through the transformation of government policies, practices, and operations. CTG is particularly anchored on a vision for closing racial inequities in income and wealth. In 2021, six cities in the CTG network participated in a "Year of Reckoning," in which they underwent a deep racial equity competency training led by the People's Institute for Survival and Beyond (PISAB), Third Space Action Lab, and Black Womxn Flourish. As the six cities (Albuquerque, NM; Austin, TX; Memphis, TN; Minneapolis, MN; Rochester, NY; and Saint Paul, MN) emerge from the Year of Reckoning, they are eager to begin developing and implementing specific strategies in service of their shared anti-racist vision.

Living Cities is providing technical support to the cities in this inaugural cohort to develop strategies in two focus areas: homeownership and business starts and growth. There are pronounced racial inequities in both areas, but they each also present outsized opportunities to create intergenerational wealth for communities of color. The cities partnered with FSG, a mission-driven consulting firm supporting leaders to create equitable systems change, to conduct a community needs assessment to better understand the current state and the inhibiting and supporting drivers of racial equity in each focus area.

The needs assessment process had three objectives:

1. Increase each city's understanding of the current state of racial inequities in home ownership and entrepreneurship, and the root causes of those inequities
2. Identify key drivers and inhibitors of racial equity in homeownership and entrepreneurship in each city and specific opportunities for action
3. Begin to lay the foundation for closer ongoing partnership between city governments and their communities in advancing equity in homeownership and entrepreneurship

This report represents the findings of the needs assessment for Austin, TX and is intended to be a guide for city leaders and other stakeholders who are taking action to close the racial gaps in homeownership and entrepreneurship and to make the systems surrounding them more equitable.

The needs assessment was conducted from February through August 2022. FSG worked with members of the CTG cohort and Living Cities to develop research questions, identify and connect with stakeholders to interview, and design our approach to engaging with residents identifying as Black, Indigenous, and other People of Color (BIPOC) with direct experience of the homebuying process and/or entrepreneurship.

In this report we use the term BIPOC to capture the experiences of racially marginalized communities. However, BIPOC does not fully capture the unique harms, histories, and experiences of each of the populations encompassed in the term, such as the extent to which anti-Black racism specifically has caused the Black community to experience the deepest inequities in many cases. It also does not fully

capture the ways in which race intersects with other forms of marginalization including gender, LGBTQIA status, and ability. We acknowledge the harm that using blanket terms can have and the fact that communities want to be named specifically. While we use BIPOC to capture several identities, additional work needs to be done to capture and name the specific experiences of the varying identities. Additionally, our research does not fully capture the experience of the Indigenous population. This community has experienced disparate impacts from violent marginalization and displacement in this country, which has led to few Indigenous people residing in Austin and limited existing research to draw into this report. Indigenous populations deserve thoughtful analysis that we lacked the expertise and capacity to provide.

The needs assessment synthesizes information from a variety of sources:

- Secondary research, including existing community/city plans and strategies
- Data compiled by the Urban Institute from the American Business Survey, American Community Survey, Decennial Census, and other data sources
- Interviews with 19 community stakeholders (see Appendix A for list of interviewees)
- A focus group with 18 Austin-based entrepreneurs and a focus group with 13 homeseekers in Austin (see Appendix B for Focus Group Syntheses)
- A survey of 252 Austinites, including 151 business owners and 153 homeowners (see Appendix D for Survey Syntheses)

We are grateful to the community partners who shared their insight and expertise, co-hosted the focus groups, and spread the word about the focus groups. We also hold deep appreciation for the community members who shared their experiences and perspectives by participating in the focus groups. They made an invaluable contribution to this process.

How to Use this Report

This document is intended to provide an overview of the trends and dynamics influencing inequities in homeownership and entrepreneurship in Austin, the landscape of organizations working to address those inequities, and perspectives on opportunities for further action in advancing equity in homeownership and entrepreneurship. It is intended to help inform and inspire action planning for the city government and other actors interested in advancing anti-racism in Austin, though it is not intended to be fully comprehensive or directive. We encourage you to reflect on the following questions as you read:

- 1) What surprises you? What is staying with you?
- 2) After reading about each part of the system, how do you see the challenges and opportunities differently?
- 3) Which solutions are you best positioned to contribute to in your role? What is one step you can take to get started?

This document is organized into the following sections, which can be read as a whole or referenced independently as needed:

- **Executive Summary** (*Page 6*): Summary of findings and identified opportunities
- **Austin Background and Context** (*Page 10*): Overview of the history of Austin and current conditions with a focus on factors influencing racial inequities in socioeconomic status.
- **Homeownership** (*Page 19*): A deeper overview of factors contributing to racial inequities in homeownership, the landscape of actors working on homeownership, and opportunities for advancing more equitable homeownership.
- **Business Starts and Growth** (*Page 39*): A deeper overview of factors contributing to racial inequities in entrepreneurship, the landscape of actors working on entrepreneurship, and opportunities for advancing more equitable entrepreneurship.
- **Appendices** (*Page 52*): An acknowledgment of our interviewees, themes from our two focus groups, baseline data on homeownership and business starts and growth compiled by the Urban Institute, and a summary of the survey of current and aspiring entrepreneurs.

Executive Summary

The current racial inequities in homeownership and entrepreneurship in Austin result from deliberate policy choices rooted in a historical pattern of systemic racism toward people of color and preferences toward White people. While Austin has recently experienced a period of extraordinary economic growth, Austinites of color have not benefited equally from the city's economic prosperity. The city has become known as a southern Silicon Valley with large amounts of investment capital flowing to fund a robust technology industry in the city. Black and Latinx Austinites are underrepresented in these high-earning industries and are overrepresented in some of Austin's lowest-paying industries like health care, social assistance, accommodation, and food services.¹ In fact, the city's very prosperity is driving many of its BIPOC residents out of the neighborhoods where they have lived for generations, as housing costs and property taxes spiral higher.

At the same time, the city has tremendous opportunities and assets to bring to bear in rectifying these injustices and creating a more inclusive, equitable, and vibrant city, including the growing explicit focus on racial equity among city and national leaders, a strong and committed network of nonprofits and philanthropy, a rich cultural heritage, and a wellspring of passionate and talented BIPOC residents. The city is replete with leaders and organizations dedicated to supporting aspiring homeowners and entrepreneurs of color, but a greater understanding of the systemic barriers to both is also needed. This report aims to provide an account of the historical and present-day challenges people of color face when attempting to build their wealth through homeownership and business ownership, as well as recommendations on actions the City of Austin can take.

Please see below a summary of the challenges and opportunities we identified in each area:

Summary of homeownership findings and opportunities

While Austin attracts many home seekers from other states because of its economic dynamism and relative affordability, the city has more renters than homeowners. While many more residents would like to own, housing costs have increased as supply has struggled to keep up with the recent population boom. These increases in cost and rampant gentrification have led to the displacement of existing communities of color within the city. They have also deterred families with less earning power from moving to Austin.

The legacy of racism and present-day displacement continue to shape the current state of homeownership in Austin. According to data gathered by the Urban Institute, people of color own homes at lower rates than their White and Asian counterparts. While other population groups have seen an increase in homeownership rates since 2018, there has been a decline in the number of new Black homeowners (see Urban Institute data in Appendix C for more details). Exclusionary planning, redlining, and urban renewal continue to create disadvantages for communities of color.

¹ Urban Institute Data and Analysis, 2022 (see Appendix C).

Despite these challenges, many BIPOC residents in Austin continue to prize homeownership as a personal goal for the opportunity to build multi-generational wealth, to remove themselves from the tumult and volatility of renting, and to experience pride of ownership. Moreover, there is a network of nonprofit organizations, researchers, advocates, and public officials passionate about extending equitable opportunity for BIPOC homeownership. Through our research we identified a number of opportunities for building on these assets and advancing BIPOC homeownership. Please see additional detail on these in the Homeownership Recommendations sections beginning on page 30.

1) Housing counseling and financial assistance

- a. Establish stronger referral system among service providers and provide prospective homeowners with a navigation partner.
- b. Establish a centralized information source on the supports available.

2) Affordable housing, development, and preservation

- a. Improve coordination among affordable housing providers.

3) Advocacy, philanthropy, and policy

- a. Coordinate efforts of research organizations and City departments to ensure that race-conscious interventions meet the legal requirements test.
- b. Consider other criteria for interventions, such as age, tenure within the city, location, and income.
- c. Build public support for race-conscious interventions and strengthen partnerships with organizations with close relationships to communities of color.

4) Preserve current homeowners of color in place

- a. Support legislation to allow flat dollar-amount homestead exemptions, create a preservation property tax exemption for properties to minimize the displacement of low-income renters, expand the use of shared-equity ownership and mechanisms to preserve and generate ownership options for households at 80%-120% MFI, and invest in preservation strategies to combat gentrification.
- b. Expand general obligation bond funding.
- c. Establish a Homestead Preservation Center to support education about homestead exemptions and other property rights and responsibilities that come with homeownership.
- d. Establish a homestead exemption enrollment program.
- e. Partner with county tax assessors to expand notice of property tax deferrals for seniors, persons with disabilities, and disabled veterans under state law.
- f. Establish an emergency homestead stabilization fund that could provide short-term property tax and mortgage assistance to low-income, cost-burdened homeowners.
- g. Put in place a property tax freeze for homeowners who are seniors or disabled.
- h. Utilize a senior volunteer tax break while supporting a senior volunteer program.
- i. Expand the City of Austin's home repair assistance programs in gentrifying neighborhoods.

5) Create housing stability for renters to ensure a path towards homeownership remains viable

- a. Help Austinites reduce household costs by connecting housing with other types of support services.
- b. Support tenant organizing and tenant engagement.
- c. Create a framework that describes the journey from homelessness to homeownership.

6) Produce more homeownership opportunities

- a. Support tenant right-to-purchase program ordinances.
- b. Support a right of first refusal/right to purchase for income-restricted rental properties being sold.
- c. Build capacity for and incubate community development corporations (CDCs).
- d. Enhance fair lending education and enforcement.
- e. Establish and partner with community development financial institutions (CDFIs) to operate community homeownership loan funds.
- f. Establish a land acquisition fund to have affordable capital ready for affordable housing development.
- g. Ensure that people of color are accessing and benefiting from down payment assistance programs.
- h. Establish a reparations program (modeled after the city of Evanston) to provide housing assistance to people whose ancestors were impacted by the 1928 Master Plan.
- i. Adopt race-conscious policies that leverage targeted universalism to better focus resources to people of color.
- j. Create new affordable housing choices throughout Austin by using the affordable housing goals in the 2017 Strategic Housing Blueprint as a guide.
- k. Modify density bonus programs to incentivize building more on-site affordable housing.
- l. Expand support for low-income homeowners to build external accessory dwelling units.
- m. Allow the creation of internal accessory dwelling units.
- n. Allow homeowners to subdivide and sell a portion of their lots while remaining in place.
- o. Support the mobile home park resident acquisition program by enabling a right to purchase, funding resident organization, legal assistance, and technical assistance, and establishing legal protections to allow residents to organize and form associations.
- p. Facilitate land banking by creating a system to track vacant parcels appropriate for residential or mixed-use development.

7) Attract and support champions for affordable housing

- a. Encourage philanthropy to support equitable homeownership.
- b. Engage communities in small area planning to provide existing residents with the agency to shape their neighborhoods.

Summary of entrepreneurship findings and opportunities

Owning a business, much like owning a home, can be a powerful path towards wealth creation. Today, Austin has one of the most favorable startup ecosystems in the United States. The city offers relatively low taxes, sunny weather, a vibrant cultural scene and a capable talent pool. There are, however, large inequities in how entrepreneurs of color experience Austin's prosperity which makes it difficult for people of color to start and sustain their businesses. Black and Latinx entrepreneurs are underrepresented in the share of firms, share of employees by firm owner race, and share of sales.

The underrepresentation of businesses owned, share of employers, and sales by people of color is a result of historical and present-day barriers. In many ways, entrepreneurs of color have been affected by the same history of segregation and disinvestment as home buyers have. Past segregation and present-day income disparities have created pockets of poverty where wealth was difficult to accumulate.

Without the cushion of wealth, starting a business can be incredibly risky. In Austin, the share of Black and Latinx owned startups is only 1.4% and 7.5%, respectively, well below Black and Latinx representation in the city's population. Our findings suggest that these disparities are likely due to the effects of three systemic challenges:

- Financial disparities
- Constrained opportunities due to racial bias
- Lack of access to support infrastructure

Fortunately, there is much to build on in addressing these challenges. BIPOC communities in Austin have a long history of engaging in business ownership. While the segregation imposed by the 1928 Master Plan, redlining, and racial covenants, has deeply harmed Austin's communities of color, the conditions of segregation led to East Austin becoming a hub for Black businesses who were able to provide goods and services to Austin's residents. Austin's Latinx community also has a robust entrepreneurial drive, as shown by the scores of small businesses in East Austin. The energy and talent necessary to create enterprises is abundant in Austin's communities of color. What is now required is to bring down the barriers that have prevented Austin's BIPOC entrepreneurs from thriving.

In our research, we found several opportunities for supporting BIPOC entrepreneurship. Please see additional detail on these in the Business Starts and Growth Ecosystem Map and Dynamics and the Additional Recommendations sections starting on page 45.

1) Capacity building and networking

- a. Support the establishment of organizations that can serve entrepreneurs who seek culturally relevant support and connection in their particular industry.

2) Financial assistance

- a. Ensure that banks and financial institutions meet the standards for a satisfactory rating under CRA and that CRA programs benefit BIPOC entrepreneurs and communities.

3) Advocacy, philanthropy, and policy

- a. Incorporate equity strategies into influential economic development plans.

4) Increase the level of business ownership in BIPOC communities

- a. Increase the representation of BIPOC employees in high-value industries, the high wages of which can help provide them with the needed capital to start their own businesses.
- b. Help entrepreneurs by providing them with resource navigators to improve access to capital and build financial and operational capacity.

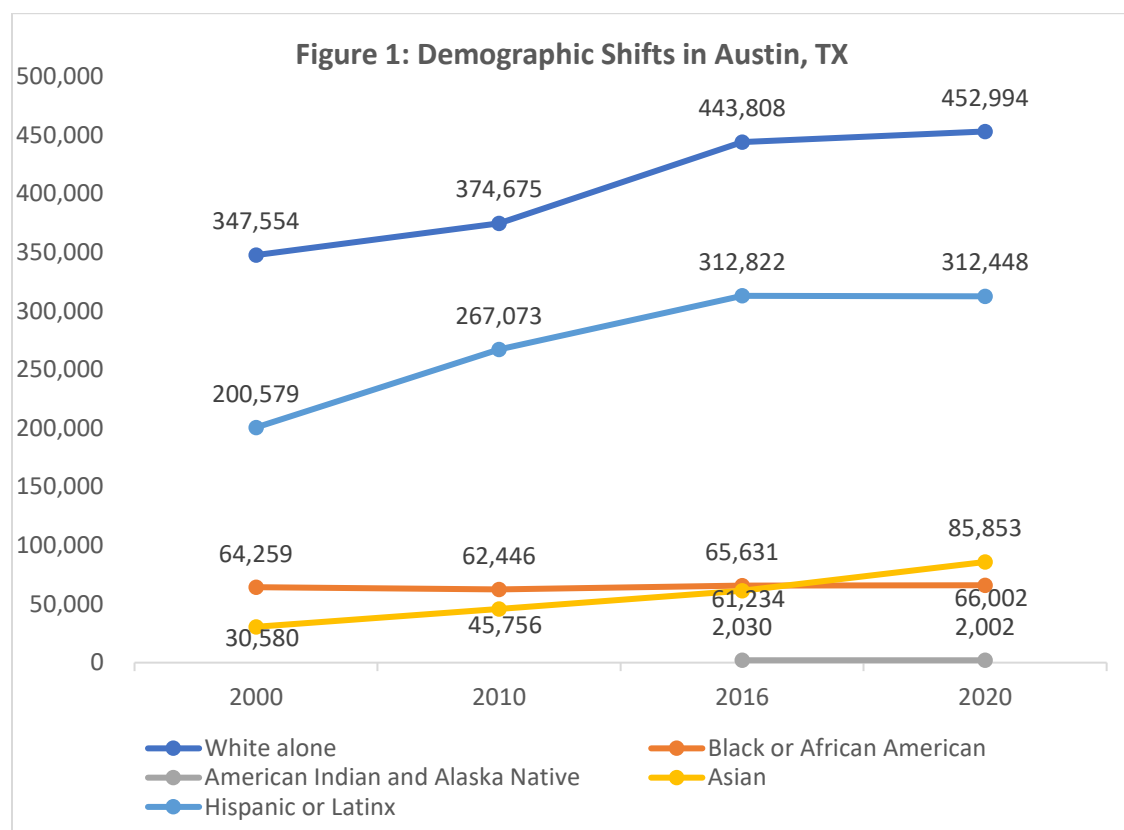
5) Increase the value of BIPOC-owned businesses

- a. Have employers partner with existing programs or help sponsor new apprenticeship and career training programs to create a pipeline of local talent.
- b. Remove barriers for MBE/WBE/DBE construction companies.
- c. Cut red tape to remove barriers to public resources.
- d. Remove barrier requirement of legally insurable spaces.
- e. Remove barriers preventing businesses from becoming licensed and provide incentives.
- f. Establish preference policy for BIPOC residents and businesses harmed by displacement.
- g. Establish Project Connect local hire or priority hire policy.
- h. Require Community Benefits Agreements of large businesses.

Austin Background and Context

Austin, Texas is a bustling city known for its entertainment, art and culture, food, and politics. According to U.S. News & World Report, the city ranked as one of the best places to live from 2017-2019 based on affordability, job prospects, and quality of life.² According to residents FSG engaged through a focus group on homeownership in the city, Austin provides diverse communities, access to outdoor spaces, music, and a peaceful quality of life. The quality of life in Austin attracts people from around the world and creates economic growth.

People from around the world are moving to Austin in droves. Between 2010 and 2020, Austin's population grew by 33.7%.³ Between 2010 and 2018, only 39% of the population growth in Travis County was driven by natural increases (the number of births exceeding deaths); 60% was driven by in-migration.⁴ This growth continues to shift Austin's demographic makeup (see figure 1)⁵, creating several exciting opportunities for the city. For example, we have seen an increase in Latinx and Asian households adding to the overall diversity of the region. The rapid growth has also created many



² <https://www.forbes.com/sites/laurabegleybloom/2019/05/31/is-austin-texas-the-best-city-in-america/?sh=5a12ddfd65c5>

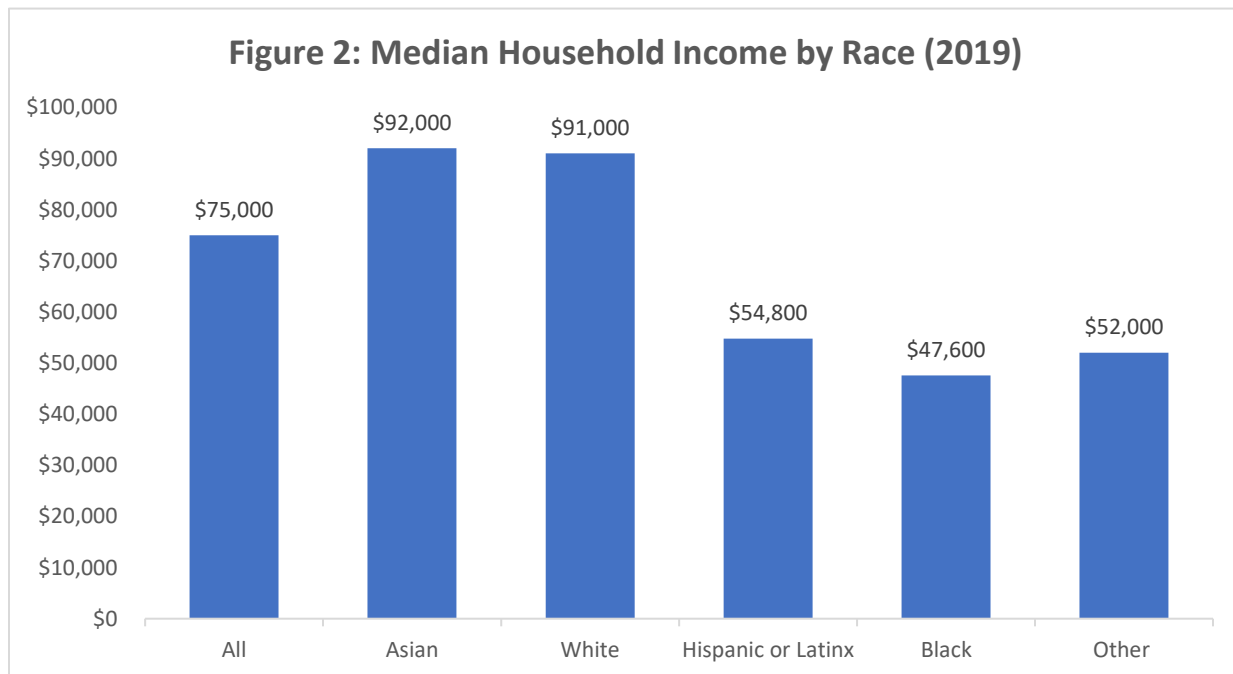
³ <https://www.austinchamber.com/economic-development/austin-profile/population/overview>

⁴ https://www.austintexas.gov/sites/default/files/files/Housing/Austin%20HMA_final.pdf

⁵ Sources for Figure 1: 2020 Census and 2020 American Community Survey Estimates, as presented in City of Austin Housing and Planning Department Demographics dashboard;
https://www.austintexas.gov/sites/default/files/files/Planning/Demographics/city_of_austin_profile_2010.pdf

challenges related to the displacement of current residents as shown by the decline in the city's Black population over the last decade.⁶

Austin has also demonstrated significant economic growth and resilience overall, although not all residents have benefited. The city's commercial success is evident in its resilience during the COVID-19 pandemic. Throughout the pandemic, the city has remained one of the best-performing metropolitan areas according to several economic indicators. For example, the city has seen an increase of 7% in non-farm payrolls between 2020 and 2021, while the country overall has only seen a 2.8% rise.⁷ Similarly, as of April 2022, the city's unemployment rate was 2.5% against a national rate of 3.3%.⁸ Unfortunately, not all Austinites benefit equally from the city's economic prosperity (as shown in figure 2). In fact, by some accounts, Black and Latinx households have not recouped their economic losses following the 2008 recession at the same rate as White and Asian households.⁹ The city has become known as a southern Silicon Valley with large amounts of investment capital flowing to fund a robust technology industry in the city. Black and Latinx Austinites are underrepresented in these high-earning industries and are overrepresented in some of Austin's lowest-paying industries like health care, social assistance, accommodation, and food services.¹⁰ This results in Black and Latinx households in Austin having a substantially lower median household income than Asian and White households.



⁶ <https://www.austincf.org/wp-content/uploads/2020/01/RacialWealthDivide-Profile-Austin.pdf>

⁷

https://cdn1.austinchamber.com/%20ed/files/eoind/EconomicIndicators2022_06.pdf?_ga=2.187698344.1262800627.1657212940-1236099185.1655576707

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https://cdn1.austinchamber.com/%20ed/files/eoind/EconomicIndicators2022_06.pdf?_ga=2.187698344.1262800627.1657212940-1236099185.1655576707

⁹ <https://www.austincf.org/wp-content/uploads/2020/01/RacialWealthDivide-Profile-Austin.pdf>

¹⁰ Urban Institute Data and Analysis, 2022 (see Appendix C).

Historical Context

In many ways, Austin's income inequality is reflective of the larger wealth gap that exists between Black, Indigenous, and Latinx households and those of White and Asian households. This gap was created by years of racially driven socioeconomic exclusion of Black, Indigenous, and people of color (BIPOC). Throughout the city's history this exclusion has taken on many forms from violence to negligence, leaving lasting effects on each successive generation.

"We hear things in the community that are deeply rooted in the history of the Hispanic and African American community in particular. We have been more intentional in considering [historical accounts] over the past seven or eight years to start addressing those issues. This has allowed us to connect to residents in a better way as it allows them to state their truth and us to come to a common ground." – State Government Employee

According to civic leaders, Austin has recently begun to grapple and reckon with the harm this history has done to racial groups over time and its lingering effects.¹¹ As in many cities across the country, the topic of racism has been controversial, and public interest in addressing the impact of racism has ebbed and flowed over time. As national conversations have found their way to the city in response to the Movement for Black Lives which gained traction after the murder of George Floyd, the city finds itself in conflict with the state's conservative political agenda. Due to the sustained efforts of local organizers in communities of color and with a growing population of progressive residents taking an interest in racial equity, a window of opportunity has once again been created to engage and address the harmful effects of racism on Austinites of color.



Figure 3: Racial Equity Anti-Displacement Tool: Nothing About us Without Us report by Racial Equity Catalyst and the City of Austin

Such reckoning appears in the *Racial Equity Anti-Displacement Tool: Nothing About Us Without Us!* report, which Racial Equity Catalysts created in partnership with City of Austin staff.¹² The report offers guidance to the City of Austin, Austin Transit Partnership, and Capital Metro on how to counter the displacement predicted to occur through Project Connect, an expansion of the city's public transit system. It also provides a historical account of the racist origins of some of the existing disparities in housing, transportation, health, education, and economic outcomes, which were a direct result of past and current laws, ordinances, and city planning.

Understanding this history is critical to addressing the root causes of inequality that people of color face in Austin. Through such an understanding, city leaders, planners, and partners can recognize the pattern of disenfranchisement that has created the outcomes

¹¹ FSG Interviews and Analysis, 2022.

¹²

https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

we see today. Leaders are better equipped to interrupt those patterns when they have a deeper understanding of what they are.

Genocide and colonization of Native and Indigenous peoples: The lands within Texas were once the lands of the Jumanos¹³, Tonkawa¹⁴, Ndé Kónitsaqíí Gokíyaa (Lipan Apache)¹⁵, Coahuiltecan¹⁶, and Nʉmənənʉ Sookobitʉ (Comanche)¹⁷ peoples on Turtle Island. Multiple genocides and ethnic cleansing strategies were employed to exterminate Natives, deny them human agency, and make way for Spanish, Mexican, and American occupations to colonize the lands of central Texas. When the Spanish settlers arrived more than four hundred years ago, they began to violently eradicate and forcibly assimilate Indigenous communities. According to Mario Garza, cultural preservation officer of the Miakan-Garza Band and cofounder of the Indigenous Cultures Institute of San Marcos, many Native Americans were baptized as Catholic, given Spanish last names, and taught Spanish.¹⁸ Passing as Mexican or Tejano became a common survival tactic, and contributes to gap in understanding Austin's Indigenous history. Garza estimates that nearly half of Texas Latinos have Native American heritage.¹⁹ This pattern of assimilation for survival was also very common during Jim Crow. Some Native families were reluctant to register as Native American under Jim Crow law, because it resulted in having their legal rights restricted as second-class citizens. Furthermore, the process to become a federally recognized tribe is extremely complicated and relies heavily on proving historical continuity which is nearly impossible when generations were destroyed or removed from their land. Without federal recognition, Native Americans are not able to practice aspects of their cultures like performing a cultural ceremony in Barton Springs (a sacred site to the Miakan-Garza).

Acknowledgement of the limited data presented on Native communities: The authors of this report would like to acknowledge and apologize for the limited data presented on Indigenous peoples throughout this report. We recognize that Indigenous peoples have faced generations of erasure and regret to continue this trend by presenting only limited information about them. Due to resource and time constraints, our team was unable to do due diligence in understanding the needs of Native American communities in Austin regarding homeownership and business starts and growth. We encourage City leaders to invest into a deeper investigation of these communities. We also recognize the intersectionality of Indigenous and Latinx identities, and the trend of Latinx communities reclaiming their Indigenous identities.

Enslavement and colonization of African people: The exploitation of labor of enslaved African people was a part of Spanish colonization in the state. Following Mexican independence from Spain, slavery was outlawed. However, many White settlers actively fought to guarantee their right to enslave Black people (including Stephen F. Austin, known as the "Father of Texas").²⁰ When the Republic of Texas was formed

¹³ <https://native-land.ca/maps/territories/jumanos/>

¹⁴ <https://native-land.ca/maps/territories/tonkawa-2/>

¹⁵ <https://native-land.ca/maps/territories/lipan-apache/>

¹⁶ <https://native-land.ca/maps/territories/coahuiltecan/>

¹⁷ <https://native-land.ca/maps/territories/n%ca%89m%ca%89n%ca%89%ca%89-comanche/>

¹⁸ <https://www.kut.org/texas/2022-03-31/where-have-austins-indigenous-people-gone>

¹⁹ <https://austonia.com/austin-native-americans>

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https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

in 1836, slavery was legal and free Black people were not allowed to reside permanently in the Republic under its constitution.²¹ Slavery continued after Texas joined the United States and, later, the Confederate States of America. After the Emancipation Proclamation legally ended slavery in 1863, White plantation owners refused to release their enslaved workers until Federal troops arrived to enforce the Proclamation two years later.

Denying Chinese immigrants from owning property: Chinese immigrants, who were prohibited from citizenship between 1882 and 1924 under the Chinese Exclusion Act, were also denied the right to own property in Austin by discriminatory laws.²² Even their American spouses were stripped of their U.S. citizenship and its benefits.²³ In 1936, the Chinese community protested in the Texas Senate, as state lawmakers had proposed a bill to prevent Asian immigrants from owning property. Fortunately, the bill did not pass, but negative perceptions of Asian property owners remained.²⁴

The 1928 Master Plan and displacement of freedom colonies: After the Civil War, formerly enslaved people settled throughout Austin, arriving in communities known as freedom colonies, including Clarksville, Wheatville, Kincheonville, Masontown, Gregory Town, and East Austin.²⁵ The City denied the members of freedom colonies the public services enjoyed by surrounding neighborhoods, such as paved streets, sidewalks, street lighting, sewers, and flood control measures. In order to enforce racial segregation more efficiently, the City authorities encouraged Black families to relocate to East Austin, which became codified as the "Negro District" in the 1928 Master Plan (shown in Figure 4). This was the only part of the city where Black people could access schools, public utilities, and other public services. Nevertheless, the City underfunded public services in the district, and private developers did not provide utilities as an alternative option for residents as they did in White neighborhoods. Even some streets were not paved until the 1970s.

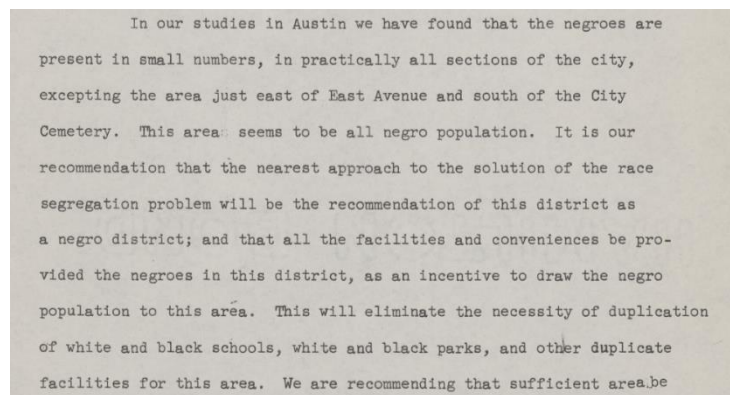


Figure 4: Excerpt from Austin's 1928 Master Plan

Redlining in East Austin: This same "Negro district" was redlined under federal mortgage financing guidelines, slowing homeownership for Black families. The Home Owners' Loan Corporation (HOLC), established in 1933 by the U.S. Congress to refinance mortgages in default and prevent foreclosures,

²¹ <https://tarlton.law.utexas.edu/constitutions/republic-texas-1836/general-provisions>

²² <https://www.austintexas.gov/sites/default/files/files/Planning/CodeNEXT/CodeNEXT-Legacy-of-Austins-Racism-in-LDC.pdf>

²³

https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

²⁴ <https://www.austinasianchamber.org/APAHistory>

²⁵

https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

created residential security maps for 239 cities to indicate the level of security for government-backed mortgages and other loans. The maps graded areas in and near the "Negro district" as "Hazardous" (as shown in Figure 5), designating them as in the riskiest category for loans. This meant that families seeking to purchase property in the area – primarily Black families – could not access loans with favorable terms. Black property buyers were therefore required to go through White intermediary buyers or to purchase smaller houses. Additionally, Black households' ability to maintain, repair, or add on to their buildings was constrained because they had to rely on personal funds to finance those projects rather than having access to loans.

Racially restrictive covenants: In the middle of the twentieth century, Austin's Latinx population began to grow, eventually coming to rival the size of its Black community.²⁶ Mexican-American families began to settle in East Austin and to the south, often displacing low-income White residents. In response to the growing Latinx population, property owners shifted toward adopting new discriminatory language in deed restrictions and private covenants. Initially, restrictive covenants only excluded Black Americans, specifying, "No people of African descent." However, they shifted in the mid-twentieth century to denote an exclusive preference for White Americans, specifying, "Caucasian only," thereby excluding all non-White people from ownership. The Federal Housing Administration often required these deed restrictions to secure the financing for housing construction. For example, in the 1930s, the City Council voted to build the country's first federally funded public housing project, which consisted of three racially segregated developments: Santa Rita Courts for Mexican Americans, Rosewood Courts for African Americans, and Chalmers Courts for Whites. All were located in East Austin. After the 1940s, homeowners' associations and common-interest developments became more common across the country—reinforcing restrictive covenants. In the 1980s, Texas's state legislature began to centralize rules on restrictive covenants into the general property code. In 1987, legislators updated property codes to give covenants broad authority in controlling land use and gave more power to property owners.

Urban renewal or "urban removal": In the 1960s, federally funded efforts to subsidize the acquisition and clearing of sites for redevelopment by tearing down "slums" and "blighted areas" resulted in

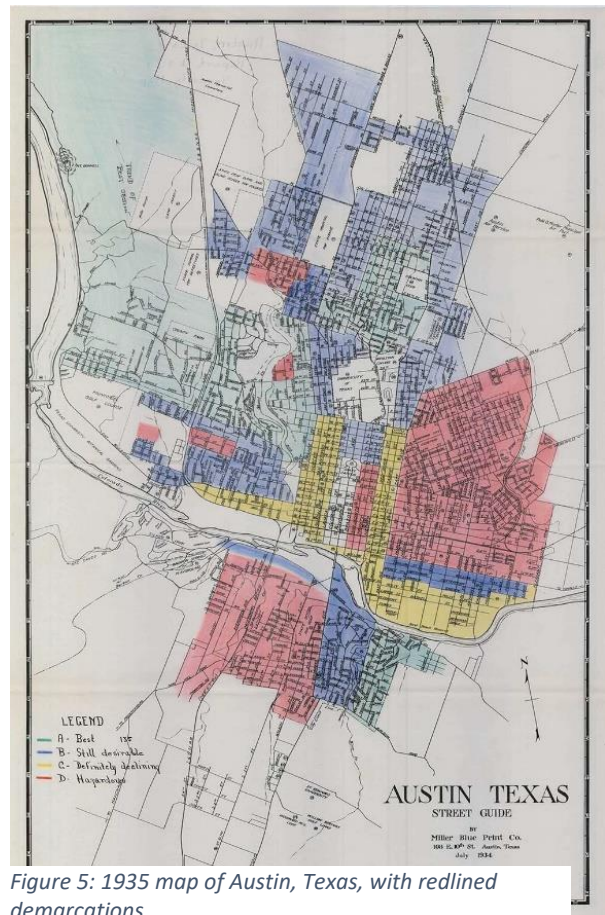


Figure 5: 1935 map of Austin, Texas, with redlined demarcations

²⁶ <https://projects.statesman.com/news/economic-mobility/latino.html>

massive displacement in Austin. Less than 1% of funding went to assisting residents with relocation.²⁷ Austin's urban renewal efforts focused on areas with majority Black and Latinx populations, such as Brackenridge (1969), University East (1968), Kealing (1966), and Blackshear (1969). It turned formerly residential land into parks and schools without providing adequate opportunities for displaced households to return. This pattern of displacement continues to the present day. In 2010, the City Council's adoption of the East Riverside Corridor Master Plan displaced an estimated 1,700 low-income and working poor Austinites. Most were people of color.²⁸

I-35 and MoPac: The federal government heavily subsidized the construction of the Interstate Highway System in the middle of the twentieth century. Across the country, transportation agencies selected routes for the new highways that demolished established neighborhoods, often occupied by communities of color, with little to no input from the affected communities. In 1958, Austin's City Council approved the land acquisition to widen East Avenue into I-35, seizing property from Black and Latinx households.²⁹ The highway physically divided the city along lines of racial segregation. In 1971, the construction of the MoPac Expressway destroyed nearly one-third of homes in the historic Clarksville Freedom Colony, displacing many Black Families.

Zoning policies: In 1957, large parts of East Austin were designated as an industrial zone by the Industrial Development Plan of 1957. This guaranteed that polluting industries were located primarily in communities of color, which created hazardous living conditions, lowered property values, and enabled the construction of toxic properties like the Tank Farm and Holly Street Power Plant. The resulting decrease in property values meant that property owners lost wealth and faced more significant challenges in getting loans to maintain and expand their buildings, inviting opportunities for predatory buying practices years later.³⁰ In 2005, the Texas legislature passed a law prohibiting all forms of mandatory inclusionary zoning ordinances by local government. This continues to make it challenging to mandate the creation of new affordable housing units.

Environmental policies and ordinances focused exclusively on West Austin: In the early 1990s, primarily White West Austin homeowners successfully advocated for stricter development-control ordinances like the Drinking Water Protection Zone over the Edwards Aquifer. The City established the Desired Development Zone (DDZ) to steer development and redevelopment away from environmentally sensitive areas in West Austin to East Austin, accelerating gentrification. To this day, these plans are still

27

https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

28 <https://www.austintexas.gov/sites/default/files/files/Planning/CodeNEXT/CodeNEXT-Legacy-of-Austins-Racism-in-LDC.pdf>

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https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

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https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

actively referenced as a contributing factor to the displacement in East Austin.³¹ These plans fall within a pattern of environmental policies that harm communities of color. In 1948 a tank farm was constructed in the neighborhood near Springdale and Airport Boulevard.³² The farm, backed by oil giants Chevron, Star Enterprise, Citgo, Coastal States, Exxon, and Mobil, was forced to relocate after neighborhood advocates mobilized residents and distributed research on the site's toxic emissions and their resulting health effects on nearby residents in 1991. The East Austin Strategy Team (EAST) was an umbrella group of associations made up of Black residents and People Organized in Defense of Earth and Her Resources (PODER) was led by Latinx East Austinites. The two groups led the successful effort with the support of environmentalists in the wealthier parts of the city west of Interstate 35.

Austin becoming a hub of innovation and technology: Dating back to the 1950s, business leaders have spearheaded an economic development effort to expand the city's economic base by expanding the presence of technology industries, which have a predominantly White and Asian workforce. Austin's expanding economy and rich cultural scene attracts up to 150 new residents daily.³³ From 2000 to 2016, the number of White and Asian employees in these industries grew by 115% and 77%, respectively.³⁴ In contrast, the number of Black employees in these industries fell by 4.8%. The new arrivals to Austin are often White and have higher incomes, contributing to the rising cost of living, including the increasing price of older houses and rising apartment rents in East Austin. Housing anywhere in the city is now becoming unaffordable to many native Austinites.

Power and Agency: In addition to the phenomena examined in the *Displacement Tool*, civic leaders reveal that the communities affected by this legacy of racism have had troubling experiences in the struggle for agency for their communities. This struggle between the city's planning efforts and resident resistance is well documented in *Not in the Plan: Silencing Communities of Color in Austin's Planning History*.³⁵ The book (shown in Figure 6) offers a timeline of planning processes since the 1928 plan and describes activists' responses to those efforts. There have been and continue to be numerous attempts by residents to receive relief from the historical harm of urban planning by altering the trajectory of proposed developments.³⁶ These efforts often fail to effect change due to the unsustainability of advocacy based on the volunteerism

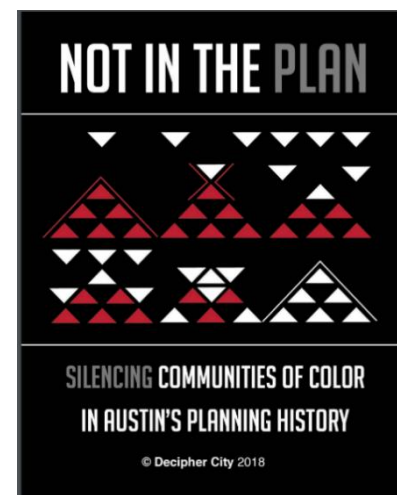


Figure 6: *Not in the Plan: Silencing Communities of Color in Austin's Planning History* by Decipher City

³¹

https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

³² <https://www.austinmonitor.com/stories/2021/06/watershed-report-shines-a-light-on-racism-in-tank-farm-history/>

³³

https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

³⁴ <https://www.bizjournals.com/austin/news/2017/09/14/by-the-numbers-a-racial-and-ethnic-breakdown-of.html>

³⁵ https://deciphercity.org/wp-content/uploads/2018/10/Not_in_the_Plan.pdf

³⁶ FSG Interviews and Analysis, 2022.

of working-class people, a divided City Council and advocacy base, and commitment to City plans and economic development plans that were drawn up without residents' consent. Furthermore, there is a widespread perception that companies have the most significant influence over the direction of Austin's development due to their ability to resource their advocacy agendas.³⁷ While there were early advocates of anti-displacement efforts, it took Austin's City Council years to address displacement

"It is somewhat obvious, but the community is almost always ahead of knowing what the next big problem in Austin will be. They are the first to feel its effects and are often the first to advocate for support from the city or changes. Unfortunately, City Council members often have different priorities. Some will only jump onto solutions if there is already momentum. Others will take the side of the corporations that run the city."

directly. Even as the Council begins to act more decisively, the impact of laudable initiatives on equitable housing and entrepreneurship outcomes is not immediate, with lag times sometimes stretching over a decade before positive effects can be seen.

From the genocide and colonization of Native and Indigenous peoples to the displacement of Black Austinites, these historical and contemporary factors widen the gaps in wealth and power between Austinites of color and White Austinites while creating pockets of populations vulnerable to displacement and underinvestment. Austin has the region's highest level of Black and Latinx segregation and the largest "poverty gaps," with Black and Latinx families' poverty rates averaging 17% greater than that of White households.³⁸ The geographic pattern of these vulnerability factors, demographic changes, and housing market changes closely follows what is known as the "eastern crescent." As described in a report on gentrification developed by University of Texas researchers, "this crescent, shaped like a backward letter "C," begins north of downtown Austin, just outside U.S. highway 183, and follows the highway as it heads southeast and then due south before bending to the southwest and tapering due south of downtown and Oltorf."³⁹ Maps of the crescent closely resemble those of the 1928 City Plan and the redlining that ensued.

As all of the events described above unfolded, Black, Indigenous, Asian, and Latinx Austinites were limited in their ability to secure the wealth necessary to own property and enterprises at the same scale as White Austinites. The rest of this report elevates the current gaps in homeownership and entrepreneurship and highlights the systemic barriers that maintain them. This report also attempts to lay the groundwork to address those gaps by elevating Austin's assets and a broad array of opportunities for the city.

³⁷ FSG Interviews and Analysis, 2022.

³⁸ <https://www.austincf.org/wp-content/uploads/2021/05/HousingReport-web.pdf>

³⁹ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part2.pdf>

Homeownership

Role of Homeownership in Promoting Equitable Wealth Creation

Homeownership has long been a key element of the American Dream for its ability to create stable housing and generational wealth. While the concept of the American Dream has recently been questioned, the significance of owning a home is not. According to residents that participated in a focus group with FSG, homeownership provides Austinites with the stability to raise their families, gain autonomy over their living spaces, have a greater sense of security, and build wealth and assets over time.

The Austin Community Foundation commissioned the *Producing, Protecting and Preserving Housing Affordability in Central Texas* report with funding from JPMorgan Chase, National Instruments, and St. David's Foundation. The report (shown in Figure 7) states "that housing problems have ripple effects on health, education, economic mobility, child welfare, racial equity, criminal justice, and more." It asserts that safe, stable housing means:

- children do better in school
- seniors are healthier and more socially connected
- parents and children experience better mental health
- workers are more productive
- trips to emergency rooms are reduced
- families have more disposable income to strengthen their financial security and boost local economies.⁴⁰

As renting becomes more expensive across the country—especially in Austin—owning a home can help create housing stability. As shown in Figure 8,⁴¹ those who are homeowners experience less housing cost burden than those who are renting.

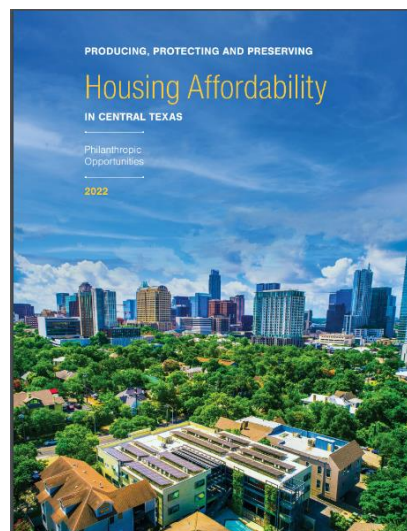
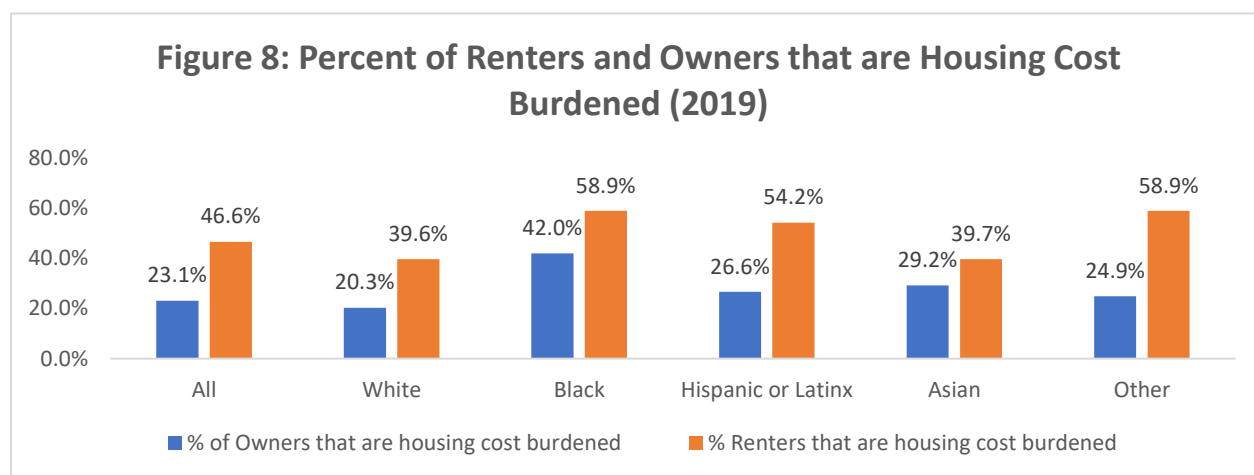


Figure 7: *Producing, Protecting, and Preserving Housing Affordability in Central Texas* commissioned by the Austin Community Foundation



⁴⁰ <https://www.austincf.org/wp-content/uploads/2021/05/HousingReport-web.pdf>

⁴¹ US Census Bureau, American Community Survey

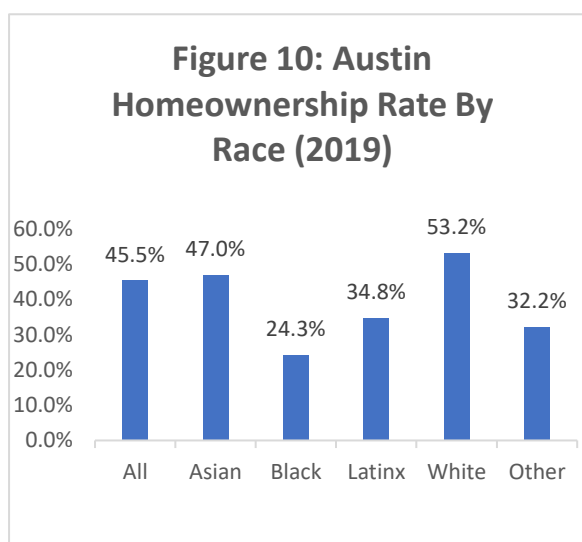
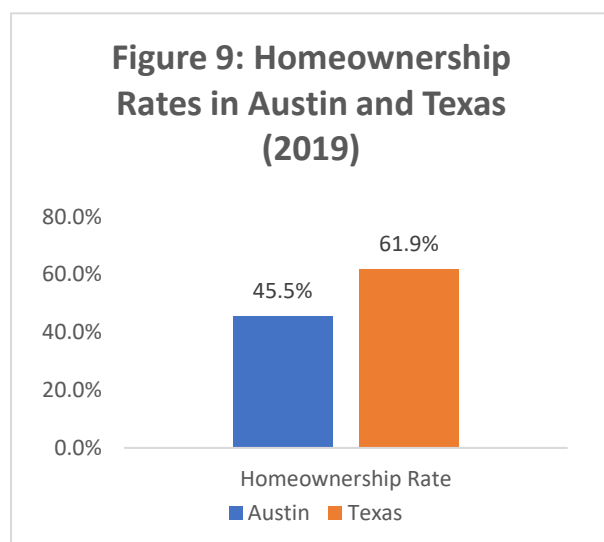
While homeowners may be more likely to already be in a more financially secure position, focus group participants suggested that renting introduces great uncertainty about potential rent increases at the end of each lease. By securing a fixed-rate mortgage on a home, a family turns its monthly housing payment into a stable expense that does not increase, rather than facing the uncertainty of a new lease every twelve months.

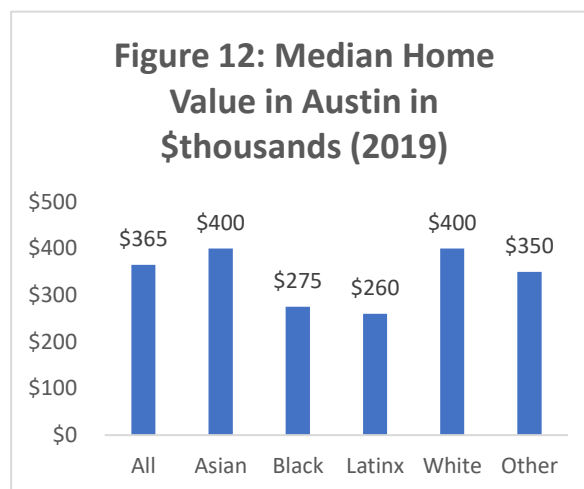
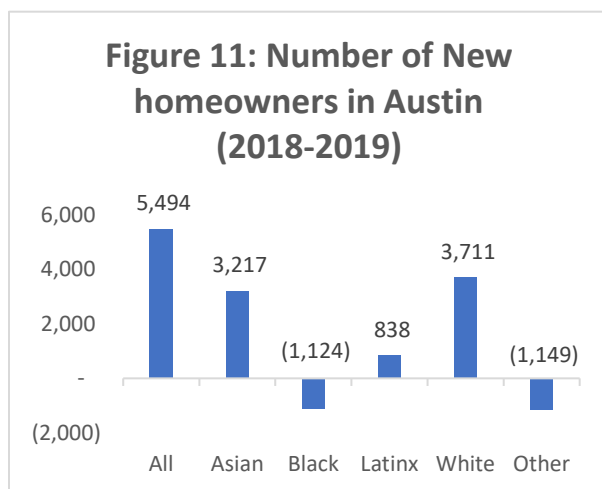
Finally, enabling more Austinites of color to own homes increases the likelihood of wealth being generated and passed on in communities of color. In Austin, houses are likely to appreciate as the city grows and inventory fails to grow with it. While White families have benefited from this dynamic throughout Austin's history, African Americans and Latinx families have been excluded from homeownership as a mechanism to build wealth. To close the racial wealth gap in Austin, homeownership must be an opportunity that BIPOC Austinites can successfully pursue.

Current State of Homeownership in Austin

While Austin attracts many home seekers from other states because of its economic dynamism and relative affordability (at least compared to California), the city has more renters than homeowners. While many more residents would like to own, housing costs have increased as supply has struggled to keep up with the recent population boom. These increases in cost and rampant gentrification have led to the displacement of existing communities of color within the city. They have also deterred families with less earning power from moving to Austin.

The legacy of racism and present-day displacement continue to shape the current state of homeownership in Austin. According to data gathered by the Urban Institute, people of color own homes at lower rates than their White and Asian counterparts (figure 9 and 10). While other population groups have seen an increase in homeownership rates since 2018, there has been a decline in the number of new Black homeowners (figure 11). Furthermore, even when Black and Latinx Austinites are able to purchase a home, the homes are typically valued less than those of their White and Asian counterparts (figure 12). Exclusionary planning, redlining, and urban renewal continue to create disadvantages for communities of color.





Source for data in figures 9-12: Urban Institute Data and Analysis, 2022

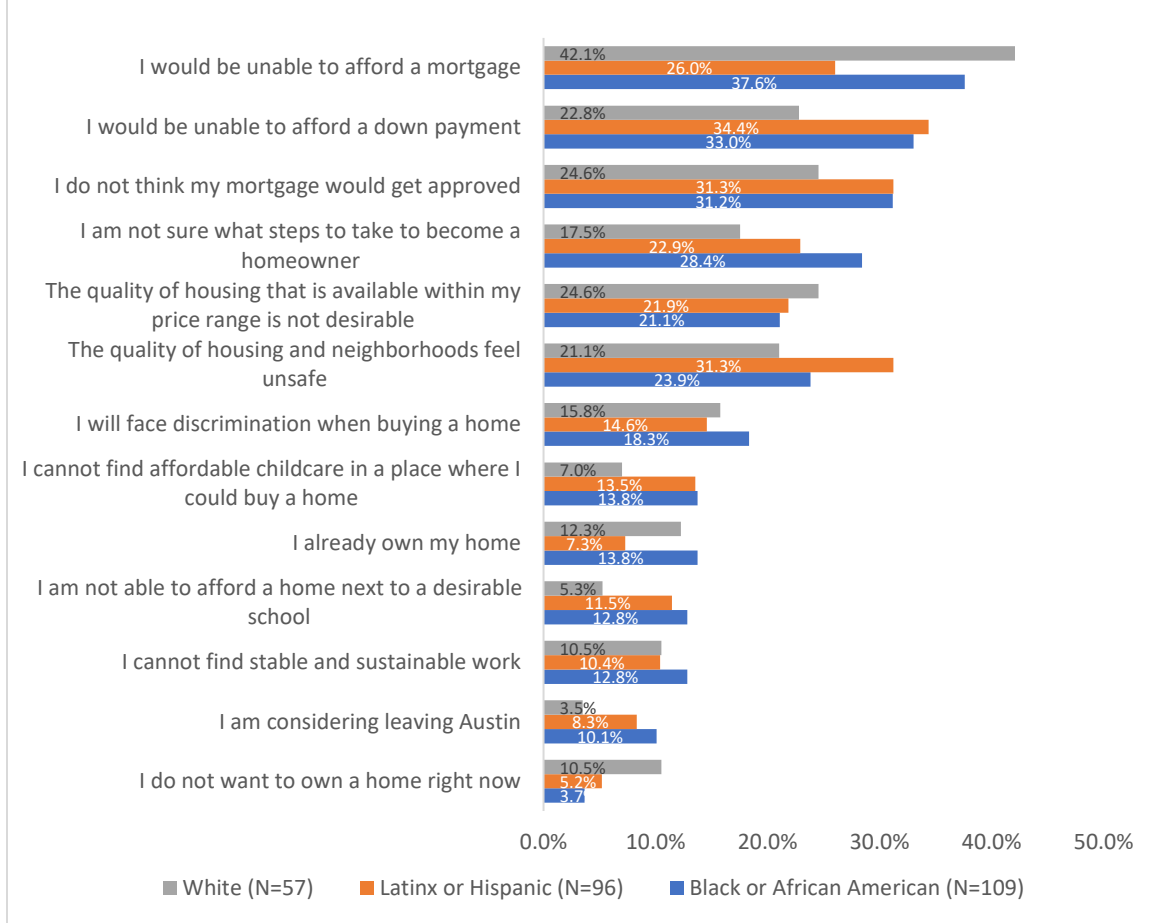
Barriers to More Equitable Homeownership

Even though many Black and Latinx Austinites desire to own a home in the city, their ability to purchase new homes is increasingly limited, and those who are homeowners already are finding it more challenging to stay in their homes.⁴²

In June of 2022, we surveyed Austinites to gain a better sense of their experiences building wealth within the city. When we asked what the greatest challenges to homeownership are, a plurality of respondents (82 people or 33%) stated that they would be unable to afford a mortgage. White respondents reported that they were “not interested in homeownership at this point” at nearly twice the rates of Black and Latinx respondents. Conversely, Black and Latinx respondents noted that “I am not able to afford a home next to a desirable school” at nearly twice the rate of White respondents. Notably, 31% of Latinx respondents responded with experiencing unsafe housing and neighborhoods. The challenges faced by Austinites of color are making them consider leaving Austin at higher rates as well.

⁴² FSG Interviews and Analysis, 2022.

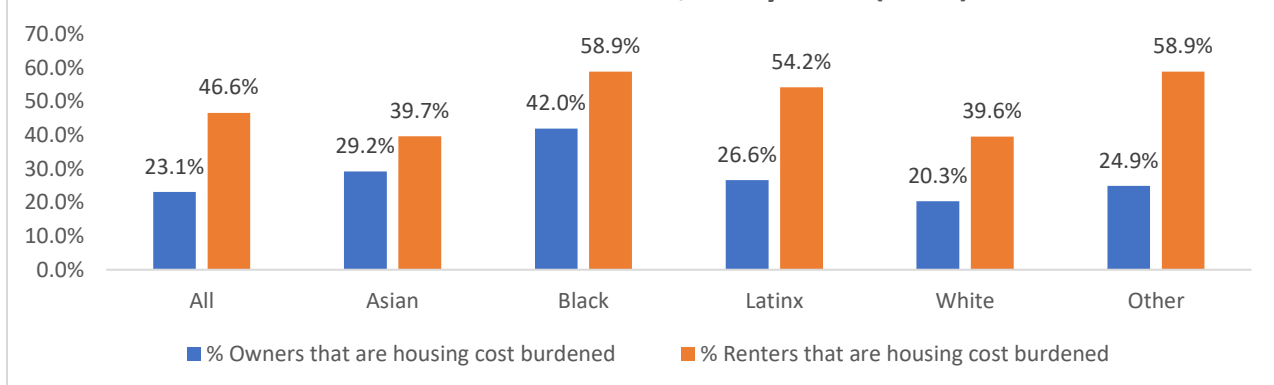
Figure 13: Survey Responses to Top Challenges to Homeownership



Decreasing Affordability

Today, conversations about Austin's housing market frequently focus on the decreasing affordability in both the rental and home ownership markets. According to one interviewee, "Austinites who embody the city's character and who provide critical services to the community" are burdened by increasing

Figure 14: Percent of Owners and Renters Who are Housing Cost Burdened in Austin, TX by Race (2019)



Source for data in figure 14: Urban Institute Data and Analysis, 2022

housing prices.⁴³ Housing costs continue to outpace wage growth, leaving 23.1% of homeowners and 46.6% of renters housing cost-burdened (paying over 30% of income on housing).⁴⁴ Cost-burdened households are disproportionately people of color (Figure 14). This is, in part, because people of color earn lower wages in Austin. Renters earning less than \$50,000 per year have very few affordable options. From 2017-2018, such a household could only afford 5% of homes listed or sold (with affordability defined as the ability to pay for utilities, insurance, and property taxes and assume a 30-year fixed-rate mortgage with a 4.5% interest rate).⁴⁵ Another contribution to elevated housing cost burden for people of color is that they tend to own older homes which incur higher utility and maintenance costs.

Home prices have increased significantly recently, making it infeasible for many low-income households to purchase properties. The median sale price for a home in Austin was \$179,250 in 2010 and hit an all-time-high record of \$536,331 in December of 2021, representing a 200% increase.⁴⁶ Between 2012 and 2017, the number of renting households earning between \$35,000 and \$100,000 grew by 28,600. Ownership rates among households at that income level dropped from 44% in 2012 to 36% in 2017.⁴⁷ While some homeowners of color saw rising housing prices as an opportunity to sell, many of their homes were appraised at lower values than comparable homes owned by Whites.⁴⁸

Increasing costs of living are putting a strain on people's ability to afford a home. Rental costs have risen drastically in recent years, while wages have not kept up. Between 2008 and 2018, monthly rent in Austin grew by 51%, while median income only grew by 23%.⁴⁹ While rents stagnated during the pandemic, they have since increased at a record pace. In September 2021, the average rent was \$1,647, a 21% increase compared to pre-pandemic rents in March 2020.⁵⁰ The state of Texas bans many forms of rent control and stabilization which might provide some relief to cost-burdened households.⁵¹ Housing insecurity caused by rapidly rising rents also makes it more likely that households will encounter other economic challenges. For example, missed rental payments can negatively affect credit scores essential for pursuing homeownership.⁵²

United For ALICE conducts research that quantifies and describes the number of households that are struggling financially by calculating the cost of basic necessities in a county and comparing it to wages earned. ALICE is an acronym for Asset Limited, Income Constrained, Employed, and represents the growing number of families who are unable to afford the basics of housing, childcare, food, transportation, health care, and technology. United for ALICE considers the cost of housing, childcare,

⁴³ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

⁴⁴ Urban Institute Data and Analysis, 2022.

⁴⁵ Urban Institute Data and Analysis, 2022.

⁴⁶ <https://www.austincf.org/wp-content/uploads/2021/05/HousingReport-web.pdf>

⁴⁷ https://www.austintexas.gov/sites/default/files/files/Housing/Austin%20HMA_final.pdf

⁴⁸ FSG Interviews and Analysis, 2022.

⁴⁹ <https://www.austincf.org/wp-content/uploads/2021/05/HousingReport-web.pdf>

⁵⁰ <https://www.austincf.org/wp-content/uploads/2021/05/HousingReport-web.pdf>

⁵¹ <https://www.kvue.com/article/news/local/rental-caps-and-why-we-dont-have-them-in-texas-explained/269-0706ce13-8623-4b91-96a0-6913d3076fcb>

⁵² FSG Interviews and Analysis, 2022.

food, transportation, health care, and smartphone plan when calculating the ALICE threshold. According to United for ALICE, over 75% of households with children in Travis County headed by a single female lived below the ALICE threshold, meaning they either are in poverty or struggle to afford the full set of basic necessities (Figure 16).⁵³ Furthermore, as shown in figure 17, Black, Hawaiian, Latinx, and Indigenous households were more likely to live below the ALICE threshold than White and Asian households in Travis County.⁵⁴ Following the COVID-19 pandemic, the country is experiencing a wave of inflation and Austinites who struggled to afford to stay within the city are now in even worse economic circumstances. During FSG's focus group with home seekers of color, many indicated that homeownership felt infeasible due to the cost associated with purchasing a home.

Figure 16: Families with Children, Travis County, TX (2018)

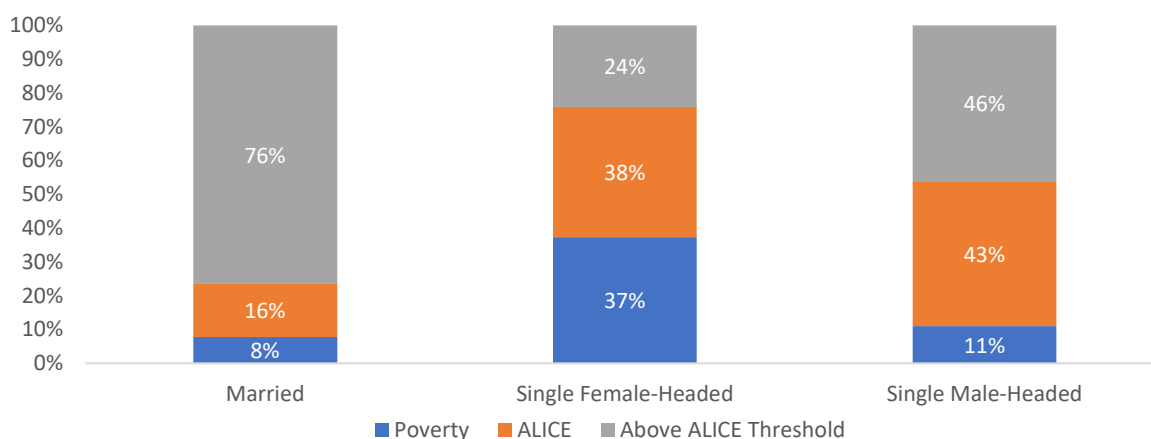
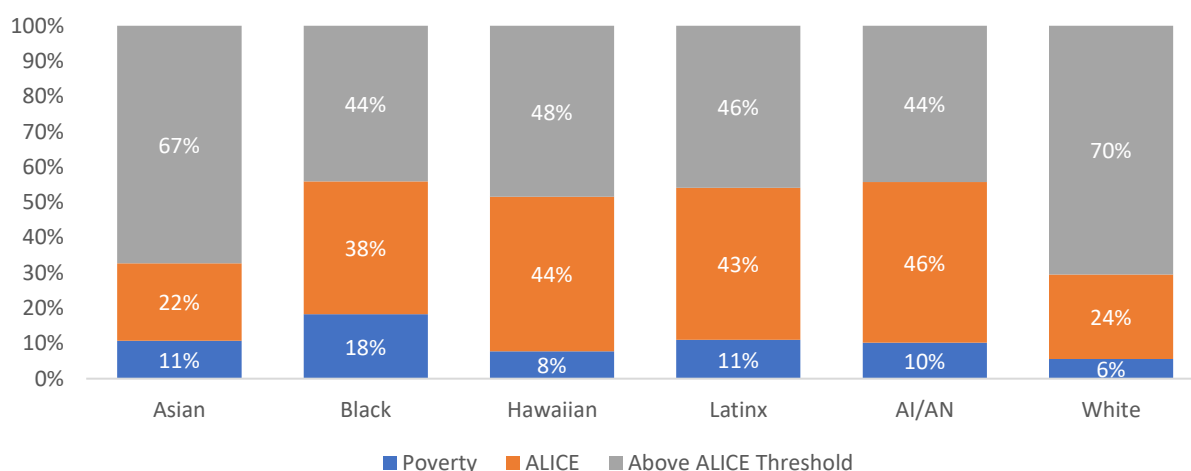


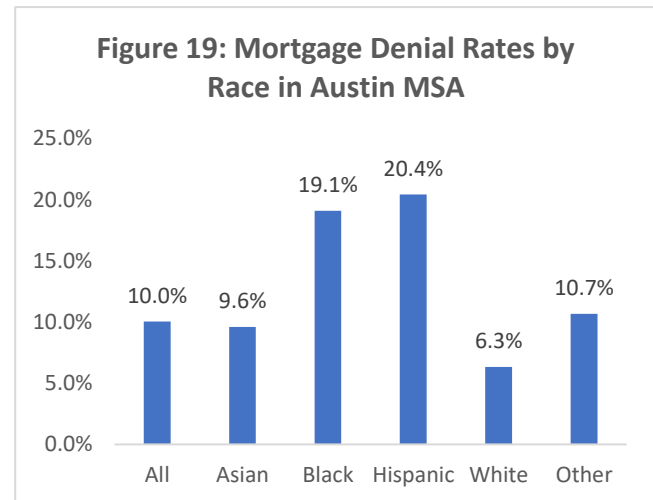
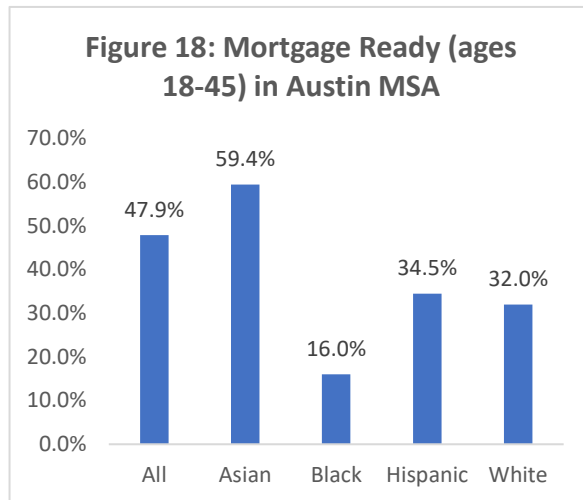
Figure 17: Households by Race/Ethnicity, Travis County, TX (2018)



⁵³ <https://www.unitedforalice.org/demographics/texas>

⁵⁴ <https://www.unitedforalice.org/demographics/texas>

Black and Latinx Austinites also have a more challenging time securing an affordable mortgage for a home. The legacy of racism in Austin has left young Black households with fewer resources needed to be considered "mortgage ready." Only 16% of Black young adults (ages 18-45) are considered mortgage ready, compared to 36% of the equivalent Latinx population, 32% of the White population, and 59% of the Asian population (as shown in figure 18).⁵⁵ To be mortgage ready, borrowers must have higher credit scores, a good debt to income ratio, and no severe delinquencies.⁵⁶ Many Black and Latinx Austinites



Source for figures 18-19: Urban Institute analysis

lack the family wealth and income parity necessary to receive the same mortgage rates as Whites. They are denied for mortgages at more than double the rates of Asian and Whites (figure 19).⁵⁷ Because so many Black and Latinx households struggle to secure a mortgage, many end up leaving the city, renting, or purchasing a home using cash.

Supply Shortage

Austin's rapidly growing population and increasing costs create a gap in the affordable housing supply. More than half of the people who work in Austin live outside the city limits, and many of them would like to live in Austin but cannot afford to do so.⁵⁸ It is estimated that a minimum of 135,000 additional housing units in the city will need to be constructed in the next decade (figure 20).⁵⁹ The *Producing, Protecting, and Preserving Housing Affordability in Central Texas* report found that only 23 affordable and available homes currently exist for every 100 low-income renter households, representing a 69,833 deficit of affordable units. The Urban Land Institute describes Austin's affordable housing stock as "short and shrinking supply," creating a "housing crisis" for low and median-income households.⁶⁰

⁵⁵ Urban Institute Data and Analysis, 2022.

⁵⁶ <https://my.sf.freddiemac.com/updates/news/insights~understanding-mortgage-readiness-a-roadmap-for-getting-more-americans-into-homes>

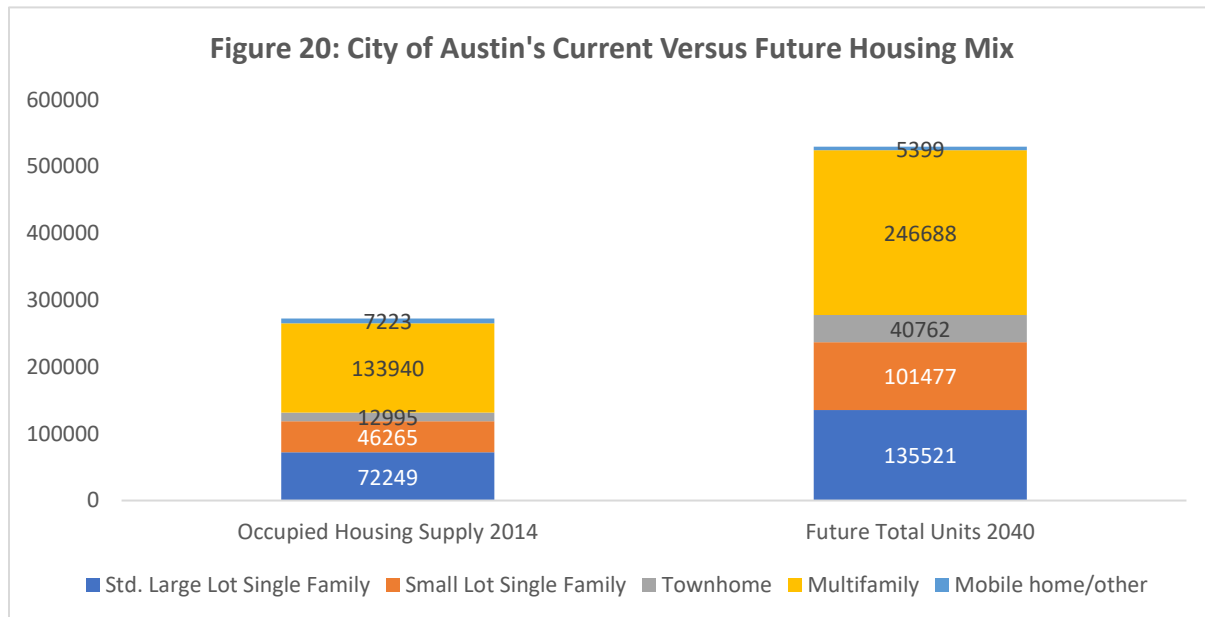
⁵⁷ Urban Institute Data and Analysis, 2022.

⁵⁸ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

⁵⁹ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

⁶⁰ Cited in *Producing, Protecting, and Preserving Housing Affordability in Central Texas*, CSB Philanthropic Solutions, 2002

The city's inventory affordable to low and median-income households has decreased. The city's stock of for-sale units affordable to renters earning less than \$75,000 to buy has declined substantially from 49% of all homes listed/sold in 2008 to 22% in 2017-2018.⁶¹ There are fourteen times more renters earning less than \$75,000 than there are affordable homes to buy. In 2017 the City of Austin adopted the Strategic Housing Blueprint to address rising demand in the housing market. As of 2020, the City of Austin has built 7,010 affordable housing units – less than 12% of the Blueprint's ten-year goal.⁶² The majority of the production gap is occurring in the development of homes that would be affordable to households at 30% MFI and below and those at 61-80% MFI. To meet the future housing needs of the city, more affordable housing development must occur.



Source for figure 20: Austin Balanced Housing Model, Fregonese & Associates, 2016

The housing products available to Austinites lack variety and there are differing opinions on which products might best enable affordable housing in Austin. The *City of Austin Comprehensive Housing Market Analysis* describes changes and trends in the housing supply.⁶³ From 1993 to 2018, single-family detached permits averaged 2,800 per year, peaking in 2005 before the Great Recession and plummeting right after (figure 21). Multi-family unit permits averaged 4,186 per year and have been relatively high recently, averaging nearly 6,500 units per year between 2013 and 2018. Single-family attached housing (du-/tri-/four-plexes) permits have averaged 13% of the volume of single-family permits. Accessory dwelling units averaged about 100 permits per year between 2008 and 2017 but increased significantly to 1,521 in 2018. Despite this increased permitting, the increase in housing stock is not keeping up with the rising demand as the city's population increases.

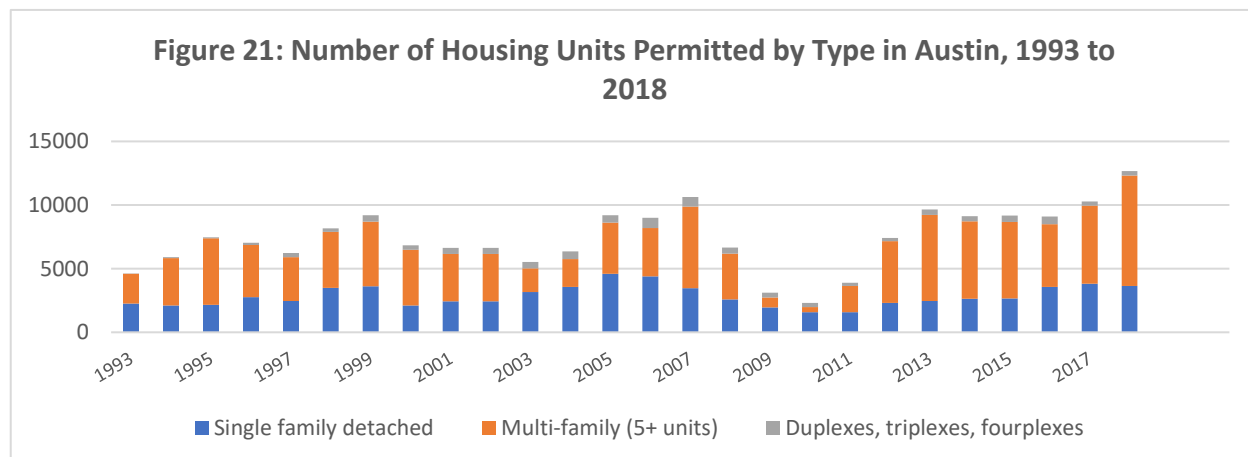
Furthermore, there are questions about demand for distinct types of housing. Is there an interest among potential homeowners of color to live in townhomes or to purchase condominiums? In which neighborhoods should we preserve single-family homes? While questions like these require further

⁶¹ https://www.austintexas.gov/sites/default/files/files/Housing/Austin%20HMA_final.pdf

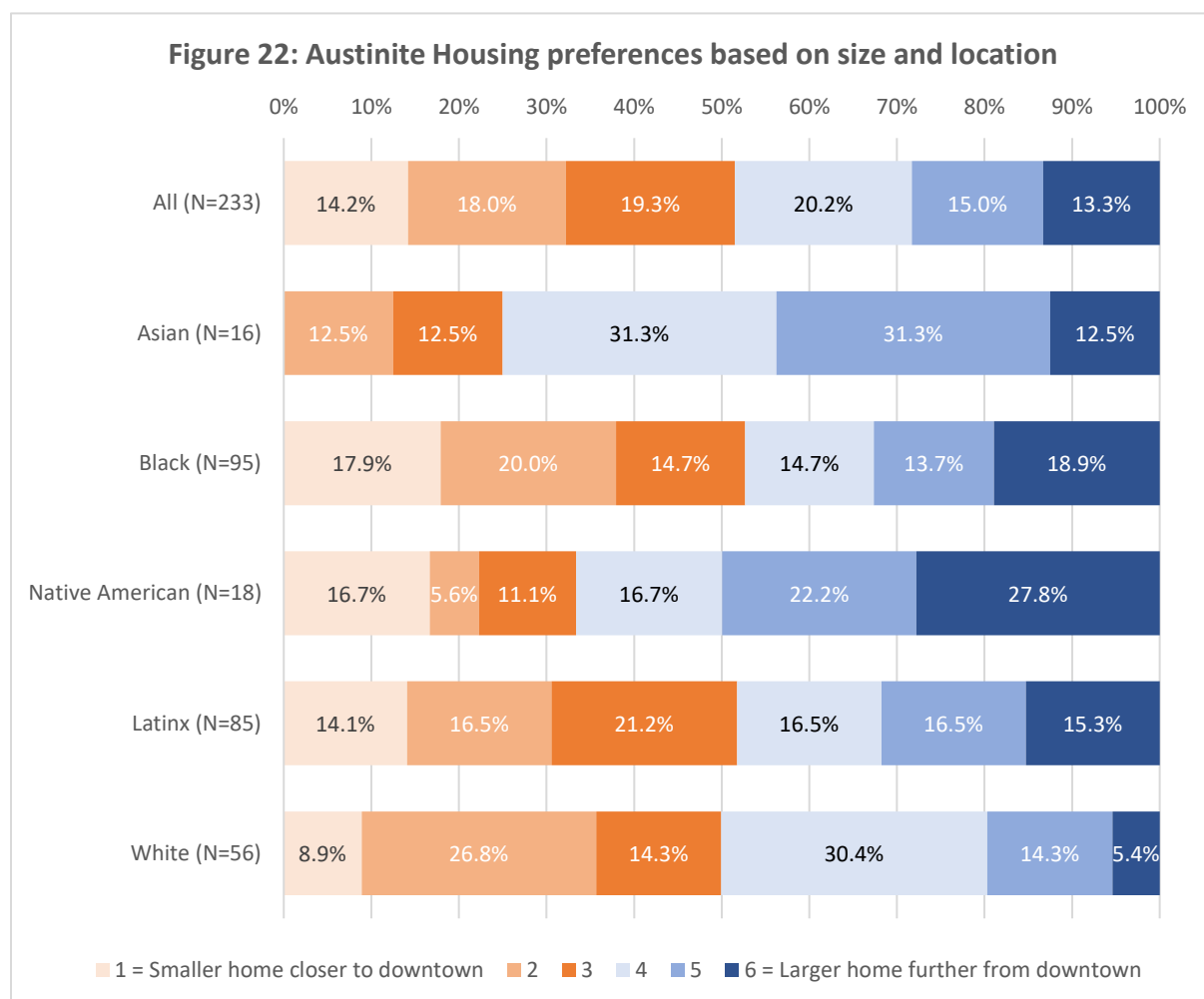
⁶² https://housingworksAustin.org/wp-content/uploads/2021/09/2020_Scorecard_ExSumm_andScorecards.pdf

⁶³ https://www.austintexas.gov/sites/default/files/files/Housing/Austin%20HMA_final.pdf

investigation, we did survey 252 people in the greater Austin area and asked them: “If you had access to an extra \$1,000 per month to put towards a monthly mortgage, would you try to purchase a smaller home closer to downtown or a larger home further out.” The results are shown in figure 22 and



demonstrate, that of the 233 respondents to the question, answers were evenly split. Given an extra \$1,000 towards their mortgage, a little over half (51.5%) of all respondents would try to purchase a smaller home closer to downtown. This response is consistent among White, Black, and Latinx



respondents. While there were significantly fewer Asian and Native American respondents, both groups demonstrated a preference for a larger home further from downtown. Among Asian respondents, 74.8% responded with a preference towards larger homes further from downtown. 66.7% of Native Americans demonstrated the same preference. This evidence suggests that there is a demand for more diverse housing options despite the tradeoffs between square footage and location.

As more people move to Austin and as the city hits the geographical limits to its growth, there is a greater interest in increasing density through multi-family housing products. The City of Austin offers about ten density bonus programs that make certain types of development in specific parts of the city eligible to receive increased building entitlements in exchange for including a percentage of units or paying a fee instead of building affordable housing.⁶⁴ The challenge with these efforts is that they usually serve rental markets and offer few homeownership opportunities.⁶⁵ As one interviewee said, “I don’t know why we keep thinking multi-family units will help with homeownership. We build thousands of units a year, but very few are made to sell to residents.”⁶⁶ Furthermore, the economics of density bonus programs typically disincentivize the creation of units that serve families below 60% AMI unless they are coupled with additional policies and programs.

Austin's housing stock is relatively new; however, low-income homeowners struggle to make the necessary repairs to improve the quality of their homes. Some homes appear more affordable because they are in poorer condition. According to the Austin Board of Realtors, 30% of homes purchased by lower-income owners (earning less than \$50,000 per year) are in poor or fair condition. Moderate-income buyers (\$50,000 to \$75,000 income) and higher-income buyers (earning more than \$75,000) purchase a respective 15% and 7% of homes that are in poor or fair condition. This means that low-income buyers face poorer housing conditions and higher potential renovation costs. Ignoring such renovations can decrease the home's value and lead to possible eviction if the unit is not up to code. According to interviewees, older Black and Latinx Austinites often face the danger of losing their homes when met with unexpected renovation costs.⁶⁷ Furthermore, the prices of even these homes in poor and fair conditions are increasing.

Additionally, developers have seen an increase in the construction and material costs associated with development, leading to price increases or to a focus on developing rental units.⁶⁸ The cost of construction for a new housing unit in Austin can be \$175-200,000 in the suburbs and more than \$300,000 in downtown Austin.⁶⁹ According to a recent report from the Austin Board of REALTORS and the Home builders Association of Greater Austin, per-unit fees for a suburban-style development in the city were 80.4% higher (or more than \$8,000 higher) than the average per-unit fees for a suburban-style development in the five largest metro areas in Texas.⁷⁰ For infill-style developments, the per-unit fees were 186.8% higher (or nearly \$27,000 more) than the average per-unit fees in the five largest metro areas in Texas. Those costs get passed down to the renter or homebuyer.

⁶⁴ <https://sites.utexas.edu/gentrificationproject/files/2019/10/AustinUprooted.pdf>

⁶⁵ FSG Interviews and Analysis, 2022.

⁶⁶ FSG Interviews and Analysis, 2022.

⁶⁷ FSG Interviews and Analysis, 2022.

⁶⁸ FSG Interviews and Analysis, 2022.

⁶⁹ <https://www.austincf.org/wp-content/uploads/2021/05/HousingReport-web.pdf>

⁷⁰ <https://www.abor.com/document/2022-central-texas-housing-development-fees-analysis>

Gentrification and Displacement

As neighborhoods continue to change, many Austinites—especially those of color—are being pushed out of the city. In 2017, the City of Austin commissioned University of Texas faculty members Heather Way, Elizabeth Mueller, and Jake Wegmann to study Austin's gentrifying neighborhoods for a year, culminating in a report, *Uprooted: Residential Displacement in Austin's Gentrifying Neighborhoods and What Can Be Done About It*.⁷¹ The report includes an interactive mapping tool that details each Austin neighborhood, identifying which are gentrifying and which groups are impacted the most by rising housing costs.

The report's authors define gentrification as *"a process through which higher-income households move into a neighborhood and housing costs rise, changing the character of the neighborhood. This process includes three dimensions: 1) the displacement of lower-income residents; 2) the physical transformation of the neighborhood—mostly through the upgrading of its housing stock and commercial spaces; and 3) the changing cultural character of the neighborhood."*⁷²

Price increases in central neighborhoods that have historically had lower-cost housing stock, changes in perspectives about the value of central city locations, changing preferences for central city living and amenities, redevelopment or new development driven by city planning and economic development initiatives, and federal initiatives to redevelop public housing as mixed-income communities were all listed as contributing factors to gentrification.⁷³ Some Austin-specific concerns regarding displacement included the expansion of Interstate 35 and Project Connect.

The report goes on to describe the concern for the harm caused by direct, indirect, exclusionary, and cultural displacement and its impact on the stability of a neighborhood's residents and culture.⁷⁴ The report defines five populations that are particularly vulnerable to displacement:

- **People of color:** Non-Latinx Black people, Latinx, and Native Americans tend to have fewer resources to protect them from the forces of displacement due to historical and present structural racism, which has created disparities in wealth. Moreover, the legally sanctioned racial segregation described in the *Racial Equity Anti-displacement Tool* has created neighborhoods that have been depressed by past discriminatory actions, making them lucrative sites for the redevelopment associated with gentrification and displacement.
- **Families with children and seniors in poverty:** The compounded effects of poverty on households with children or seniors can contribute to vulnerability to displacement. Forty percent of children under six in Travis County live in low-income households.⁷⁵ Low-income families with children were more likely to face eviction than households without children and could also encounter considerable difficulties finding adequate accommodations.⁷⁶ Seniors with fewer assets and fixed incomes face challenges when their incomes can no longer keep up with the rising costs of living.

⁷¹ <https://law.utexas.edu/clinics/2018/09/18/uprooted-residential-displacement/>

⁷² <https://www.austintexas.gov/edims/document.cfm?id=335251>

⁷³ <https://www.austintexas.gov/edims/document.cfm?id=335251>

⁷⁴ <https://www.austintexas.gov/edims/document.cfm?id=335251>

⁷⁵ <https://www.unitedwayaustin.org/our-work/poverty-in-greater-austin/>

⁷⁶ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part2.pdf>

- *Low-income households:* These households are often less able to find affordable housing options and are forced to move. They generally have more debt and fewer assets to protect them when faced with rising rents, which frequently lead to eviction.
- *Renters:* While homeowners can also be displaced due to rising property taxes or the costs of home repairs, renters are particularly vulnerable to displacement because they have less control over how much their costs will increase at the end of their lease.
- *Households where the head of household does not have a bachelor's degree or higher:* Households headed by workers without a college degree are less likely to be employed and more likely to be employed in jobs paying low wages or offering seasonal employment.⁷⁷ These households may then move to areas outside the city that are likely to be "job-poor" suburbs, exacerbating income disparities.⁷⁸

Homeownership is already challenging for these vulnerable populations, and the threat of displacement makes it even more so. These populations are least able to absorb the rising costs that come with gentrification. They are much more likely to have their housing choices limited and to experience housing instability.⁷⁹ The City of Austin should be concerned about displacement because those who are displaced are often forced to leave the city entirely, taking their culture and skills with them. If they stay in the city, people experiencing displacement may be forced into unsafe, crowded housing conditions or experience homelessness.

Housing Ecosystem Dynamics and Recommendations

There is a robust landscape of organizations working to advance more equitable housing in Austin and organizations are largely collaborative and work in coordination with one another. There are opportunities to strengthen coordination and programs, as the entire Austin ecosystem struggles to keep up with the increasing demand for more affordable housing. This ecosystem includes organizations and programs in the following areas:

- 1) Housing Counseling and Financial Assistance
- 2) Affordable Housing, Development, and Preservation
- 3) Advocacy, Philanthropy, and Policy

Some organizations, such as CDCs and city agencies, have programs that span these categories. In each of the following sections, we will discuss the current organizations and programs, as well as opportunities for advancing more equitable homeownership relevant to each category.

Housing Counseling and Financial Assistance

Austin has several organizations that offer homebuyer education and counseling, and financial supports to increase access to homeownership and home preservation. There is a greater demand for these resources among communities of color who are struggling to adjust to the rapidly changing housing market. One aspiring homeowner who participated in our focus groups described feeling overwhelmed by the resources that did exist and disappointed when they were outdated. Aspiring home buyers would

⁷⁷ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part2.pdf>

⁷⁸ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part2.pdf>

⁷⁹ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part2.pdf>

benefit from a stronger referral system among service providers and a navigation partner in their journey. Additionally, there is a lack of centralized information on the supports available.

According to several interviewees, most interventions focus on the affordable rental market instead of homeownership. Despite the drastic decrease in affordable homeownership opportunities, there is a

"Looking for housing we had gone through several, several hoops trying to find different information, similar information really, on the same subjects as what places are affordable, what phone numbers to call to get resources from this place, what phone numbers to call to get other resources. And we found that a lot of the information was either out of date or would lead you to the same thing, but in a roundabout way. I know we spent several days putting our heads together, trying to find what information was actually viable versus what was useless." – Aspiring

dearth of public and philanthropic funding for organizations that directly support aspiring homeowners. Because of this, traditional lending institutions hold the lion's share of interactions with aspiring homeowners. Unfortunately, due to a history of discriminatory lending practices, they are among the least trusted organizations in the city.

Program Type	Organizations (not comprehensive)
Pre-Purchase Education and Counseling	<ul style="list-style-type: none"> • Austin Tenants Council • Business & Community Lenders of Texas • Frameworks Community Development Corporation • Housing Authority of the City of Austin (HACA)
Down Payment / Mortgage Assistance	<ul style="list-style-type: none"> • Austin Affordable Housing Corporation (AAHC) • City of Austin's Housing and Planning Department • Housing Authority of the City of Austin (HACA) • Housing Authority of Travis County (HATC) • Travis County Housing Finance Corporation
Local Banks	<ul style="list-style-type: none"> • Austin Capital Bank • Affiliated Bank • Benchmark Bank • Citizens National Bank • LeadersOne Financial Corporation • Movement Mortgage • New American Funding • Sage Capital Bank

Affordable Housing, Development, and Preservation

As discussed above, one of the major barriers to equitable homeownership in Austin is the shortage of affordable inventory. Many organizations focus on affordable renting opportunities, which provide Austinites much-needed flexibility to save for homeownership, but not enough offer homeownership opportunities. Furthermore, because of the overwhelming need for affordable housing and the prohibitive cost of development, it is considered unsustainable for organizations to scale homeownership interventions instead of renting interventions. As one affordable housing provider put it, "It does not work for the economics of our organization. We can spend a million dollars housing

twenty families by subsidizing rental cost or we can spend a million dollars housing two to four families by subsidizing a mortgage.” Still, all agree that homeownership would be a desirable outcome because it could lead to generational wealth.

Many interviewees felt that there was not enough coordination among providers and home repair programs. Some affordable housing providers have innovated with rent-to-own models and other interventions that support homeownership. There was a desire to learn from programs that are working well. Some felt that these programs could have more influence over the overall housing market if there were greater coordination and organization behind their efforts.

Program Type	Organizations (not comprehensive)
Home Repair and Weatherization	<ul style="list-style-type: none"> • Austin Area Urban League • Frameworks Community Development Corporation • Habitat for Humanity • Housing Authority of Travis County (HATC)
Affordable Housing Developer/Provider	<ul style="list-style-type: none"> • Ally Flat Initiative • Austin Affordable Housing Corporation (AAHC) • Austin Economic Development Corporation • Austin Housing Conservancy • Foundation Communities • Frameworks Community Development Corporation • Guadalupe Neighborhood Development Corporation • Habitat for Humanity • Housing Authority of the City of Austin (HACA) • Housing Authority of Travis County (HATC) • Jeremiah Program

Advocacy, Philanthropy, and Policy

There is a robust body of literature on the housing challenges in Austin. The research, which has also informed much of the present report, covers a range of contributing factors to today’s housing crisis and much of it is beginning to leverage a racial equity lens. Unfortunately, resource streams from philanthropy and the City of Austin are insufficient to meet the growing needs of Austinites of color who are trying to become homeowners. One challenge that often emerges in the conversation about public funding is the state’s overwhelming conservatism which prevents the implementation of government intervention in the market, such as rent control, and can engender resistance to race-conscious policies and programming. In this context, it is challenging to implement targeted interventions to address racial disparities without investments to ensure that the initiatives can pass the judicial test of constitutional “strict scrutiny.”⁸⁰ Research organizations and City departments can coordinate more effectively to ensure that race-conscious interventions do meet the legal requirements test. Similarly, the City can consider other criteria for intervening, such as age, tenure within the city, location, and income. The City

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https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf

can also continue to build public support for race-conscious interventions or strengthen partnerships with organizations with close relationships to communities of color.

Program Type	Organizations (not comprehensive)
Research and Advocacy Organizations	<ul style="list-style-type: none"> • Austin Justice Coalition • Austin Tenants Council • Building and Strengthening Tenant Action (BASTA) • Community Powered Workshop • Go! Austin/Vamos! Austin (GAVA) • HousingWorks Austin • Homebuilders Association of Greater Austin
Foundations and CDFIs	<ul style="list-style-type: none"> • Austin Community Foundation • Meadows Foundation • Michael and Susan Dell Foundation
City Departments	<ul style="list-style-type: none"> • City of Austin's Housing and Planning Department
State-wide	<ul style="list-style-type: none"> • Homeownership Across Texas • Southeast Texas Housing Finance Corporation • Texas Department of Housing and Community Affairs

Additional Recommendations

The recommendations below are a synthesis of the strategies recommended across the literature on housing in Austin and those recommended during FSG's interviews:

Preserve current homeowners of color in place

- *The Strategic Housing Blueprint* suggests that the City of Austin should take action to prevent households from being priced out of Austin. To do so, the City can support legislation to **allow flat dollar-amount homestead exemptions, create a preservation property tax exemption** for properties to minimize the displacement of low-income renters, **expand the use of shared-equity ownership** and mechanisms to preserve and generate ownership options for households at 80%-120% MFI, and **invest in preservation strategies** to combat gentrification.⁸¹
- The city can **expand general obligation bond funding**. This has been a successful strategy and can continue to be employed. In 2006, voters approved \$55 million in **general obligation bond funding** for affordable housing development. The funding was used to build, preserve, or repair 2,593 rental and ownership units throughout the city.⁸² 73% of these units are affordable to households earning up to 50% MFI. In 2013, Austin voters approved an additional \$65 million for affordable housing and, in 2018, voters approved a \$250 million housing bond issue. Austinites will be voting on whether to approve an additional \$350 million bond in November 2022.
- *The Austin Uprooted report* recommends **establishing a Homestead Preservation Center** to support education about homestead exemptions and other property rights and responsibilities that come with homeownership. The Center could also provide residents with **financial counseling** to help them reduce debt, with **legal assistance** to support eligible owners to qualify for homestead exemptions, and help owners work with non-profits to negotiate payment plans with the tax

⁸¹ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

⁸² https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

collector and mortgage modifications with their lenders. These services should **focus on vulnerable households** in gentrifying neighborhoods that do not have an exemption or are delinquent on their taxes or mortgages.⁸³

- The *Uprooted* report also proposes a **homestead exemption enrollment program** that would fund a community-based non-profit to conduct in-person outreach to homeowners currently without a tax exemption and provide on-the-spot assistance to sign up for homestead exemptions.⁸⁴ This was proven effective a decade ago when the non-profit PODER partnered with the Travis Central Appraisal District to provide door-to-door outreach to help homeowners without homestead exemptions after close to 800 homeowners were identified as not having exemptions.
- The *Uprooted* report encourages a partnership with county tax assessors to **expand notice of property tax deferrals for seniors, persons with disabilities, and disabled veterans** under state law. Several FSG interviewees corroborated the report's finding that these reports could be more accessible to homeowners who are not fluent in English.
- In the event of emergencies, an **emergency homestead stabilization fund** could provide short-term property tax and mortgage assistance to low-income, cost-burdened homeowners at risk of losing their homes during a financial crisis.⁸⁵
- Several interviewees suggested that the city place a **property tax freeze for homeowners who are seniors or disabled**. A tax freeze would allow a qualified homeowner to pay the same taxes unless a significant improvement is made to the home. The *Uprooted* report also suggests this, "Texas law provides homeowners who have a senior or disability exemption with an automatic tax freeze on the amount paid for school district taxes."⁸⁶ The City can adopt a similar tax ceiling via the City Council or petition and election by its citizens.
- The City of Austin can also leverage Texas Tax Code (Section 31.035) to utilize a **senior volunteer tax break while supporting a senior volunteer program**.⁸⁷ While this would not be accessible to seniors without the capacity to volunteer due to disability, illness, or other barriers, this would help protect some seniors from displacement by forgiving their property taxes.
- Austin can **expand its home repair assistance programs in gentrifying neighborhoods**.⁸⁸ Currently, the Home Rehabilitation Loan program and the Emergency Home Repair program housed at the Austin Area Urban League are critical to helping low-income homeowners stay in their homes. Additional funding can help scale these efforts and reach new households burdened with repair costs. Interviewees stated this is an increasing need as the "most affordable housing options in Austin require repairs."⁸⁹ Repairing existing homes is also generally less expensive to create safe, affordable homeowner opportunities than building new affordable homes. This has made them attractive to landlords looking to earn rental incomes off the same properties. Many home repairs can increase property taxes; therefore, repair programs in gentrifying neighborhoods should be **coupled with a tax abatement program**.⁹⁰

⁸³ <https://sites.utexas.edu/gentrificationproject/files/2019/10/AustinUprooted.pdf>

⁸⁴ <https://sites.utexas.edu/gentrificationproject/files/2019/10/AustinUprooted.pdf>

⁸⁵ <https://sites.utexas.edu/gentrificationproject/files/2019/10/AustinUprooted.pdf>

⁸⁶ <https://sites.utexas.edu/gentrificationproject/files/2019/10/AustinUprooted.pdf>

⁸⁷ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁸⁸ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁸⁹ FSG Interviews and Analysis, 2022.

⁹⁰ <https://sites.utexas.edu/gentrificationproject/files/2019/10/AustinUprooted.pdf>

Create housing stability for renters to ensure a path towards homeownership remains viable

- The City can **help Austinites reduce household costs** by connecting housing with transportation choices, increasing efforts to help households reduce utility costs through weatherizing current residences, and ensuring that future housing developments are close to healthy grocery stores and health care services, and social support agencies.⁹¹
- **Support tenant organizing and tenant engagement** so that renters know their rights and can leverage organizing support to advocate for their interests before displacement occurs. The City of Austin has already funded organizations like Building and Strengthening Tenant Action (BASTA).⁹²
- **Create a framework that describes the journey from homelessness to homeownership.** Austinites should be able to see themselves on the continuum and use the continuum as a guide towards homeownership.

Produce more homeownership opportunities

Expand pathways to homeownership

- The *Uprooted* report suggests that the City support **tenant right-to-purchase program ordinances**. This would give tenants in multi-family properties a right of first refusal upon the sale of the apartment complex. The Guadalupe Neighborhood Development Corporation offers this to some residents and combines it with effective homebuyer education.⁹³
- The City can support a **right of first refusal/right to purchase for income-restricted rental properties** being sold.⁹⁴
- Austin can **build capacity for and incubate community development corporations (CDCs)**. The City can fund local experts to help incubate and provide technical assistance to CDCs. Many CDCs work in developing affordable housing and provide programming to residents on homeownership. Their funds can also provide seed and ongoing administrative funding for CDCs. It may also fund leadership development programs for residents.

Expand Resource Flows

- The City's 2017 Strategic Housing Blueprint also suggests that the City of Austin could **foster equitable, integrated, and diverse communities**. Some of the recommendations it offers include promoting strategic investments and creating protections for low-income renters by developing a strike fund to preserve multi-family buildings to retain affordable housing units, implementing Austin's Fair Housing Action Plan, bolstering enforcement of Fair Housing requirements, and undertaking strategic land banking for affordable housing.⁹⁵
- The City can **enhance fair lending education and enforcement**. Currently, the City relies on federal funding for local fair housing enforcement.⁹⁶ While these cases may be challenging and lengthy to litigate, investigating violations of fair lending laws and bringing legal actions against predatory lenders targeting vulnerable homeowners could help address the historical legacy of redlining in the

⁹¹ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

⁹² <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁹³ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁹⁴ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁹⁵ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

⁹⁶ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

city. The 2015 Fair Housing Action Plan already calls for enhanced funding for fair lending enforcement.⁹⁷

- **Establish and partner with community development financial institutions (CDFIs) to operate community homeownership loan funds.** These non-profit, mission-driven loan funds can help low-income households access safe and affordable financing. In 2013, the U.S. Treasury Department increased access to below-market homeownership through its CDFI Bond Guarantee Program.⁹⁸
- The City can **establish a land acquisition fund** to have affordable capital ready for affordable housing development.⁹⁹
- **Investigate who is currently benefiting from down payment assistance** programs and modify outreach approaches to ensure that people of color are accessing them. Consider distributing information at Huston-Tillotson University, faith-based institutions, and nonprofit organizations that serve people of color.
- Establish a **reparations program** (modeled after the city of Evanston) to provide housing assistance to people whose ancestors were impacted by the 1928 Master Plan. Grants could go to businesses or banks for the benefit of awardees to help them avoid tax implications.
- To better focus resources to people of color, **adopt race-conscious policies** that leverage targeted universalism. Learn more from the [Othering & Belonging Institute's Structural Racism Remedies Repository](#).

Increase and diversify housing stock

- The City's 2017 Strategic Housing Blueprint recommends **creating new affordable housing** choices throughout Austin by using the affordable housing goals in the Blueprint to guide policy, implement consistent density bonus programs, streamline City codes and permitting processes, better utilize land for affordable housing, revise the S.M.A.R.T. Housing Program, relax regulations on affordable housing products (including cooperatives and Accessory Dwelling Units), and create a Multifamily Property Tax Exemption Program.¹⁰⁰ The Blueprint establishes a plan to construct 60,000 housing units affordable to households at 80% MFI and below and another 75,000 units for households earning more significant than 80% MFI (broken into specific goals for households at different income levels).¹⁰¹
- Interviewees shared several **concerns regarding density bonus programs** that can be addressed by modifying the programs.¹⁰² The Blueprint calls for tying any increase in development capacity in Austin's Activity Centers and Corridors to an affordability requirement. The City's density bonus programs incentivize and provide additional opportunities for housing units with two bedrooms or more, particularly in high opportunity areas. These programs depend highly on market conditions and exclude families below 60% MFI. Recently the council adopted a resolution for staff to work on recalibrating density bonus fees to incentivize more on-site affordable housing. Additionally, several community advocates raised that some long-time residents do not desire increased density, which

⁹⁷ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁹⁸ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

⁹⁹ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

¹⁰⁰ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

¹⁰¹ https://www.austintexas.gov/sites/default/files/files/StrategicHousingBlueprint_Final_September_2017.pdf

¹⁰² FSG Interviews and Analysis, 2022.

they feel will change the historical character of their neighborhoods.¹⁰³ Some of this ambivalence on the part of residents may also be due to the fact that increased density does not necessarily lead to more affordability and is often seen as a harbinger of gentrification and displacement.

- The City can also consider **expanding support for low-income homeowners to build external accessory dwelling units**. Without interventions, very few low- or moderate-income homeowners will build ADUs. They often lack the financing options and technical assistance to navigate the risky process of designing, financing, constructing, and managing an ADU.¹⁰⁴ The City would likely need to work closely with local non-profits, financial institutions, and philanthropic institutions to fund these efforts since there are few federal investments in ADU development.
- Support existing homeowners to generate income by making use of excess space by **allowing for the creation of internal accessory dwelling units**.¹⁰⁵ Internal ADUs are considered the cheapest way to add new housing units to already developed properties. In 2015, the City loosened land rules that restricted the construction of Accessory Dwelling Units (ADUs), allowing for the construction of external ADUs, rather than internal ADU projects, which are much more affordable to households making less than \$50,000. External ADUs can easily cost \$200,000 or more to construct.¹⁰⁶
- Similarly, the City of Austin can **allow homeowners to subdivide and sell a portion of their lots** while remaining in place.¹⁰⁷ In many instances in Central Texas, small houses were built in the 1960s on large parcels of land. Homeowners can quickly access large quantities of money while remaining in place if they could sell a portion of their properties to a homebuilder. While this opportunity would result in physical changes to a neighborhood, it would create a new housing option and provide existing homeowners relief from the economic pressure to sell their homes, rising property taxes, and deferred maintenance.
- The City can **support the mobile home park resident acquisition program by enabling a right to purchase, funding resident organization, legal assistance, and technical assistance, and establishing legal protections** to allow residents to organize and form associations. This would specifically support Latinx residents, who comprise up to 60% of Austin's mobile home park population. The City can capitalize on funding available through ROC USA, a national non-profit social venture with a proven track record for financing resident ownership of mobile home communities.¹⁰⁸
- The City can **support land banking** by creating a system to track vacant parcels appropriate for residential or mixed-use development.¹⁰⁹

Attract and Support Champions for Affordable Housing

- With the influx of corporations and wealthier residents, more philanthropic dollars should be available in the city. The City of Austin can **encourage philanthropy to support equitable homeownership**. Foundations can leverage grantmaking, program-related investments, and influence to support the promotion and adoption of affordable housing options.

¹⁰³ FSG Interviews and Analysis, 2022.

¹⁰⁴ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

¹⁰⁵ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

¹⁰⁶ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

¹⁰⁷ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

¹⁰⁸ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

¹⁰⁹ <https://sites.utexas.edu/gentrificationproject/files/2018/10/part4.pdf>

- The City should engage communities in **small area planning** to provide existing residents with the agency to shape their neighborhoods. This means being open to adopting city code that reflects the plans that community members generate.

Business Starts and Growth

Role of Entrepreneurship in Promoting Equitable Wealth Creation

Owning a business, much like owning a home, can be a powerful path towards wealth creation. A 2016 Association for Enterprise Opportunity report states that Black business owners are twelve times wealthier than their peers who do not own businesses, even when controlling for different levels of wealth before launching a business.¹¹⁰ Furthermore, business ownership creates new wealth faster than wage employment. While White adults have thirteen times the wealth that Black adults do, the median wealth of White business owners is only three times higher than that of Black business owners.

In Austin, where there is a persistent racial income gap, entrepreneurship can help accelerate asset ownership within communities of color or enable communities to brave financial hardships. Even in tech-centric cities, the most available jobs for persons without college degrees are service-sector jobs; wage growth factors in these jobs – such as the fight for \$15 – have not been universally applied across all states.¹¹¹ As the Federal Reserve raises interest rates by amounts not seen in decades, this may lead to a slowed labor market and rising unemployment, leaving Black Americans – who often have less net worth than their White counterparts – at risk. Additionally, historically Black Americans experience a higher rate of job loss during recessions.¹¹² Business ownership, while risky, adds a layer of control and potential safety for people of color who are treated unfairly in traditional employment systems.

"I've been in Austin for around six to seven years. I wasn't planning on starting a business this early. Due to the pandemic, I lost my job, and I needed to take care of my family." – Austin-based entrepreneur

Furthermore, the potential for wealth building extends beyond the business owner and includes the community. Minority entrepreneurs are more likely to hire other minorities and are also more likely to locate their businesses within communities of color, creating spillover gains.¹¹³ If minority-owned firms were to grow and hire at the rate of White-owned firms, nine million jobs and \$300 billion in income would be added to the domestic economy.¹¹⁴

BIPOC communities in Austin have a long history of engaging in business ownership. Due to the segregation created by the 1928 Master Plan, redlining, and racial covenants, East Austin became the hub for Black businesses who were able to provide goods and services to Austin's residents. Some notable institutions included a Black-owned pharmacy (Hillside Pharmacy)¹¹⁵, club and entertainment center (Victory Grill), baseball team (Austin Black Senators)¹¹⁶, and HBCU (Huston-Tillotson

¹¹⁰ The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success. (2016). Association for Enterprise Opportunity. Retrieved from

https://aeoworks.org/images/uploads/fact_sheets/AEO_Black_Owned_Business_Report_02_16_17_FOR_WEB.pdf

¹¹¹ <https://time.com/5783869/gig-economy-inequality/>

¹¹² <https://www.americanprogress.org/article/weathering-the-storm-black-men-in-the-recession/>

¹¹³ https://www.huffpost.com/entry/want-to-promote-economic-empowerment-in-minority_b_59a77440e4b02498834a8ebb

¹¹⁴ <http://globalpolicysolutions.org/wp-content/uploads/2016/04/Color-of-Entrepreneurship-report-final.pdf>

¹¹⁵ <https://www.npr.org/2017/07/12/536478223/once-a-bustling-black-enclave-east-austin-residents-make-a-suburban-exodus>

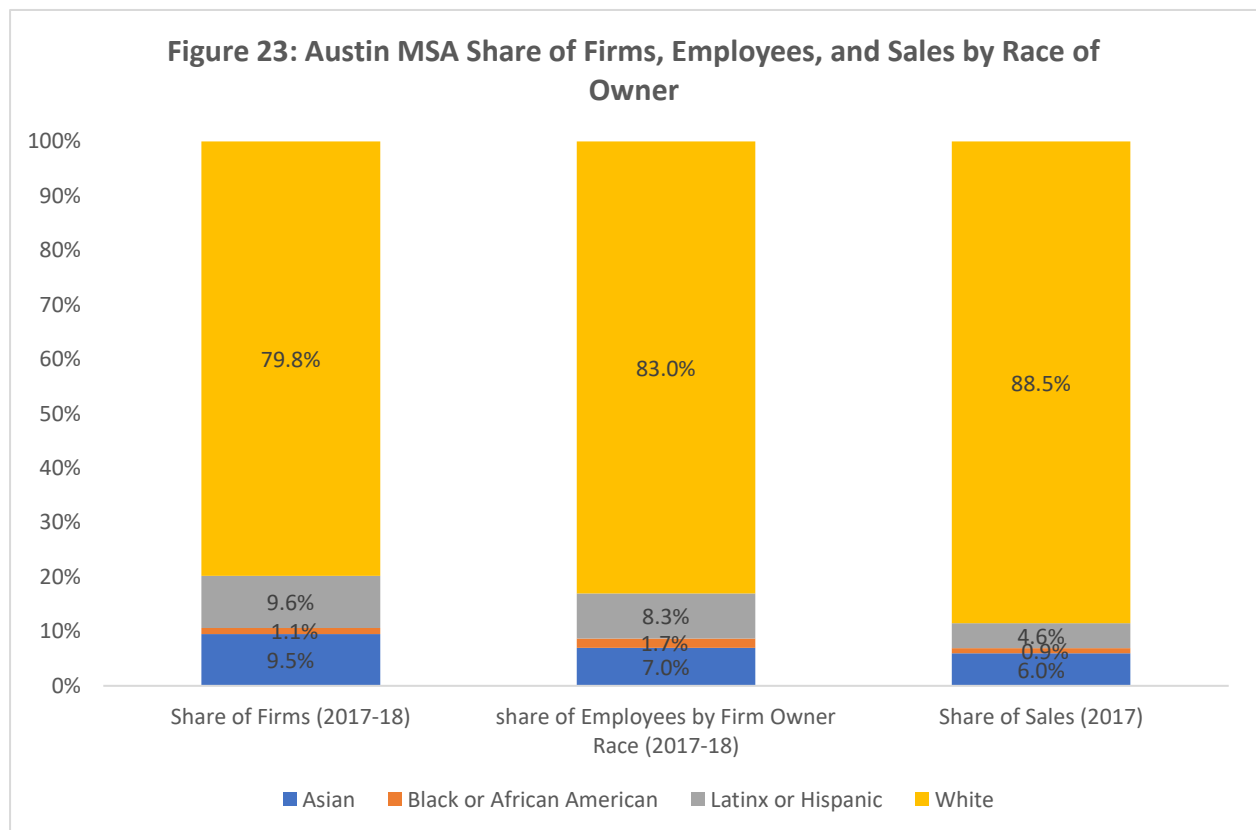
¹¹⁶ <https://www.sixsquare.org/the-district/>

University).¹¹⁷ When Latinx families began to move into the community, they too started businesses and offered services in Spanish. As the community began to suffer from displacement, many of the businesses that once stood as mainstays of the community disappeared. The George Washington Carver Museum, Cultural and Genealogy Center and the Community Archivist Program at the Austin History Center are seeking to preserve that rich history. The ATX Barrio Archive is another effort in that direction.

Today, Black Americans are still engaging in entrepreneurship at higher rates than other social groups; almost 20% of Black Americans are starting or running a business today, compared to about 13% of Latinx and White Americans.¹¹⁸

Current State of Entrepreneurship in Austin

Today, Austin has one of the most favorable startup ecosystems in the United States. The city offers relatively low taxes, sunny weather, a vibrant cultural scene, and a capable talent pool. Startups in Austin also attract substantial amounts of capital investment.¹¹⁹ LendingTree conducted a study comparing nine metrics across the 100 largest U.S. metros by population to determine the best places to start a small business. Austin ranked in the top third of all measures, making it the second-best metro to start a small business in the United States. Notably, Austin ranked fourth on the proportion of residents in their prime working years (25-54), ninth on its share of residents that have at least a bachelor's



¹¹⁷ <https://austin.culturemap.com/news/city-life/02-21-20-brief-history-of-east-austin-historically-black-neighborhood-six-square/>

¹¹⁸ <https://entrepreneurship.babson.edu/gem-data-black-entrepreneurship-us/>

¹¹⁹ <https://www.lendingtree.com/business/small/best-places-for-new-small-businesses/#methodology>

degree, and 16th in the share of self-employed entrepreneurs. There are, however, large inequities in how entrepreneurs of color experience Austin's prosperity which makes it difficult for people of color to start and sustain their businesses. Black and Latinx entrepreneurs are underrepresented in the share of firms, share of employees by firm owner race, and share of sales (as shown in Figure 23).

Barriers to equitable business ownership

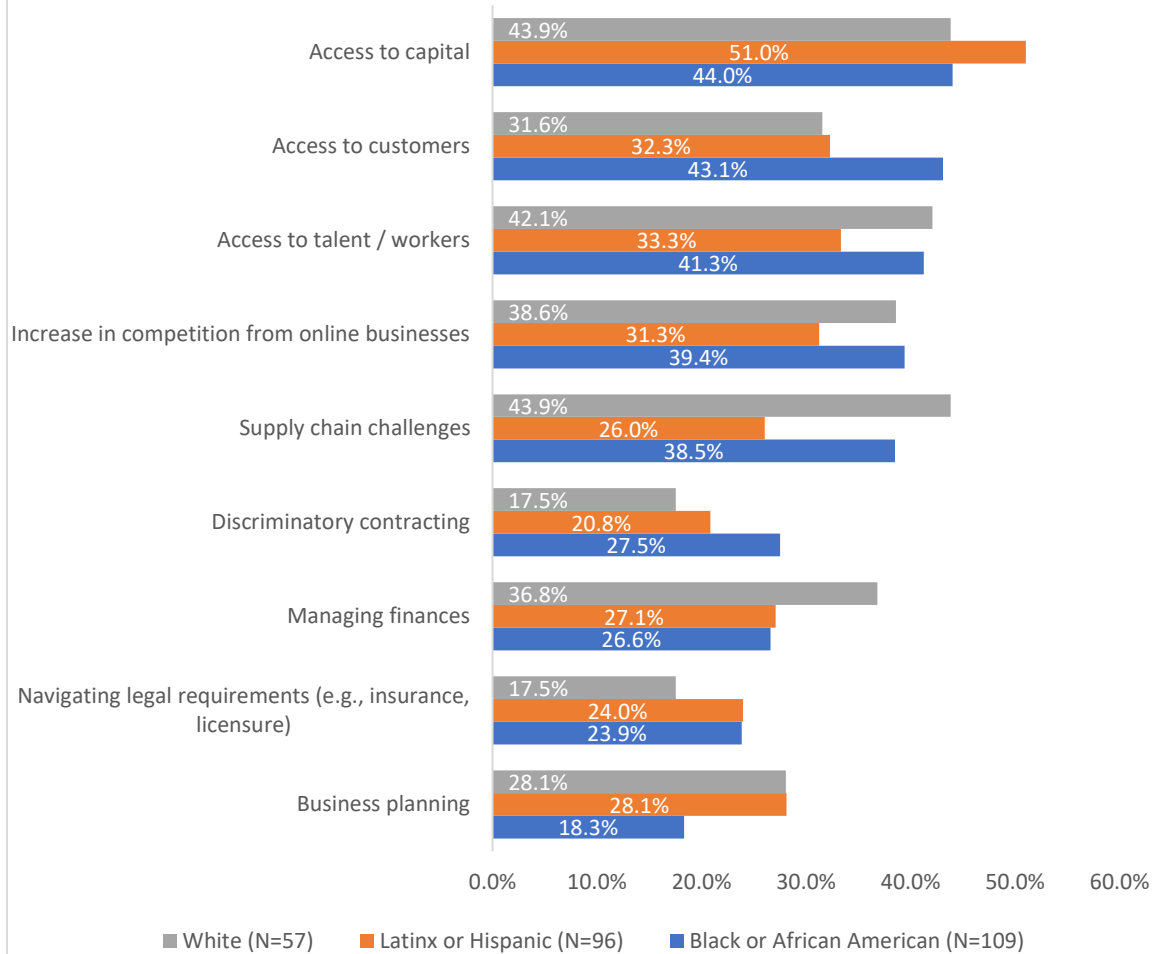
The underrepresentation of businesses owned, share of employers, and sales by people of color is a result of historical and present-day barriers. In many ways, entrepreneurs of color have been affected by the same history of segregation and disinvestment as home buyers have. Past segregation and present-day income disparities have created pockets of poverty where wealth was difficult to accumulate. Without the cushion of wealth, starting a business can be incredibly risky. According to the U.S. Census, 58% of Black business owners describe the health of their businesses as "at-risk" or "distressed."¹²⁰ Nationally, 4% of Black-owned startups survive the early stage. In Austin, the share of Black and Latinx owned startups is only 1.4% and 7.5%, respectively. Our findings suggest that these disparities are likely due to the effects of three systemic challenges:

- Financial disparities
- Constrained opportunities due to racial bias
- Lack of access to support infrastructure

In our survey of 252 Austinites, we asked what the most challenging barriers are to starting a business in Austin (the results are displayed in Figure 24). Across all races, nearly half—47 percent—of respondents selected access to capital as a challenge to operating a successful business. Black respondents identified access to customers and discriminatory contracting as challenges more often than other racial groups. Nearly a quarter of both Black and Latinx respondents identified navigating legal requirements as a challenge. Black and White respondents were more likely to identify access to talent/workers and increase in competition from online businesses as challenges than Latinx respondents. Latinx and White respondents were more likely to identify business planning as a challenge than Black respondents. These findings were consistent with what we found through our interviews, focus groups, and review of secondary literature on the matter.

¹²⁰ <https://www.bostonglobe.com/2022/04/24/opinion/when-black-owned-businesses-fail-it-hurts-everybody/>

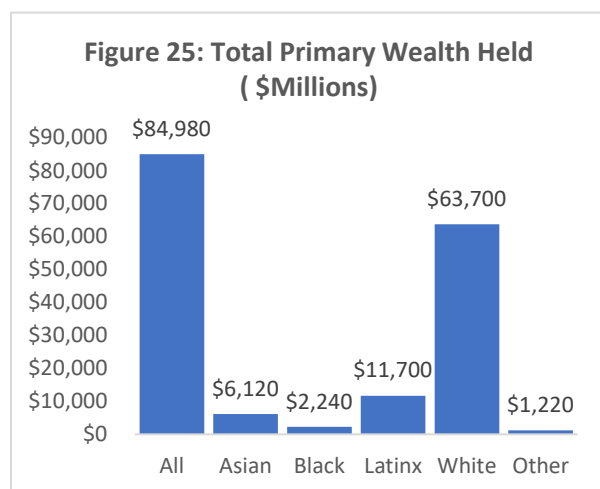
Figure 24: Survey Responses to Top Challenges to Successful Business Ownership



Financial Disparities

Many BIPOC entrepreneurs are starting and growing their businesses from a resource deficit, where resources include existing wealth, knowledge, trust, and connectivity. As shown in Figure 25, people of color have considerably less total wealth than Whites. Starting and maintaining a business requires initial capital expenditures with uncertain returns, making it a risk for an entrepreneur. Holding other influences constant, people who inherit wealth or otherwise have access to significant family assets are all more likely to establish and sustain ownership of a small business. Conversely, those without family wealth to cushion against risk find entrepreneurship daunting. As one entrepreneur put it, *“My greatest challenge when I started was capital at first. As an entrepreneur, you want that something nice, and obviously, you would want enough money to do what you want to do.”* Many interviewees, survey respondents, and existing reports highlighted the significance in a financial cushion that could protect the entrepreneur from the ups and downs in financial flows that come with running a business. Increasing costs for housing, transit, food, healthcare, education, and childcare also make it difficult for potential entrepreneurs to accrue capital to invest in their own businesses. This financial deficit forces Austinites to seek alternative forms of capital.

Traditional lending institutions reinforce the disadvantages that entrepreneurs of color face. Minority-owned firms were more likely to report that they did not apply for a loan because they feared the loan would be denied.¹²¹ Black and Latinx entrepreneurs are often not able to raise as much capital and often pay higher interest rates than their White counterparts on the loans they take out.¹²² These disparities in access to loans show up in the data. In 2018, 23,149 loans were made in the 116 majority White census tracts in Travis County—totaling \$369.4 million or an average of about \$15,957 per loan.¹²³ In the one hundred census tracts that are majority of people of color, 9,958 small business loans were made—amounting to about \$136 million or \$13,657 per loan. In addition to debt financing and outside investment, entrepreneurs often use personal wealth to seed their business; with lower rates of home ownership, Black and Latinx business owners lack the home equity that is often used to finance the development of early-stage businesses.



The disparities in community wealth and income also impact BIPOC business owners. The physical location of a business has an influence on its prospects for success. The history of segregation and disinvestment in BIPOC neighborhoods has implications for entrepreneurs in those neighborhoods. When a business is located in a community with lower incomes, it can have more difficulty finding a customer base with discretionary income to spend. As the residents of lower-income communities become more conservative with their

¹²¹

https://www.austintexas.gov/sites/default/files/files/Small_Minority_Business/disparity/NERA_COA_Presentation_v5_short.pdf

¹²² <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses/>

¹²³ <https://www.bizjournals.com/austin/news/2020/10/16/travis-county-lending-racial-disparities-map.html>

spending as a response to recent inflation, they may be even less likely to spend money at businesses in their neighborhood.

Nor is it just the income of the surrounding customer base that reduces the odds for success for many BIPOC entrepreneurs, it is also the fact that potential BIPOC entrepreneurs themselves earn lower wages than their White counterparts, which hinders their ability to amass capital that can be invested in a business.¹²⁴

The rise of Black micro-entrepreneurs during the COVID-19 pandemic demonstrates the possibilities that emerge when BIPOC communities are given an influx of capital. Black-owned businesses were disproportionately affected by the pandemic because they are often less financially stable than White-owned businesses, have less in the way of financial reserves to draw on in difficult times, and are often located in less economically advantaged neighborhoods. Nevertheless, a recent Brookings report found a national surge of new online microbusinesses, which grew fastest among groups hit hardest by the pandemic's economic shock; among racial groups, Black owners account for 26% of all new microbusinesses, up from 15% before the pandemic.¹²²¹²⁵ Many attribute this rise in business formation to necessity, as many people were let go by their employers, and opportunity, as people had access to COVID-relief payments that could be invested in a business venture. As one entrepreneur put it during our focus group, "I've been in Austin for around six to seven years. I wasn't planning on starting a business this early. Due to the pandemic, I lost my job, and I needed to take care of my family."

Constrained Opportunities due to Racial Bias

Historically, Black entrepreneurs have started businesses in less lucrative sectors than White entrepreneurs, such as food services and accommodations, due to historical lack of access to education and other barriers to entry in more lucrative sectors like technology and professional services.¹²⁶ The same dynamic also plays out among Latinx entrepreneurs. According to the Greater Austin Hispanic Chamber, "Hispanic business owners don't choose the same industries as non-Hispanic business owners. The top two industries for non-Hispanics are 'professional, scientific, and technical services' and 'retail trade.' Meanwhile, the top two industries for Hispanics are 'construction' and 'accommodation and food services.'"¹²⁷

Customers are influenced by their own biases against people of color and perceive their businesses to be of lesser quality. Interviewees elevated that "while the quality of businesses that Austinites of color operate are on par with those of White businesses, discrimination leads customers to be more critical of businesses owned and operated by people of color."¹²⁸ These attitudes also surfaced in the interviews conducted for the 2022 City of Austin Disparity Study: "Many minority and woman interview

¹²⁴

https://www.austintexas.gov/sites/default/files/files/Small_Minority_Business/disparity/NERA_COA_Disparity_FINAL_151217.pdf

¹²⁵ <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses/>

¹²⁶ <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/building-supportive-ecosystems-for-black-owned-us-businesses>

¹²⁷ <https://www.gahcc.org/resources/data>

¹²⁸ FSG Interviews and Analysis, 2022.

participants reported that they still encounter biases, stereotypes and negative assumptions about their qualifications and competency.”¹²⁹

Large institutions often do not support businesses owned by people of color sufficiently, despite, in many cases, having explicit goals for doing so. While the City has an impressive set of MWBE goals and has demonstrated success against those goals, the recent 2022 Disparity study also found that some challenging dynamics remain:

- Several business owners reported that being certified as an MBE/WBE often carries a stigma.¹³⁰
- Many MBEs/WBEs found it difficult to penetrate the industry networks necessary for entrepreneurial success.¹³¹
- Many minority and woman respondents reported instances of implicit bias and subtle discriminatory attitudes that affect their ability to obtain contracting work. Their credentials and competency are routinely questioned.¹³²
- Some minority and woman respondents felt that prime bidders often use them only to meet affirmative action goals.¹³³
- Many MBEs/WBEs/DBEs reported difficulties with obtaining financing and bonding that would allow them to take on more work and successfully compete.¹³⁴

Looking beyond public entities, few corporations have MWBE procurement goals and those that do often do not hold themselves accountable for meeting them.

Lack of Access to Support Infrastructure

Entrepreneurs of color do not feel like traditional economic development institutions and associations are inclusive of their needs. While there are many organizations that focus on economic development in Austin, few incorporate a racial equity lens or tailor their interventions to be culturally relevant. Language barriers remain a hurdle preventing many entrepreneurs from accessing services.

¹²⁹

https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf, p.25

¹³⁰

https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf, p.223

¹³¹

https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf, p.224

¹³²

https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf, p.240

¹³³

https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf, p.245

¹³⁴

https://www.austintexas.gov/sites/default/files/images/Small_Minority_Business/City%20of%20Austin%20Disparity%20Study%20Report%202022.pdf, p.245-6

Due to the lack of BIPOC entrepreneurs, Black and Latinx entrepreneurs have fewer mentors who look like them. Asian and White entrepreneurs benefit from existing mentors who share their backgrounds. Mentorship is a highly effective way for entrepreneurs to learn to connect with clients and partners, avoid common pitfalls, and find a path to success.

- Mentorship must be tailored to the specific needs of the entrepreneur. "The Small Business Division set up mentor/protégé relationships that fell apart because protégés didn't follow through. Now we set up a panel discussion for the full room, and folks can form a relationship with a panelist if they choose to." ¹³⁵

Ecosystem Map and Dynamics

Most entrepreneurial support organizations in Austin do not take a race-conscious or targeted approach. Many of these organizations are oriented towards supporting Austin's most profitable industry sectors, which often exclude people of color. There are many opportunities for increasing support for BIPOC-owned businesses and strengthening the coordination between actors in the ecosystem. This ecosystem includes organizations and programs in the following areas:

- Capacity Building and Networking
- Financial Assistance and Services
- Advocacy, Philanthropy, and Policy

Capacity Building and Networking

There is a large number of organizations that provide capacity building and networking opportunities for aspiring and existing entrepreneurs in Austin. Many of these organizations either do not have a particular focus on racial identity or are solely focused on racial identity without an industry focus. This can be frustrating for entrepreneurs who seek culturally relevant support and connection in their particular industry.

Program Type	Organizations (not comprehensive)
Incubators/Accelerators	<ul style="list-style-type: none"> • Austin Area Urban League • Austin Technology Incubator • Div Inc • Economic Growth Business Incubator • LIFT Development Enterprises, Inc • Texas Economic Development Department • Soul-y Austin District Incubator
Volunteer Services (e.g., legal, accounting, certifications, licensing)	<ul style="list-style-type: none"> • Austin Area Urban League • City of Austin's Small & Minority Business Resources Department • Key Figures • Lawyer Referral Service of Central Texas • Lonestar Legal Aid • Main Street Relief
Coaches, Counseling, Training	<ul style="list-style-type: none"> • 1 Million Cups • BigAustin

¹³⁵ FSG Interviews and Analysis, 2022.

	<ul style="list-style-type: none"> • City of Austin’s Economic Development Department • JUST • Young Men’s Business League • Main Street Relief • Service Corps of Retired Executives (SCORE)
Networks	<ul style="list-style-type: none"> • Association of Latino Professionals in Finance and Accounting (ALPFA) in Austin • Austin Contractor Association • Austin Regional Manufacturer’s Association • Associated Builders & Contractors (ABC) Central Texas • BigAustin • Greater Austin Black Chamber • Greater Austin Asian Chamber of Commerce • Greater Austin Hispanic Chamber of Commerce • JUST • Young Men’s Business League • National Association of Black Accountants, Inc • National Association of Hispanic Real Estate Professionals • Six Square Austin’s Black Cultural District

Financial Assistance

While there are a number of programs in place designed to provide BIPOC entrepreneurs with access to capital, many of those initiatives are not working as intended. One example of such an initiative is the Community Reinvestment Act, which requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods. Many banks are failing to meet the standards for a satisfactory rating under CRA. As one interviewee explained, “There are some good service providers doing great work to prep a business to receive a capital infusion. The Black Chamber is doing it, as are EGBI, Huston-Tillotson, UT. But access to capital is lacking. There’s the CRA, which is supposed to require banks to invest in challenged communities. I have a whole list of banks that failed their CRA. Why is any bank on that list? You could reach out to the Urban League or the Black Chamber and partner with them.”¹³⁶

Other forms of investment and private capital also flow less easily to business founded by women and POC: “I’d say it’s people of color and women, so not just color but also gender, [who have reduced] access to capital. [There’s a] slower, lower flow of capital to businesses being launched by women and POC.”¹³⁷ The capital that does go to BIPOC-business does not go to founders in more profitable industry sectors, like technology. As one local expert explained, “Some areas are pretty measurable, like the amount of capital flowing to tech and innovation businesses that have POC as founders. There’s a lot of capital flowing in Austin, but the percentage flowing to founders of color is very, very low.”¹³⁸

¹³⁶ FSG Interviews and Analysis, 2022.

¹³⁷ FSG Interviews and Analysis, 2022.

¹³⁸ FSG Interviews and Analysis, 2022.

Program Type	Organizations (not comprehensive)
Banks/ Investors	<ul style="list-style-type: none"> • Austin Fast Start Pitch Competition • [RE]verse Pitch Competition • Small Business Investment Company • The Bank of Austin
Grants, Discounted Loans, CDFI	<ul style="list-style-type: none"> • Accion • Kiva • LendingTree • PeopleFund • Shared Capital Cooperative

Advocacy, Philanthropy, and Policy

Some departments within the City of Austin have made attempts to introduce a racial equity lens into their work, but these efforts have often been met with pushback. One interviewee described the mindset at work in those opposing a more race-conscious approach: "The way the City operates is a zero-sum game. It has a finite number of resources for small and minority businesses. If we give them more money, we have to take it from public health. These tradeoffs don't make sense to me. These pressures are really, really strong."¹³⁹

One consequence of the prevailing mindset is that influential economic development plans have not adopted an equity strategy. For instance, in a review of the last five years of annual reports (2017-2021) from Opportunity Austin, the Austin Chamber of Commerce's economic development initiative, one finds no mention of supporting BIPOC entrepreneurship or employment. In a city where the benefits of growth and development have been so unequally distributed, neglect of this topic seems hard to justify.¹⁴⁰

Program Type	Organizations (not comprehensive)
Research and Advocacy Organizations	<ul style="list-style-type: none"> • Austin Chamber of Commerce • Austin Cooperative Business Association • Austin Independent Business Alliance • Greater Austin Black Chamber • Greater Austin Asian Chamber of Commerce • Greater Austin Hispanic Chamber of Commerce • Southwest Minority Supplier Development Council (SMSDC)
Economic Development Organizations	<ul style="list-style-type: none"> • Austin Chamber of Commerce • Austin Economic Development Corporation • Greater Austin Black Chamber • Greater Austin Asian Chamber of Commerce • Greater Austin Hispanic Chamber of Commerce • Texas Economic Development Corporation

¹³⁹ FSG Interviews and Analysis, 2022.

¹⁴⁰ <https://www.austinchamber.com/about/opportunity-austin>

Foundations and CDFIs	<ul style="list-style-type: none"> • Adolph & Esther Gottlieb Foundation • Association of Fundraising Professionals Great Austin Chapter • Austin Community Foundation • James Beard Foundation • Jazz Foundation of America • Joan Mitchell Foundation • Southern Smoke Foundation • Stand With Austin Fund at the Entrepreneurs Foundation
City Departments	<ul style="list-style-type: none"> • City of Austin's Economic Development Department
State-wide/National	<ul style="list-style-type: none"> • Minority Business Development Agency – U.S. Department of Commerce • Texas Economic Development Department • Texas Department of Insurance • Texas District Exports Council

Additional Recommendations

Our research suggests two additional levers that would support wealth-building through entrepreneurship for BIPOC Austinites. One is increasing the level of business ownership in BIPOC communities. The second is increasing the value of existing BIPOC-owned firms, including through expanding their participation in the more lucrative industries in the region.

1) Increase the level of business ownership in BIPOC communities

According to data collected by the Urban Institute, the share of firms run by Black Austinites is 6% less than that of the overall share of the Black population in the region.¹⁴¹ A City of Austin Disparity Report also found that "minorities and women are substantially and significantly less likely to own their own businesses as the result of discrimination than would be expected based upon their observable characteristics, including age, education, geographic location and industry."¹⁴² Possible reasons for these disparities in rates of business ownership are discussed above. However they came about, addressing them will require that opportunities be explicitly designed to support BIPOC entrepreneurs and their business development to counter the discriminatory hurdles these entrepreneurs face. Since minority-owned businesses are more likely to employ other minorities and to be located in communities of color, the benefits of increasing the rate of business ownership among BIPOC individuals will not just accrue to the entrepreneurs themselves but will extend to the broader community.

- Seed funding often comes from entrepreneurs' own pockets. Since BIPOC entrepreneurs have less access to capital and supportive networks, the high wages of high-tech industries can provide them with the needed capital to start their own businesses. The median salary for a high-tech job in Austin is \$150,026 (2022), compared to \$78,224 across all other industries.¹⁴³

¹⁴¹ Urban Institute Data and Analysis, 2022.

¹⁴²

https://www.austintexas.gov/sites/default/files/files/Small_Minority_Business/disparity/NERA_COA_Disparity_FINAL_151217.pdf

¹⁴³ <https://www.austinchamber.com/blog/07-13-2022-high-tech-industry>

Recommendation:

- **Help entrepreneurs by providing them with resource navigators to improve access to capital and build financial and operational capacity.**
 - "In Austin now, capital is more of a challenge than ever. During Covid, we had a program for our legacy businesses (around more than 20 years), and you would be surprised by how many did not have good infrastructure... We need to step back to acquire knowledge to strengthen and build the business. During Covid we did a music venue preservation fund – there are only three that are POC owned in Austin. None of them followed through beyond step 2. We developed a community champion to help businesses gather the data to get the grant. Need to take a step back to develop that basic infrastructure."¹⁴⁴
 - "They also don't like to come to government. That's why we have the community champions (now community navigators paid for by ARPA)."¹⁴⁵

2) Increase the value of BIPOC-owned businesses

According to data collected by the Urban Institute, the share of sales generated by businesses owned by Black Austinites is 7% below the percentage of Black households in the city. Comparatively, the share of sales among White-owned firms is 20% above their share of households.¹⁴⁶ One factor contributing to this disparity is that BIPOC business owners are more likely to be operating their businesses in lower growth, lower earnings industries such as food services and accommodation and retail trade. In Austin, professional, scientific, and technical services are among the city's fastest-growing industries and have the highest median salaries. BIPOC owners are underrepresented in these fields. Since entrepreneurs in technology and professional services often spin out of highly resourced public companies after they have acquired specialized technical knowledge and built robust networks, increasing BIPOC ownership in high-earning industries is likely predicated on expanding their opportunities to work in established companies in these industries first.

Recommendation:

- **Employers can partner with existing programs or help sponsor new apprenticeship and career training programs to create a pipeline of local talent on which to rely rather than relying solely on workers with four-year degrees.**
 - "I do think on the workforce side there is very definitely an interest and a need in making sure we're connecting real people to real jobs. This also includes companies rethinking what are core requirements for jobs, *e.g.*, the initiative in advanced manufacturing area conducting a probe to see if they can combine apprenticeships and certifications to produce the kind of qualified individuals that they had previously relied on four-year degrees for."¹⁴⁷

The Racial Equity Anti-Displacement Tool developed to inform the allocation of the anti-displacement fund set aside from Project Connect also offers several recommendations related to supporting the

¹⁴⁴ FSG Interviews and Analysis, 2022.

¹⁴⁵ FSG Interviews and Analysis, 2022.

¹⁴⁶ Urban Institute Data and Analysis, 2022.

¹⁴⁷ FSG Interviews and Analysis, 2022.

growth of BIPOC-owned small businesses that are applicable beyond the immediate context of that specific project:¹⁴⁸

- **Remove Barriers for MBE/WBE/DBE Construction Companies:** Remove requirements for insurance, bonding, financial solvency, and warehouse/ commercial yards that create inequitable barriers for businesses that have historically been denied access to capital.
- **Cut Red Tape to Remove Barriers to Public Resources:** Reduce paperwork required to access the MBE/WBE/DBE process, remove inequitable barriers such as construction insurance and bonding, and a physical office space requirement. Reduce paperwork required for accessing affordable housing and small business programs. Support and expedite approval to be certified as a preferred vendor for the City of Austin, Austin Transit Partnership, and Capital Metro.
- **Remove Barrier Requirement of Legally Insurable Spaces:** Remove specific barriers for businesses by allowing short-term leases on City-owned lots to MBE/WBE/DBE contractors during construction booms.
- **Remove Barriers Preventing Businesses from Becoming Licensed and Provide Incentives:** Employ strategies to support BIPOC-owned businesses such as food, construction, hair and nail salons, barbers, cultural and ethnic merchandise stores, and entertainment.
- **Preference Policy for BIPOC Residents and Businesses:** Give preference to BIPOC harmed by displacement when government resources are made available for affordable housing and business support in the areas from which they were displaced.
- **Project Connect Local Hire or Priority Hire Policy:** Provide preference for career-path, living-wage jobs, pathways, and training for Priority Populations in Priority Places, and reduce access for all others. This is not just creating and filling a small number of the lowest wage temporary positions.
- **Require Community Benefits Agreements of Large Businesses:** Require businesses to remove barriers to full, desirable employment and to provide training and support for Priority Populations to enter, thrive, and advance in the company; provide affordable housing; contract with MBE/WBE/DBE businesses for goods and services; and provide livable family wages for all employees.

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https://www.austintexas.gov/sites/default/files/files/Housing_&_Planning/Equity%20Tool/Nothing%20About%20Us%20Without%20Us%20Racial%20Equity%20Anti-Displacement%20Tool_Final.pdf

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Appendix A: Acknowledgements

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Appendix B: Focus Group Syntheses

Homeseekers' Focus Group Synthesis

On June 22nd, 2022, FSG held a virtual focus group with 13 home seekers of color in Austin, TX. FSG's goal was to better understand their experiences pursuing homeownership in Austin, TX, and their perspectives on how the city's government can improve their success. This section is a summary of their experiences and input.

Who was in the room?

The Austinites joining the focus group were all people of color who had lived in Austin their entire lives or had **been there for at least three years**. They came from many walks of life and valued living in Austin because of its diversity, access to outdoor activities, and calmness.

Quotes from the focus group

"I grew up in the Bronx, NY. My mom was a teacher, and my dad was a factory worker. I live in Austin now and have been here for eight or nine years. If there is anything I like about the city, it's so calm with diverse cultures."

"My family preached education, so I was a first-generation college graduate from the University of Texas. That is why I moved to Austin. In Mexico, my dad was a police officer and is now a carpenter. My mom worked various fast-food jobs and restaurant jobs. My favorite thing about living in Austin... the food is good, and there is lots of green space."

"My dad is a teacher, and my mom is a homemaker. I've lived in Austin for 15 years now and can say that living in Austin has been the best experience in my life."

"I've been an Austinite for my entire life. I'm currently renting a home. We just rented a home last week with my mom after three years of being homeless. I personally love Austin. As much as all the new development and gentrification is happening, I still love Austin. I still want to stay in Austin. It's where I've lived; it's my home. It's where I know everything. I know where everything is at."

While many were renters, several were looking to buy a home to **raise their families**, gain **autonomy** over their living spaces, have greater **safety**, and **build wealth and assets**.

Quotes from the focus group

"I've been renting [in Austin] for about three years already, but I am starting the process of looking to buy a home through different programs. I am a single mother of three children."

"I've lived in Austin for about 15 years now. I've been renting, but I want to purchase a home."

"I've stayed in Austin for almost five years. I love the properties here, and I am looking to buy a home very soon because I'm about to start a family."

"I believe buying a home is very, very important. If my parents sell their house, they will make a huge profit off it right now. I feel it's part of a way to leave wealth, to leave something for the kids."

"It is a good thing to own a home because you'll be safe with your family. You'll have a comfortable place where you will have to do many things for your own purpose and thinking. When it comes to family, they will feel safe and undisturbed by anyone."

"My great grandma's biggest accomplishment in life, she told me, was that none of her children—none of them—paid rent."

What kinds of homes are people interested in buying?

Most were interested in buying **single-family homes**.

Quotes from the focus group

"I'm interested in buying family homes, not condos, with three bedrooms or more. I feel like that would really serve myself, my family, and my four-year-old kid since I plan on having more kids in the future."

Others were interested in joining a **collective ownership model**.

Quotes from the focus group

"I would want to buy a home or own a home here, if it was possible to do some land trust stuff, like collective ownership. But doesn't seem to be in the interest of the policy of the city to make that a more widely available option"

What challenges are people facing in their pursuit of homeownership?

Many cited the **unaffordability of housing** as an insurmountable barrier to owning a property. They referenced the increasing **costs of a mortgage, down payment**, and property taxes as barriers to affording a home. Several also noted that **rental prices** had also increased, prohibiting savings towards purchasing a home.

Quotes from the focus group

"I think I would run into challenges in paying the down payment. It is not easy coughing up money without knowing if you would qualify for loans. You could get family members to try to pull something off together. Lastly, I don't think my racial identity, being black, or me being a New Yorker helps."

"We went to this webinar put on by a bank, by my partner's bank, breaking everything down, just education stuff, like the type of mortgages, years, what banks look at and all that. And it still seems very insurmountable, at least to me. Particularly, the down payment on a house is no joke. It takes a long time to save up."

"I started helping my mother with bills in order to rent homes and stuff and stay stably around mostly east Austin. At that time, it was the cheapest and most affordable place to live. In these recent years, with all the price hikes, the down payments being as much the same as rent, it contributed to our three years of homelessness. We've always wanted to own our own home together, but with how much things are now, it doesn't seem realistic, not even in the future really for us, as we are low income, we are government supported."

"The challenges of taxes, down payment, and just being approved for a loan. Even some of these loans are pretty predatory. You are not paying money to a landlord anymore, but you are still in deep."

"It is now a property that if I am to inherit, I, at this current moment, don't know how I would keep that property because of the taxes."

"The city cannot approve zoning plans that will displace people, protect homeowners that have been there, create more deeply affordable housing instead of just trying to dense up the market with market-rate housing, and assume prices will go down. Financial resources, relief for someone who cannot pay their taxes over the home that has been there for however many generations, however many years, rental assistance, stuff like that. Just keep people here. At this point, all folks are trying to do is just not to be displaced."

The **lack of documentation** among immigrants or their parents was another challenge mentioned by Latinx participants. Without documentation, immigrants were less likely to be able to receive capital for a home. They become reliant on informal channels to be able to afford their homes.

Quotes from the focus group

"I was undocumented for a long time and that is not good for your credit."

What kind of support have people leveraged to help with homeownership? What has their experience been like receiving that support?

Some participants are **hopeful** about their current journey because they have been **involved with programs for first-time home buyers**. They felt like they gained clarity over the homebuying process and have the funding options to make homeownership possible. Still, they struggled to find a home due to the **limited inventory** in Austin.

Quotes from the focus group

"I have a couple of degrees in social work, so I am very resourceful, and that is how I became aware of all these programs in the one month that I've been thinking about it. I've already gotten—I don't have good credit—but I've been approved for a \$200,000 mortgage. I know it will be hard to find something, so I'm looking at alternative options for getting an additional loan. I see that it's doable."

The majority of participants **that did not utilize resources** or programs **were unfamiliar** with them. Others felt like the resources **were not accessible** due to language and digital barriers.

Quotes from the focus group

"Prior to joining this focus group, I really had no idea there were such resources out there by the city, by the government. I just found out when I joined tonight. So, I would say making those resources easily accessible and available for people or prospective homeowners or home buyers, that would really go a long way in smoothing the whole process."

"Looking for housing we had gone through several, several hoops trying to find different information, similar information really, on the same subjects as what places are affordable, what phone numbers to call to get resources from this place, what phone numbers to call to get other resources. And we found that a lot of the information was either out of date or would lead you to the same thing, but in a roundabout way. I know we spent several days putting our heads together, trying to find what information was actually viable versus what was useless."

"A lot of that stuff is just inaccessible. Like for my parents, who don't speak English or would rather deal with a private landlord and buy from a private landlord... But accessibility in regard to language

and technology. I know Zoom is not that hard, webinars are not that hard for someone like me, but someone like my parents, my mom, it's tough."

Many participants shared they **get information about homeownership from friends and family**, but that information is often **inconsistent, untrue, or unhelpful** to them.

Quotes from the focus group

"I'm going to talk with friends, but most people don't really give you legitimate information because... I don't know. Most of the information you get is like, 'Yeah, we got this for this much, financing, blah, blah, blah,' but not exactly what I wanted to know."

"Everybody has different interactions, so that means that the information that my friend has is different from the one I have, and it is also different from the one my mom has. And so, we come together, and we exchange ideas, and everybody brings their idea to the table, and we compare the information. If there is some mismatch in the information, then we try to find out why. And in most cases, if the information is similar, we know that we are a step somewhere, like it is almost true, if not true."

What role can the city play?

The City can **promote homeownership by focusing on diversifying the pool of homeowners** by **amplifying information about first-time homeowner programs** and providing resources that are accessible, easy to understand, and easy to use.

Quotes from the focus group

"There could be translations to different languages because Austin is a diverse city, not just Black or English-speaking people. We have immigrants. We have Black people, American Natives, and Hispanics. You know what I mean? So, I believe if there's something like an advertisement or a campaign or probably workshops by the government to enlighten people and accessing resources for homeowners, targeting homeowners... like, do you want to transition from being a renter to owning a home of your own, procedures you need to follow, things you need to look out for. You know what I mean? I feel that would really, really... It would go a long way helping us out."

"I don't want a resource if it's going to lead to a person looking for another resource."

The City can **enact policies that prevent displacement** and **create more affordable housing**.

Quotes from the focus group

"The City should not approve zoning plans that are going to displace people, it should protect homeowners that have been there, create more deeply affordable housing instead of just trying to dense up the market with market-rate housing, and assume that prices will go down."

"We need financial resources, relief for someone who can't pay their taxes over the home that's been there for however many generations, however many years, rental assistance, stuff like that. Just keep people here. At this point, that's all folks are trying to do is just to not be displaced."

Entrepreneurs' Focus Group Synthesis

On June 23rd, 2022, FSG held a virtual focus group with **18 entrepreneurs of color in Austin, TX**. FSG's goal was to better understand their experiences running a business in Austin, TX, and their perspectives on how the city's government can better enable their success. This section is a summary of their input.

Who was in the room?

The focus group participants owned various **businesses**, including grocery stores, restaurants, tool shops, salons, calligraphy businesses, electronic stores, spas, and motion graphics firms. The businesses were at **various stages**: some were just getting started, and others had been around for several years. Many entrepreneurs **employed fewer than five people**, and several indicated a **desire to scale**.

Quotes from the focus group

"I have been in Austin for three years. I own a motion graphics firm. It's not big yet. It happened after the pandemic that I had to move on. I aspire for greater heights making my business well known and successful. I work with two of my guys."

"I've been staying in Austin for about three years now. I'm into graphic designing. I make virtual concepts like postcards, billboards, and flyers for people... I have three employees, plus myself. It's a small-scale business. I'm trying to grow my business, but for now, it's good."

"It has been three years now that I've run an electronic store. We sell electronic gadgets, and we also do repairs. As for my aspiration for my business, well, I wish to extend its reach. Even, if possible, go to the manufacturing of gadgets."

Many entrepreneurs indicated that they **started their businesses after facing financial insecurity** amidst the COVID-19 pandemic.

Quotes from the focus group

"I own a small restaurant which I started after I lost my job due to the COVID pandemic. I aspire for a bigger and more beautiful place to grow my business."

"I started my calligraphy business in September of 2020. At that point in time, I had lost my job due to COVID. I was working at a study abroad company, and no one could travel. I always had kept calligraphy kind of as a hobby after my sister had asked me, well told me, to do her wedding calligraphy. So around that time in 2020, I felt comfortable enough with my calligraphy skills to go ahead and start a business."

"I've been in Austin for around six to seven years. I wasn't planning on starting a business this early. Due to the pandemic, I lost my job, and I needed to take care of my family. I was actually planning on starting a personal business, maybe later, but the pandemic wasn't planned. So, I had to start something. Now I own a little grocery store in which I sell stuff, and well, I think it has been nice, though it wasn't easy at first."

What did participants consider as key milestones in running their businesses?

Many entrepreneurs were proud when they **began to attract customers and be recognized** for providing **high-quality goods and services**.

Quotes from the focus group

"One success I've had in my business so far is having people contact me—people that I don't actually know – not friends, not family – that have wanted some calligraphy done."

"There was a time I went to a salon to cut my hair, and someone was talking about my tool shop. They didn't know I was the owner. They were talking, and they had so much to say about how good my tools were, how efficiently they work, and stuff like that."

"I actually got to meet one of my friends, and he introduced me to this person who gave me my first work. I had to go all night looking for ideas and good stuff to bring out. I saw my work on a TV program, it was an advertisement for a product. I was so happy."

What are major challenges faced by entrepreneurs in the region?

Many entrepreneurs described a **lack of capital** to grow and build their businesses. Several needed to **borrow money from friends and family** to get things started. Many entrepreneurs are **unaware of programs** that might allow them to get low-interest loans or grants.

Quotes from the focus group

"One of my biggest challenges about my business so far is funding. I did put up a lot of money upfront into the business of my personal funding.... I would really like to do a couple of things for my business, like get myself a preferred vendor spot on the Brides of Austin page, or buy myself a Glowforge, stuff that would help me expand my offerings and reach."

"My greatest challenge when I started was capital at first. As an entrepreneur, you want that something nice, and obviously, you would want enough money to do what you want to do."

"I would love to see more information in terms of how to go about getting a loan for small business owners and entrepreneurs."

"I have been learning more about business loans within the last few months, but I am not ready to pull the trigger on getting a loan yet because my business is still fairly new. I don't feel ready to take that on in addition to covering my mortgage and personal bills on my own."

"Small scale businesses need flexible loans to be able to grow better."

"I don't know anyone who actually knows about funding paths."

"One of my friends actually applied for a startup loan, a business loan, but she didn't get it. It was kind of difficult. She didn't get it at first. She had to reapply, and after a very long process and waiting, she got it, but it was difficult."

"I've sometimes heard about the grants and loans available for small businesses. But I haven't been able to apply for one because I don't know. I don't know how to actually go about it. I don't know what the process is"

"The interest rate should go down. Most entrepreneurs, we are risk-takers. And obviously, whatever happens in the business comes back on us. So, the interest rates become scary if it's on the high side."

So obviously, as an entrepreneur, I would want to play safe. That's why probably most people like myself go to my siblings, my relatives to take cash."

Many described barriers to **accessing networks** that would help them **reach customers and partners**. Many felt like they could use support **publicizing their businesses** to build their network.

Quotes from the focus group

"Many people didn't know about my store at the beginning. I would love a platform on which startup businesses or small business owners can put up their businesses for everyone to see. Like a general place in which we can just go and put our business names, phone numbers, emails, and stuff to reach a lot of people."

"When you start to grow, and you need more product, or you are a one woman or man show, how do you go about partnering with someone?"

"As regards to the type of support that's going to be given for small business owners, I was thinking if there could be like a conference or programs that could be held for, apart from the normal programs, like this one for people that are just coming up in the businesses, either virtually or physically."

Several entrepreneurs described **challenges in securing a brick-and-mortar location** with sufficient foot traffic to attract patrons to their establishments. Some described **landlords' discrimination as making it** easier for White entrepreneurs to rent their spaces.

Quotes from the focus group

"It was difficult seeing people walk into the store. I had to make flyers and other stuff to share around for people to know I just opened a store on the corner."

"One of the challenges I faced when I started my business was getting a visible location for my restaurant. There are lots of restaurants around, so getting the right location was a challenge for me. I needed more funds to find a sustainable location to attract customers to my restaurant."

"I faced racism when I was trying to secure a space... I got to a particular place, and the cost of using the space was very high, so I had to look for other means. When I got there, I was not the only one that was looking for a place for a business. There was another person. I was trying to bargain with the owner, who wasn't trying to rent to me because of my color. He ended up renting to the White person for a lower price."

While many entrepreneurs stated the **benefits of having additional employees**, several faced **challenges attracting talent and navigating the processes to employ staff**.

Quotes from the focus group

"It was difficult because it was only me at first. I wished I could get some kind of help... Now I have people, and we can share the burden of working together."

"One of the resources I had starting my business was human resources. Starting my business, I had many people come in as employees, like people coming in wanting to work with me in my clothing store. So human resources, in terms of employees, was really one of the resources I had starting my business.... They helped me a lot when I had them in my store. I got to a higher stage because of them."

"It has been challenging to find people to work who know what they are doing. Many are asking for greater pay with less experience."

Some described facing **discrimination from customers**.

Quotes from the focus group

"[Racism] has come up when getting clients. Many have said things like 'we haven't worked with you before,' and things like that... because of my color they think 'we don't trust this guy,' and all of that. I had to work with a couple of my friends to mitigate that."

"I also face racism in my business... some people won't come to my shop because a Black person owns it."

Many entrepreneurs **rely on informal support** to help them work through the challenges their businesses face. Others described having **challenges accessing more formal types** of support due to **scheduling conflicts and costs**.

Quotes from the focus group

"I know of Austin's Small Business Division. Even though I know of them, and I know that they do webinars, and they do some funding things, I have not actually gone ahead and taken part in them. I've always wanted to join the webinars, but I found out about them when I was working a full-time job and couldn't take time off from my job to make it."

"I know [Austin's Small Business Division] has some webinars that are free. Other ones cost about \$35."

What can the City of Austin do to support small businesses owned by people of color?

The City can **collect data** on its small businesses to better **understand the challenges they face and what kind of support they need**.

Quotes from the focus group

"The city could use a form to keep track of the number of small business owners and find out how to help them. People can't come directly to get help due to the policies and regulations. So, there should be an online form or a physical form where people fill out like the business name, what they need, and what they try to achieve from the businesses."

The City can **convene events** to build **connections with new customers** and create a **network of potential business partners**.

Quotes from the focus group

"There can be an event where we can bring small business owners together for networking, in which they can get to know each other. It helps with referrals sometimes, in which everyone knows what you're doing, and you know what other people are doing. So, when you need something, you know where to go to."

The City can take steps to **make applying for licenses and certifications less confusing and time-consuming** and could provide **support in fulfilling state licensing requirements**. The city could also offer **dedicated staff support** to help entrepreneurs complete paperwork.

Quotes from the focus group

"The process of getting certified to work is so stressful, so the government should try to have a particular rule that will help a business get space and clients."

"The application process was not easy for me, and I had other friends who didn't quite get it done easily too. I think it'll be better if the application process is less stressful. Generally, it took too much time."

"Paperwork during the certification, registration, and when you are trying to apply for resources is time-consuming. So, paperwork should be reduced to something small. I feel that would help a lot."

"The paperwork should be easier. Some of the entrepreneurs are not that educated, so sometimes the paperwork could be complicated, so it needs to be simplified."

The City can offer **tax relief to businesses of specific sizes to free up capital for entrepreneurs to invest in their businesses.**

Quotes from the focus group

"Yeah. The tax issue. There should be a type of lowered amount for small business owners because you know they are just coming up, and there would be other stuff that will be bought or repaired or replaced, so it would be hard to fill up the taxes."

"For small, small-scale businesses, lowering the tax will go a very long way in helping them out. Because they're paying less tax and earning more, there will be more money to invest in the business and everything."

Appendix C: Baseline Data from the Urban Institute

Research and Data Collection to Support Strategies to Close Racial Income and Wealth Gaps for Living Cities' Closing the Gaps Network's Year of Reckoning Cities Cohort

Baseline Data Collection Sample Indicators
Austin, TX
2-Jun-22



Pop'n Income	General Reference Statistics Income Total Jobs by Largest Industries Composition of Largest Industries Median Earnings of Largest Industries
Homeownership	Young Adult Homeowners Homeownership Rate Comparison Homeownership Rate by age, gender, race New Homeowners (net) Projected Homeowners
Homeowner Readiness	Mortgage ready young adults Mortgage obstacles
Supply and Affordability	Affordability Supply
Mortgage Performance	Mortgage Performance
Housing Wealth	Relative Housing Wealth
Austin MSA Ownership Employees, and Sales	Share of Firms Share of Employees by Firm Owner Race Share of Sales
Startups Ownership, Employees, and Sales	Share of Firms Share of Employees by Firm Owner Race Share of Sales

Austin, TX

General reference statistics	All	Asian	Black	Hispanic	White	Other
Share of Total HH		6.6%	7.1%	25.8%	58.0%	2.5%
# Households (18+)	392889	25809	28066	101228	228041	9745
# Homeowners households (18+)	178659	12120	6830	35191	121377	3142
# Renter households (18+)	214230	13689	21236	66037	106664	6603
% Dissimilarity index, White		33.7%	42.0%	38.6%		11.6%
% HOship rate (18+) (ACS 2015-2019)	45.5%	47.0%	24.3%	34.8%	53.2%	32.2%

Income	All	Asian	Black	Hispanic	White	Other
Median HH Income (ACS 2019)	\$75,000	\$92,000	\$47,600	\$54,800	\$91,000	\$52,000
\$ Median homeowner income	\$116,000	\$136,000	\$64,400	\$82,000	\$130,000	\$133,300
\$ Median renter income	\$55,000	\$68,300	\$45,000	\$43,700	\$65,000	\$41,700
Gini Index	0.4836					

Total Jobs by Largest Industries	All	Asian	Black	Hispanic	White	Other
Professional, Scientific, and Technical Services	88340	8255	2428	15063	60539	2055
Educational Services	55697	6985	1108	14635	32152	817
Health Care and Social Assistance	55178	2862	6436	16259	27643	1978
Accommodation and Food Services	47143	1671	3766	20816	19101	1788
Retail Trade	46758	2474	2455	14713	25455	1660
Total Population With a Job	552846	40088	34276	172023	291972	14486

Composition of Largest Industries	All	Asian	Black	Hispanic	White	Other
Professional, Scientific, and Technical Services	100%	9.34%	2.75%	17.05%	68.53%	2.33%
Educational Services	100%	12.54%	1.99%	26.28%	57.73%	1.47%
Health Care and Social Assistance	100%	5.19%	11.66%	29.47%	50.10%	3.58%
Accommodation and Food Services	100%	3.54%	7.99%	44.16%	40.52%	3.79%
Retail Trade	100%	5.29%	5.25%	31.47%	54.44%	3.55%

	All	Asian	Black	Hispanic	White	Other
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Median Earnings of Largest Industries						
Professional, Scientific, and Technical Services	\$75,000	\$99,000	\$55,000	\$50,000	\$84,000	\$61,000
Educational Services	\$45,000	\$20,000	\$50,000	\$36,000	\$49,000	\$58,000
Health Care and Social Assistance	\$40,000	\$32,000	\$32,000	\$32,000	\$50,000	\$24,000
Accommodation and Food Services	\$20,800	\$17,000	\$25,000	\$20,800	\$22,000	\$24,000
Retail Trade	\$30,000	\$37,500	\$24,000	\$25,000	\$40,000	\$25,000
Median Earnings over all Workers	\$45,000	\$60,000	\$33,100	\$32,000	\$55,000	\$40,000

Note(s): The Gini Index is not calculated by race and ethnicity. A number closer to 1 means maximal inequality and a number closer to 0 means minimal inequality

Data Source: American Community Survey

Homeownership

Austin, TX

Young Adult Homeowners (18-45)	All	Asian	Black	Hispanic	White	Other
# Young adult homeowners	70013	7060	2510	15854	42747	1842
Young adult homeowners % of total homeowners	39%	58%	37%	45%	35%	59%

Homeownership Rate Comparison	All	Asian	Black	Hispanic	White	Other
HO RATE ACS 2019	45.5%	47.0%	24.3%	34.8%	53.2%	32.2%

Homeownership Rate x age, gender, race	All	Asian	Black	Hispanic	White	Other
Homeownership rate (18+)--Male	45.3%	45.3%	20.0%	37.1%	52.6%	28.8%
Homeownership rate (18+)--Female	45.6%	50.3%	29.3%	32.7%	53.9%	37.2%
Homeownership rate Young Adult (18-45)	31.4%	37.1%	16.7%	24.9%	36.0%	29.0%
Homeownership rate Young Adult - Male	31.2%	34.0%	17.1%	28.2%	34.3%	20.9%
Homeownership rate Young Adult - Female	31.7%	44.0%	16.2%	21.8%	37.8%	38.7%
Homeownership rate 65+	74.0%	87.1%	53.4%	63.9%	77.9%	66.4%
Homeownership rate of adults 65+ --Male	78.1%	89.9%	41.1%	74.0%	81.4%	98.6%

Homeownership rate of adults 65+--Female	70.1%	84.5%	63.8%	55.1%	74.6%	17.4%
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<i>New Homeowners (net)</i>	All	Asian	Black	Hispanic	White	Other
# New homeowners (since 2018)	5,494	3,217	(1,124)	838	3,711	(1,149)

<i>Projected Homeowners</i>	All	Asian	Black	Hispanic	White	Other
# 2040 homeowners	310,238		15,730	91,367	167,348	10,758
# 2040 households, state level	516,848		41,951	156,201	238,959	17,751
2040 homeownership projection, state level	60.0%		37.5%	58.5%	70.0%	60.6%

Note(s):

- 1) In counting Young Adult Homeowners, we used 18-45 as young adult, to follow Freddie Mac "Mortgage Ready" convention.
- 2) The projected homeowner analysis is directly available only at state level; To provide city estimates, we applied state projections for HH formation and HOship to the city population.
- 3) In the homeowner projections, "Other" includes Asians.

Data Source: American Community Survey, Decennial Census

Homeownership Readiness

<i>Mortgage Ready Young Adults</i>	All	Asian	Black	Hispanic	White	Other
# Mortgage ready potential young adults (age 18-45), MSA	111,667	8,900	38,408	10,381	52,120	1,858
% Mortgage Ready (age 18-45), MSA	47.90%	59.40%	16.00%	34.50%	32.00%	

<i>Mortgage Obstacles</i>	All	Asian	Black	Hispanic	White	Other
Denial rates	10.0%	9.6%	19.1%	20.4%	6.3%	10.7%
Biggest reason for denial (not sure this is conclusive)	DTI ratio	DTI ratio	DTI ratio	DTI ratio	DTI ratio	Other

Note(s): The % Mortgage Ready for Young Adults is not available for Other in the metropolitan statistical area or for any racial or ethnic category at the state and national level

Data Source: Home Mortgage Disclosure Act, Freddie Mac

Supply and Affordability

Austin, TX

Affordability	All	Asian	Black	Hispanic	White	Other
\$ Median home value (all homes owned)	\$365,000	\$400,000	\$275,000	\$260,000	\$400,000	\$350,000
Value of Median Property Purchased	\$375,000	\$415,000	\$285,000	\$285,000	\$405,000	\$355,000
Median home price	\$420,402					
\$ Average Gross rent	\$1,443	\$1,422	\$1,241	\$1,300	\$1,588	\$1,244
\$ Average gross housing cost (owners)	\$1,979	\$2,248	\$1,538	\$1,561	\$2,094	\$2,118
\$ Median Gross rent	\$1,345	\$1,383	\$1,217	\$1,230	\$1,463	\$1,158
\$ Median gross housing cost (owners)	\$1,715	\$2,075	\$1,363	\$1,365	\$1,810	\$2,084
Average Leverage ratio (DTI)	36	33	40	39	33	33
% Owners that are housing cost burdened	23.1%	29.2%	42.0%	26.6%	20.3%	24.9%
% Renters that are housing cost burdened	46.6%	39.7%	58.9%	54.2%	39.6%	58.9%

Supply	All
# New, private housing units authorized by building permits (2020), MSA	41724
Inventory Change (Feb 2020 - Feb 2022), MSA	-11.0%
Inventory per household, MSA, 2019	9,979 (2019)
Median Days to Pending (Feb 2020 - Feb 2022), MSA	30 (Feb 2020) - 22 (Feb 2022)
Days to Pending, MSA	41 (Feb 2022)

Note(s):

- 1) Median home prices are not available by race or ethnicity.
- 2) Supply data except on building permits is not available at the state and national level.

Data Source: American Community Survey, Black Knight, Zillow, Federal Reserve Economic Data

Mortgage Performance

Austin, TX

Mortgage Performance	City
Pre foreclosure Filings	2,080
# of foreclosures	2,682
# of real estate owned (REO)	890
# loans outstanding	671,433
Completed foreclosures	738
Foreclosure rates	0.40%
# of REO sales	690
# of Short sales	48
# Underwater mortgages	41,123
Negative equity share	6.10%
Average Equity Percentage	41.50%

Note: Loan performance data does not contain racial/ethnic information.

Data Source: CoreLogic MarketTrends

Housing Wealth

Austin, TX

Relative Housing Wealth	All	Asian	Black	Hispanic	White	Other
Household adjusted housing wealth concentration		0.90	0.50	0.60	1.30	0.60
Average home values compared to those of White homeowners	\$(48,000)	\$(17,000)	\$(126,000)	\$(113,000)		\$ 13,000
Total Primary Wealth Held (\$Millions)	\$84,980	\$6,120	\$2,240	\$11,700	\$63,700	\$1,220
Share of owned homes built since 2000	28.9%	58.9%	24.4%	27.8%	26.5%	32.6%

Note(s):

- 1) Household adjusted housing wealth concentration equals the percentage of total housing wealth held by each racial and ethnic group divided by the percentage of all households by race and ethnicity.
- 2) Total housing wealth equals the number of homeowners by race and ethnicity multiplied by the average home value across homeowners in each racial and ethnic group. It excludes debt secured by the property.
- 3) Total population share equals the share of households represented by each race and ethnicity.

- 4) When the household adjusted housing wealth concentration measure exceeds 1 for a racial or ethnic group, it means that the racial or ethnic group holds a larger share of the wealth relative to its proportion of the household population. When the ratio is less than 1, it means that the racial or ethnic group holds a smaller share of the housing wealth relative to its proportion of the household population. Since housing wealth is related to both the homeownership and home values, then it illustrates the combined impact of both on a broad measure of housing wealth by race and ethnicity. In other words, the household adjusted housing wealth concentration measure indicates that housing wealth is often not distributed equally relative to the distribution of households by race and ethnicity

Data Source: American Community Survey

Austin MSA Share of Firms, Employees, and Sales by Race of Owner

	Share of Firms (2017-2018)	Share of Employees by Firm Owner Race	Share of Sales (2017 Only)
Asian	9.5%	7.0%	6.0%
Black or African American	1.1%	1.7%	0.9%
Latinx	9.6%	8.3%	4.6%
White	79.8%	83.0%	88.5%
Total	100.0%	100.0%	100.0%

Note(s):

- 1) Sales are not inflation-adjusted.
- 2) Sales data for 2018 and 2019 were not available.
- 3) Share of Firms and Share of Employees are averages of 2017, 2018 and 2019.

Source(s): American Business Survey 2020, American Business Survey 2019, American Business Survey 2018

Startups

	Share of Firms (2017 Only)	Share of Employees by Firm Owner Race	Share of Sales (2017 Only)
Asian	9.7%	15.1%	10.0%
Black or African American	1.4%	0.9%	0.4%
Latinx	7.5%	4.6%	3.4%
White	81.4%	79.4%	86.3%
Total	100.0%	100.0%	100.0%

Note(s):

- 1) Sales are not inflation-adjusted.
- 2) Sales data for 2018 and 2019 were not available.
- 3) Share of Firms and Share of Employees are averages of 2017, 2018 and 2019.
- 4) Asterisks for categories for which there is not at least one year where all racial categories have data.

Source(s): American Business Survey 2020, American Business Survey 2019, American Business Survey 2018

Appendix D: CTG Network Survey Synthesis - Building Wealth in Austin, TX

The City of Austin is participating in [Living Cities' Closing the Gaps Network](#) (CTG), a community of leaders who are committed to working together to build an anti-racist society. City leaders recognize that homeownership and entrepreneurship are two important ways that individuals and families build wealth and that Black, Indigenous, and other people of color often experience significant challenges as aspiring homeowners and entrepreneurs.

CTG is partnered with [FSG](#), a non-profit organization, to better understand the needs and priorities of community members as they relate to homeownership and entrepreneurship. In June 2022, FSG collected Austinites' input on wealth building in order to inform a needs assessment. This is a summary of the results of the survey.

Respondent Demographics, Tenure, and Income

What racial group do you identify with? (Select all that apply)

People identifying as Black or African American comprised the greatest percentage of the respondent pool (43.3 percent, or 109 people). People identifying as Hispanic/Latinx (38.1%, or 96) were the next most represented among residents. The Latinx respondents were very diverse: 10.4 percent or 10 identified as Asian, 34.4 percent or 33 identified as Black, 17.7 percent or 17 identified as Native American, and 24 percent or 23 Latinx people identified as White. The 22.6 percent or 57 people surveyed who identified as White only were the third most populous group.

Category	Number of respondents	Percent of all respondents
<i>Asian or Asian-American</i>	16	6.3%
<i>Black or African American</i>	109	43.3%
<i>Middle Eastern / North African</i>	6	2.4%
<i>Native American / American Indian / Alaska Native</i>	21	8.3%
<i>Native Hawaiian / Pacific Islander</i>	7	2.8%
<i>White</i>	83	32.9%
<i>Multi-racial (2+ races)</i>	34	13.5%
<i>Hispanic / Latinx</i>	96	38.1%
<i>Prefer not to respond</i>	4	1.6%
<i>White-only</i>	57	22.6%
Totals	252	-

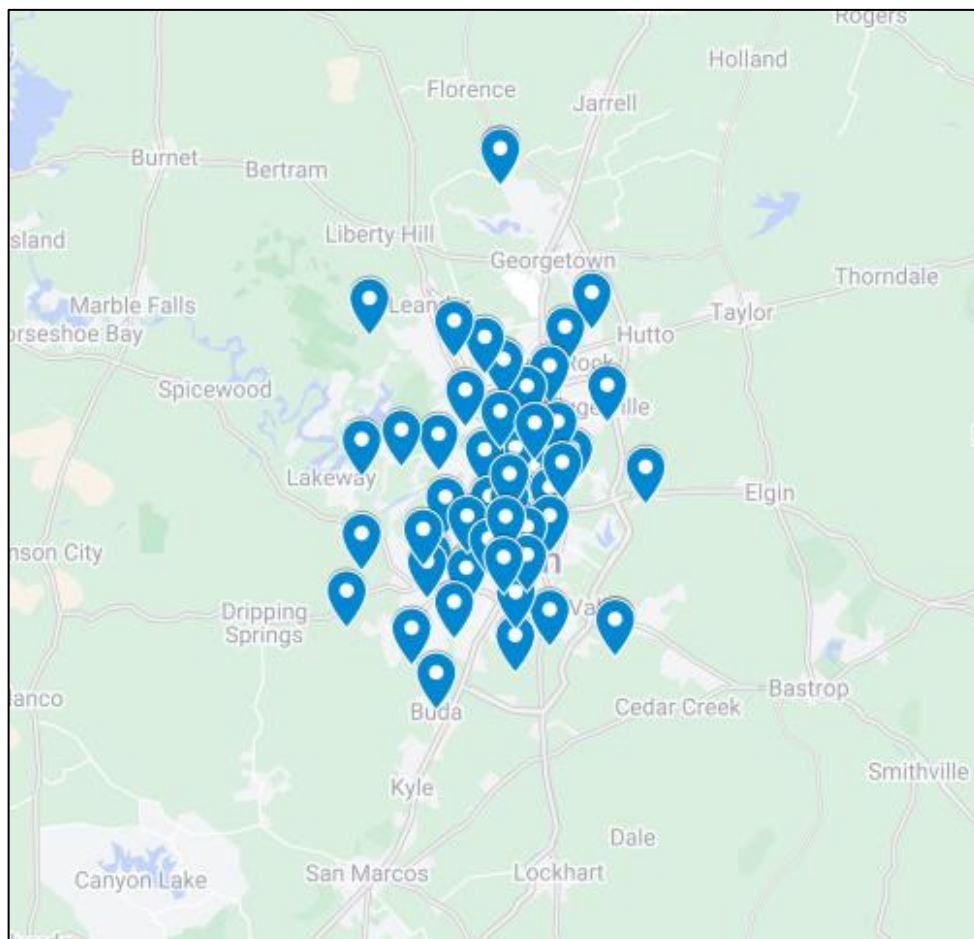
What is your age?

The majority of survey respondents were under 45 years old (88.4 percent or 223 people). People between 25 and 34 were most represented (44 percent or 111 people), followed by people who are between 35 and 44 years old (34.5 percent or 87 people). There was equal representation (9.9 percent or 25 people) among people who were 18-24 years old and 45-54 years old.

Category	Number of respondents	Percent of all respondents
18-24 years	25	9.9%
25-34 years	111	44.0%
35-44 years	87	34.5%
45-54 years	25	9.9%
55-59 years	4	1.6%
Totals	252	100.0%

What is the zip code of your primary residence?

There were 63 zip codes across the greater Austin area represented in the survey pool, though 36 of the 63 zip codes had fewer than two respondents. The largest single group of the respondents (11.9 percent or 30 people) lived in the Georgetown area (zip code 78633). Otherwise, the greatest concentration of people was the 9.5 percent (24 people) who lived in the East Congress (zip code 73301), the 4.8 percent (14 people) who lived downtown (zip code 78701), the 4 percent (10 people) who lived in Franklin Park (zip code 73344), and the 4 percent (10 people) who lived in Cedar Park. Only seven (2.8 percent) of the survey respondents lived in the Eastern Crescent. The map below shows the distribution of zip codes represented.



<i>Category</i>	Number of respondents	Percent of all respondents	<i>Category</i>	Number of respondents	Percent of all respondents
78633	30	11.9%	78727	3	1.2%
73301	24	9.5%	78745	3	1.2%
78701	14	5.6%	78753	3	1.2%
78741	12	4.8%	77418	2	0.8%
73344	10	4.0%	78641	2	0.8%
78613	10	4.0%	78660	2	0.8%
78758	9	3.6%	78708	2	0.8%
78652	7	2.8%	78713	2	0.8%
78748	7	2.8%	78714	2	0.8%
78759	7	2.8%	78721	2	0.8%
78717	6	2.4%	78723	2	0.8%
78732	6	2.4%	78724	2	0.8%
78744	5	2.0%	78728	2	0.8%
78756	5	2.0%	78731	2	0.8%
78653	4	1.6%	78734	2	0.8%
78702	4	1.6%	78735	2	0.8%
78704	4	1.6%	78736	2	0.8%
78705	4	1.6%	78737	2	0.8%
78716	4	1.6%	78749	2	0.8%
78729	4	1.6%	78751	2	0.8%
78633	30	11.9%	78754	2	0.8%
73301	24	9.5%	78757	2	0.8%
78701	14	5.6%	75081	1	0.4%
78741	12	4.8%	77065	1	0.4%
73344	10	4.0%	77080	1	0.4%
78613	10	4.0%	77485	1	0.4%
78758	9	3.6%	78610	1	0.4%
78652	7	2.8%	78664	1	0.4%
78748	7	2.8%	78665	1	0.4%
78759	7	2.8%	78703	1	0.4%
78717	6	2.4%	78709	1	0.4%
78732	6	2.4%	78718	1	0.4%
78744	5	2.0%	78719	1	0.4%
78756	5	2.0%	78722	1	0.4%
78653	4	1.6%	78730	1	0.4%
78702	4	1.6%	78746	1	0.4%
78704	4	1.6%	78747	1	0.4%
78705	4	1.6%	78750	1	0.4%
78716	4	1.6%	78752	1	0.4%
78729	4	1.6%	Totals	252	100.0%
78617	3	1.2%			
78710	3	1.2%			
78712	3	1.2%			
78715	3	1.2%			

How many years have you lived in Austin?

Nearly half (44.4 percent or 112) of the survey respondents have lived in Austin for more than 10 years. 33.7 percent or 85 respondents have been in Austin for 4-10 years and 49 or 33.7 percent of respondents have been in Austin for 1-3 years. Only 6 or 2.4 percent of respondents have lived in Austin for less than a year. Those living in Austin for over 10 years represented the majority of each racial group, except for Whites who had 27 respondents respond with 4-10 years and Native Americans who had 15 people respond with living in Austin between 1-10 years.

Category	Number of respondents	Percent of all respondents
<i>Less than a year</i>	6	2.4%
<i>1-3 years</i>	49	19.4%
<i>4-10 years</i>	85	33.7%
<i>More than 10 years</i>	112	44.4%
Totals	252	100.0%

What is your household income?

Category	Number of respondents	Percent of all respondents
<i>Under \$20,000 per year</i>	13	5.2%
<i>\$20,001-\$40,000 per year</i>	38	15.1%
<i>\$40,001-\$60,000 per year</i>	39	15.5%
<i>\$60,001-\$80,000 per year</i>	38	15.1%
<i>\$80,001-\$100,000 per year</i>	36	14.3%
<i>\$100,001-\$120,000 per year</i>	27	10.7%
<i>\$120,001-\$140,000 per year</i>	26	10.3%
<i>\$140,001-\$160,000 per year</i>	16	6.3%
<i>Over \$160,000 per year</i>	19	7.5%
Totals	252	100.0%

What was the representation of respondents across Median Family Income?

Median family income (MFI) came up repeatedly during our research. It is calculated based on household income and size. We analyzed survey respondent data and categorized respondent MFIs based on the City of Austin's Housing and Planning Department's 2021 figures.¹⁴⁹ MFI is used as the basis for income limits in subsidized affordable housing. We did not have access to data on household size, nor did we ask about it on the survey, so the MFI estimates below are directional, rather than precise.

The majority of respondents (81.7 percent or 206 respondents) fell above 80% MFI. Nearly half (48.8 percent or 123) survey respondents fell above 100% MFI. About a third, or 83 people, were between 50-80% MFI. Only 5.2 percent or 13 respondents fell below 30% MFI. The majority (11 respondents) of

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https://www.austintexas.gov/sites/default/files/files/Housing_%26_Planning/Affordable%20Housing/FINAL%20MFI%20Chart%20Effective%2006-01-2021.pdf

those below 30% MFI were Black or African American, representing 10.1 percent of all Black respondents. The rest (3 respondents) were Latinx, representing 3.1 percent of all Latinx respondents. The majority (16 respondents) of respondents between 30-50% MFI were Latinx, representing 16.7 percent of all Latinx respondents. Because of the limited sample size among people below 80% MFI, little statistical significance can be attributed to disaggregated data based on MFI.

<i>All Respondents</i>	Number of respondents	Percent of all respondents
30% MFI	13	5.2%
50% MFI	27	10.7%
80% MFI	83	32.9%
Over 100% MFI	123	48.8%
Totals	252	100.0%

<i>Asian/Asian-American Respondents</i>	Number of respondents	Percent of all respondents
30% MFI	0	0.0%
50% MFI	1	6.3%
80% MFI	4	25.0%
Over 100% MFI	11	68.8%
Totals	16	100.0%

<i>Black/African-American Respondents</i>	Number of respondents	Percent of all respondents
30% MFI	11	10.1%
50% MFI	9	8.3%
80% MFI	34	31.2%
Over 100% MFI	55	50.5%
Totals	109	100.0%

<i>Hispanic/Latinx Respondents</i>	Number of respondents	Percent of all respondents
30% MFI	3	3.1%
50% MFI	16	16.7%
80% MFI	23	24.0%
Over 100% MFI	50	52.1%
Totals	96	100.0%

<i>White Respondents</i>	Number of respondents	Percent of all respondents
30% MFI	0	0.0%
50% MFI	2	3.5%
80% MFI	20	35.1%
Over 100% MFI	26	45.6%
Totals	57	100.0%

Wealth Exploration

Which of the following would you like to explore to build wealth? (Please rank the following)

There was remarkable consistency among survey respondents when they were asked to rank their preference for exploring various means of building wealth. Black, Latinx and White respondents all chose the same wealth building vehicles, in the same order, for the top three choices: 1) residential real estate investment (to live in); 2) residential real estate investment (to rent to someone else); 3) commercial real estate investment. It is noteworthy that these three types of real estate investment were all preferred to starting or investing in a business. Employment benefits, market investments, and debt elimination were the three least favored choices (in slightly different orders) among survey respondents of all demographic categories. The preferences of Native American survey respondents differed the most from those of other demographic categories, with a first preference for “increasing my income” as a way to build wealth.

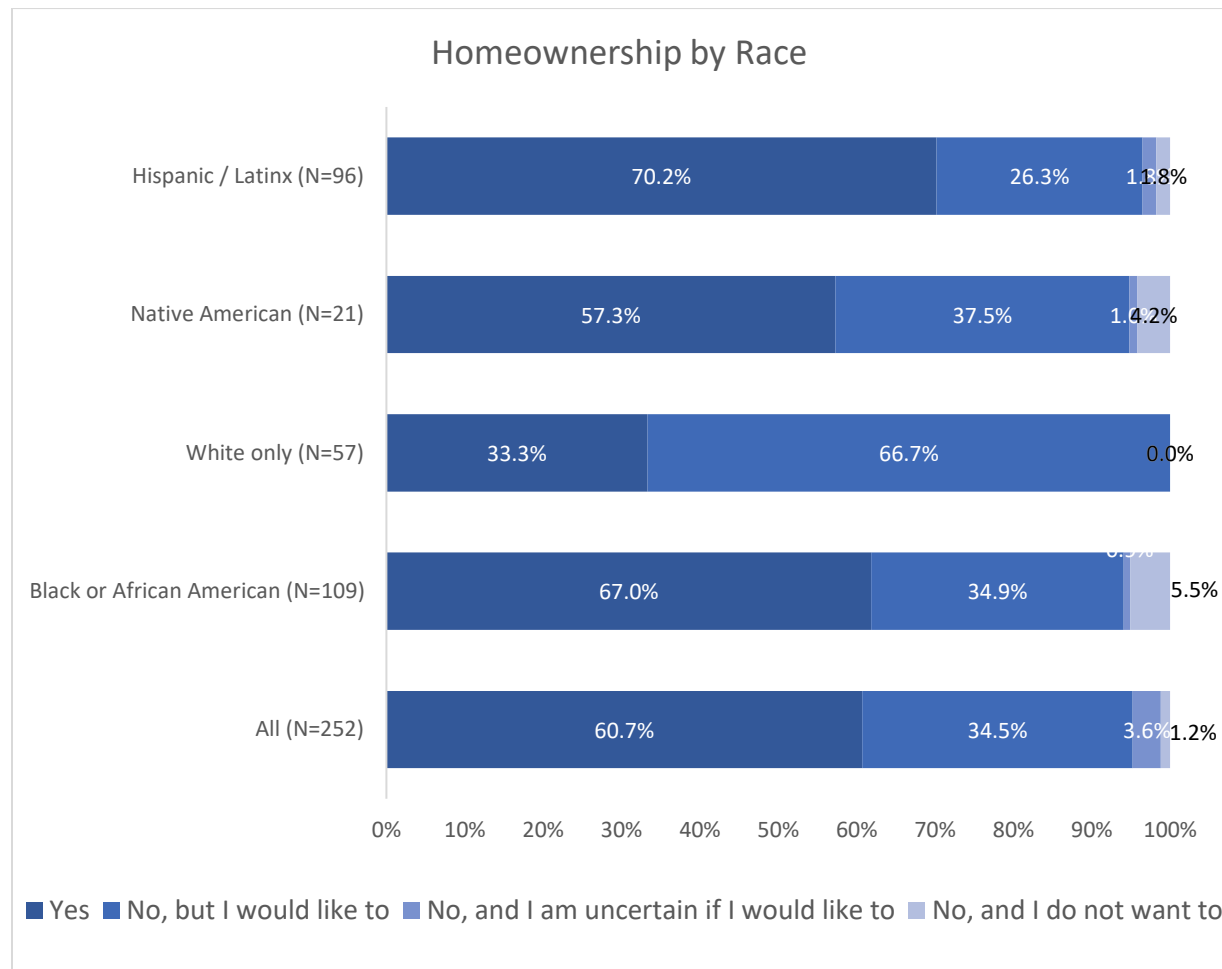
Rank	All	Black	Native American	Hispanic/Latinx	White
1	Residential real estate investment (to live in)	Residential real estate investment (to live in)	Increase my income	Residential real estate investment (to live in)	Residential real estate investment (to live in)
2	Residential real estate investment (to rent to someone else)	Residential real estate investment (to rent to someone else)	Residential real estate investment (to live in)	Residential real estate investment (to rent to someone else)	Residential real estate investment (to rent to someone else)
3	Commercial real estate investment	Commercial real estate investment	Residential real estate investment (to rent to someone else)	Commercial real estate investment	Commercial real estate investment
4	Start or invest in a business (e.g., brick and mortar, virtual store)	Start or invest in a business (e.g., brick and mortar, virtual store)	Commercial real estate investment	Start or invest in a business (e.g., brick and mortar, virtual store)	Financial planning (e.g., budgeting, life insurance, estate planning)
5	Increase my income	Increase my income	Join a worker-owned co-op	Increase my income	Start or invest in a business (e.g., brick and mortar, virtual store)
6	Financial planning (e.g., budgeting, life insurance, estate planning)	Financial planning (e.g., budgeting, life insurance, estate planning)	Start or invest in a business (e.g., brick and mortar, virtual store)	Join a worker-owned co-op	Increase my income
7	Join a worker-owned co-op	Join a worker-owned co-op	Financial planning (e.g., budgeting, life	Financial planning (e.g., budgeting, life	Join a worker-owned co-op

			insurance, estate planning)	insurance, estate planning)	
8	Employment benefits (e.g., pension, 401K plan)	Employment benefits (e.g., pension, 401K plan)	Employment benefits (e.g., pension, 401K plan)	Employment benefits (e.g., pension, 401K plan)	Employment benefits (e.g., pension, 401K plan)
9	Market investments (e.g., stocks and bonds)	Market investments (e.g., stocks and bonds)	Apply for debt elimination (e.g., student loan forgiveness)	Market investments (e.g., stocks and bonds)	Market investments (e.g., stocks and bonds)
10	Apply for debt elimination (e.g., student loan forgiveness)	Apply for debt elimination (e.g., student loan forgiveness)	Market investments (e.g., stocks and bonds)	Apply for debt elimination (e.g., student loan forgiveness)	Apply for debt elimination (e.g., student loan forgiveness)

Homeownership

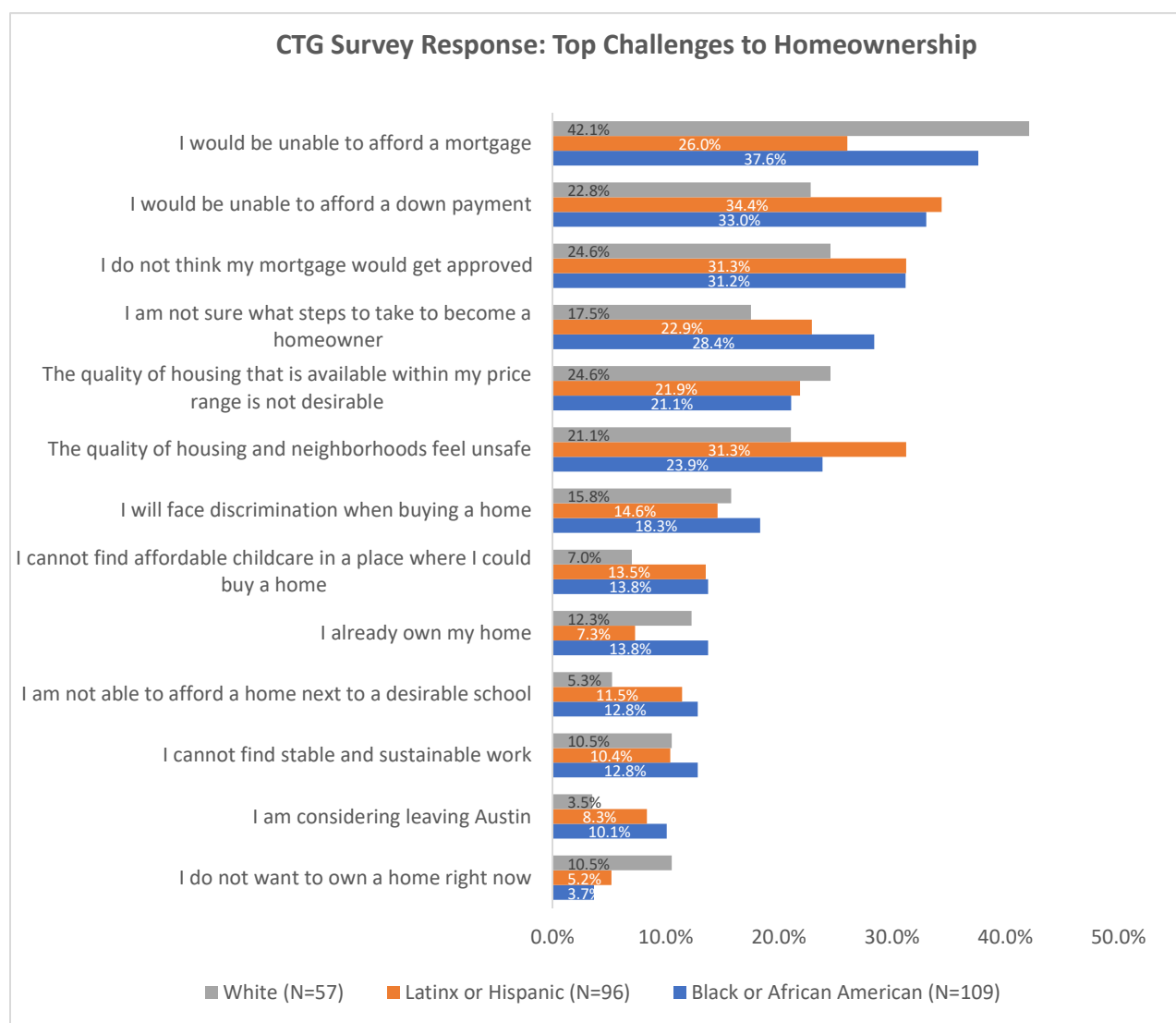
Do you own a home in Austin?

The majority of respondents (60.7 percent or 153 respondents) were current homeowners. 34.5 percent or 87 respondents were aspiring homeowners. The majority of the homeowners who responded to the survey were people of color. White respondents were least represented among homeowners; only 40 White respondents owned a home.



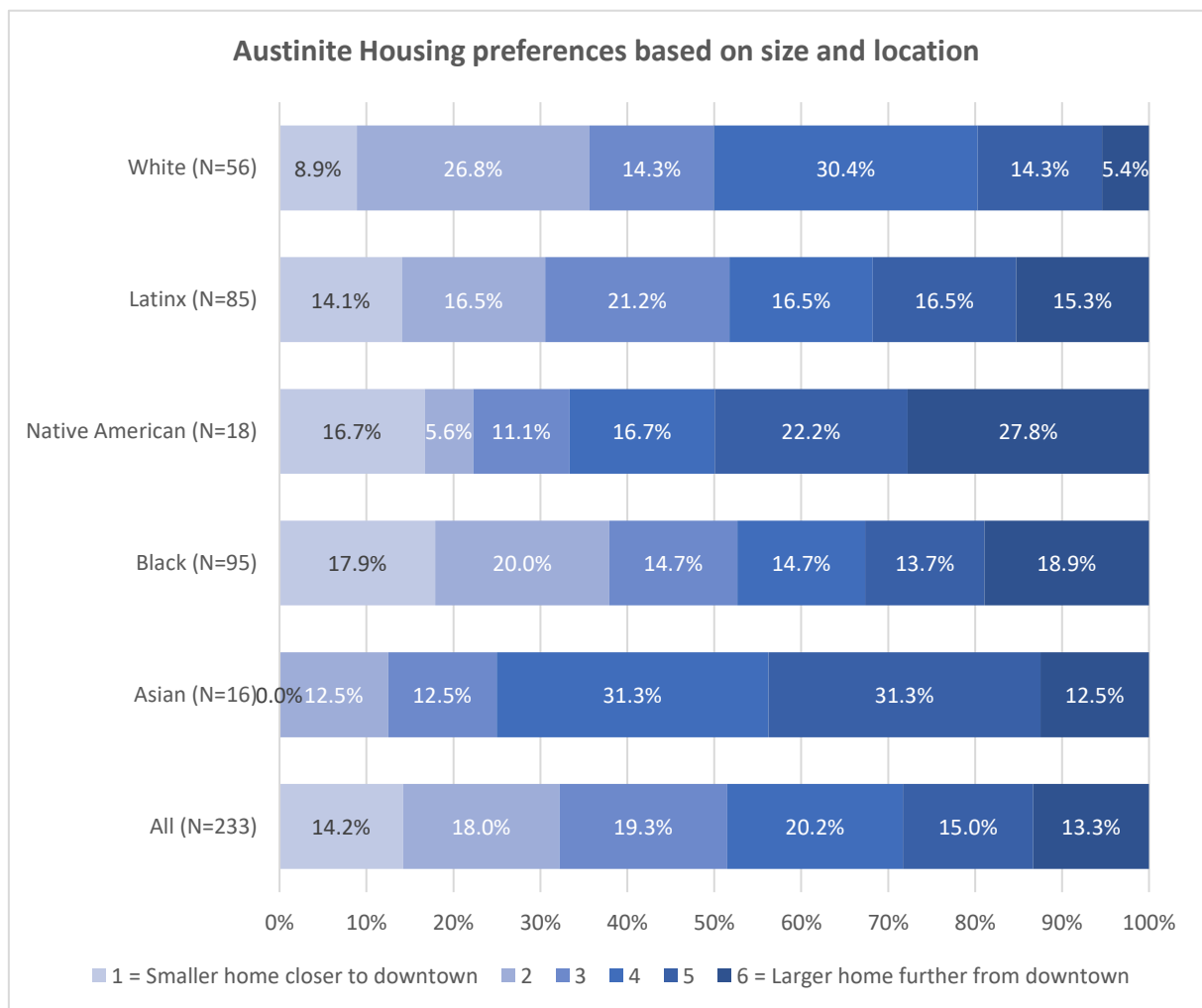
Which of the following would create the greatest challenge to your journey to become a homeowner? (Select all that apply)

When we asked what the greatest challenges to homeownership are, a plurality of respondents (82 people or 33%) stated that they would be unable to afford a mortgage. The percentage of Black and Latinx respondents who felt they “would be unable to afford a down payment” was 50% higher than that that of White respondents. White respondents reported that they were “not interested in homeownership at this point” at nearly twice the rates of Black and Latinx respondents. Conversely, Black and Latinx respondents noted that “I am not able to afford a home next to a desirable school” at nearly twice the rate of White respondents. Notably, 31% of Latinx respondents responded with experiencing unsafe housing and neighborhoods. The challenges faced by Austinites of color are making them consider leaving Austin at higher rates as well.



If you had access to an extra \$1000 per month to put towards a monthly mortgage, would you try to purchase a smaller home closer to downtown or a larger home further out?

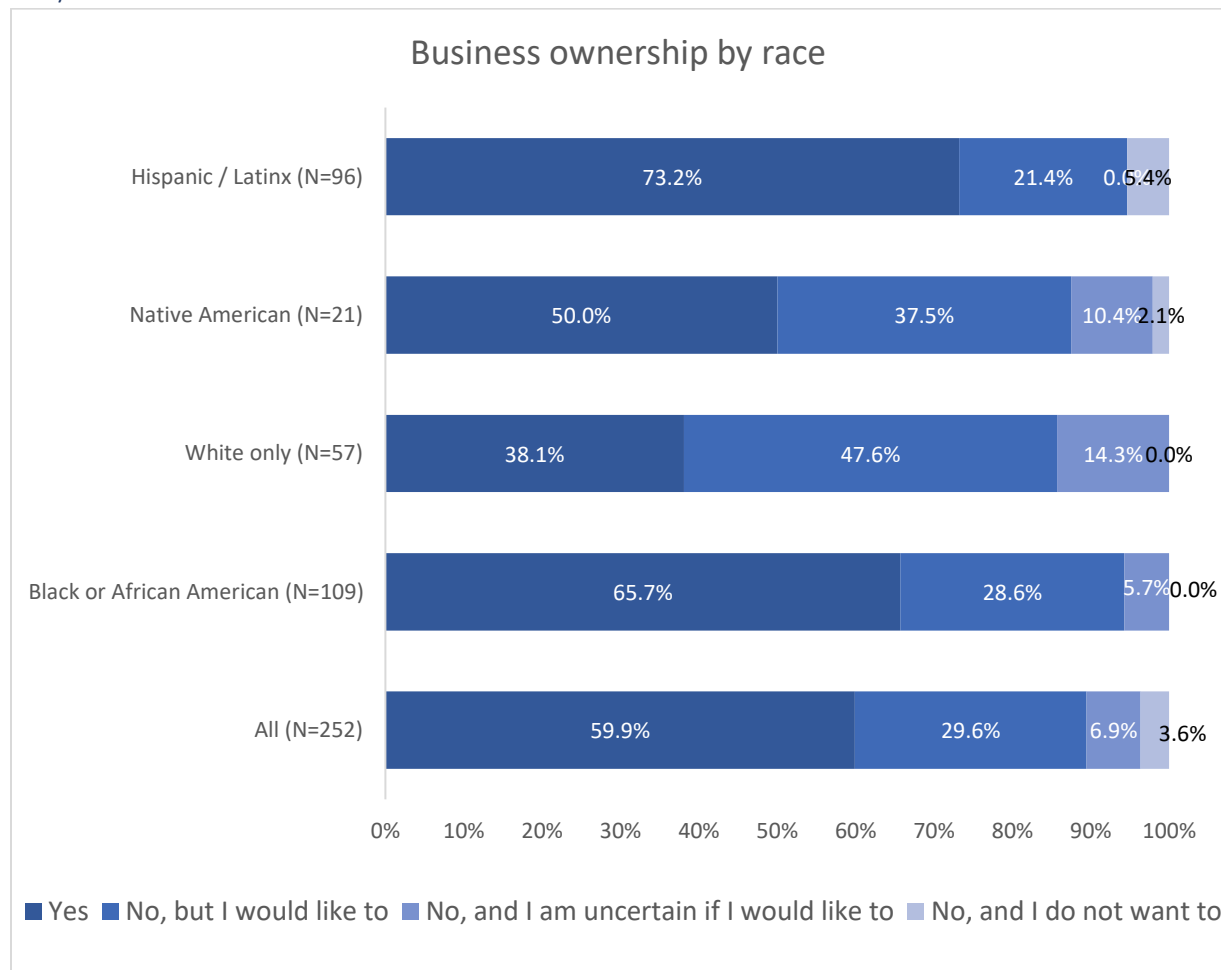
233 respondents to the survey answered the question and answers were evenly split. Given an extra \$1,000 towards a hypothetical mortgage, a little over half (51.5%) of all respondents would try to purchase a smaller home closer to downtown. This trend remains relatively consistent among White, Black, and Latinx respondents. While there were significantly fewer Asian and Native American respondents, both groups demonstrated a preference for a larger home further from downtown. Among Asian respondents, 74.8% responded with a preference towards larger homes further from downtown. 66.7% of Native Americans demonstrated the same preference.



Business ownership

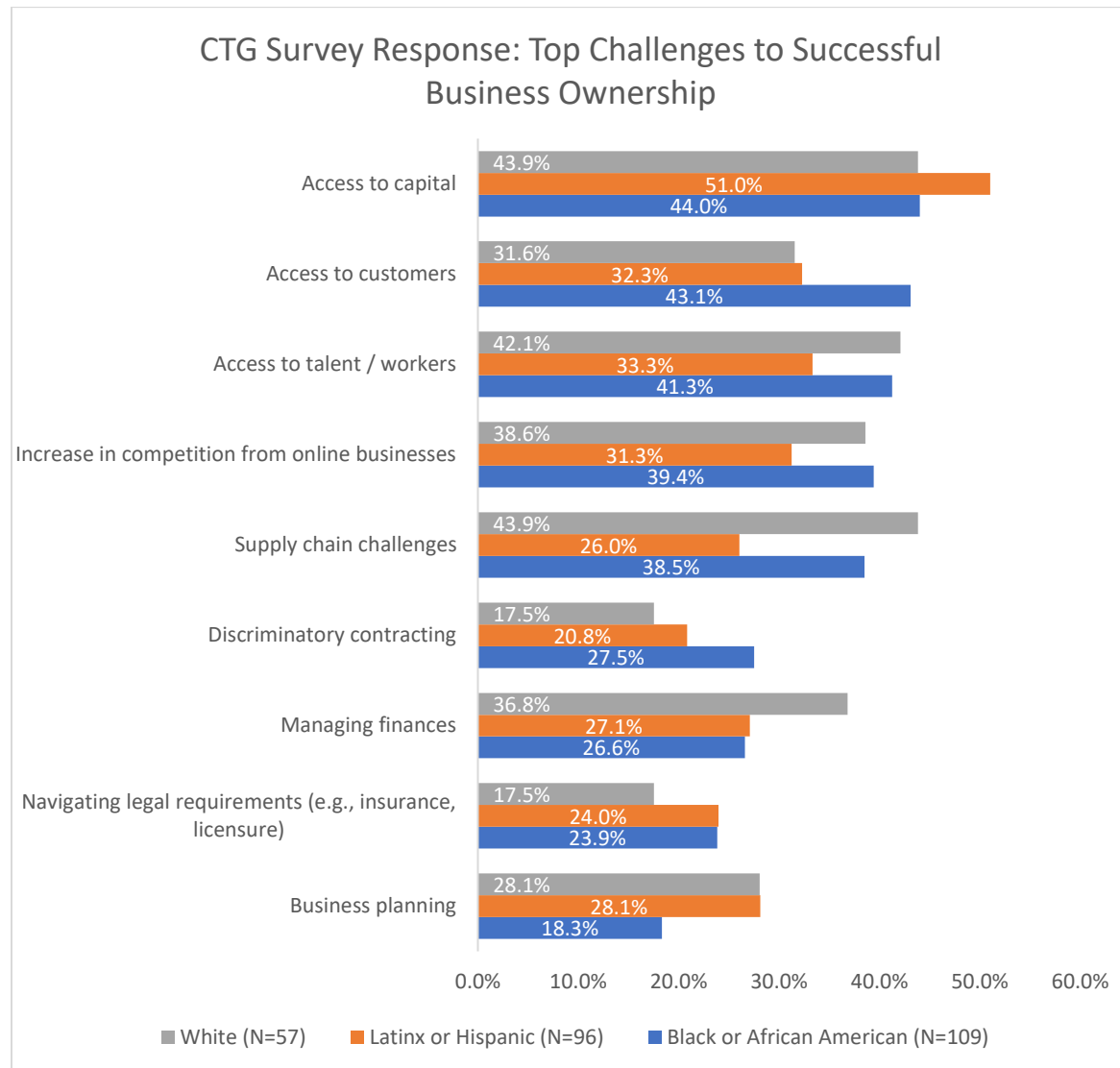
Most respondents (90 percent) currently own a business (59.9 percent) or aspire to do so (29.6 percent). Black business owners were the most represented group among entrepreneurs (72 people), closely followed by Latinx business owners (70 respondents). Black respondents were most represented among aspiring business owners (31 people). Fewer people identifying as White currently own a business (38 percent of those self-identifying, or 22 people) than would like to (48 percent of those self-identifying, or 27 people). Latinx respondents had the highest representation among people who do not own a business and do not want to (5.4 percent).

Do you own a business in Austin?



Which of the following challenges would impact your ability to operate a successful business in Austin? (Select all that apply)

When respondents were asked to rank nine potential challenges to their business listed, access to capital was chosen by the largest percentage of respondents across all demographic groups. Notably, a majority of Latinx respondents chose it. Access to customers and access to talent were also frequently selected by respondents. People identifying as belonging to a racial minority group ranked challenges related to discriminatory contracting and navigating legal requirements more frequently than White respondents. Across racial groups, a substantial number of respondents viewed increased competition from online businesses and supply chain difficulties as challenges.



Community Aspirations

Which would you like to see more of in your community? (Select all that apply)

When asked what type of businesses they would like to see more of in their community, survey respondents tended to choose grocery and home goods stores, as shown in the chart below. Every group except White respondents had the most respondents choose grocery store as one type of business they would like more of in their neighborhood. Home furnishings stores were one of the five most popular choices for every demographic group and specialty food stores were in the top five for all groups except Native American respondents. More manufacturing, construction, and transportation businesses were undesired by respondents of every race. Beyond those choices, there was a fair amount of variation in how respondents from different ethnic backgrounds chose types of establishments.

Popularity rank of response	All	Black	Native American	Latinx	White
1	Grocery store	Grocery store	Grocery store	Grocery store	Real estate, rental, and/or leasing service
2	Home furnishings store	Electronics and appliance store (tied for 1)	Home furnishings store	Specialty food store	Furniture store
3	Electronics and appliance store	Home furnishings store	Other general merchandise store	Auto parts, accessories, and tire shop	Building materials and supplies dealership
4	Specialty food store	Furniture store	Clothing store	Home furnishings store	Home furnishings store
5	Furniture store (tied for 4)	Specialty food store	Other motor vehicle dealership	Lawn and garden equipment and supply store	Specialty food store

Response	All		Black		Native American		Latinx		White	
Automobile dealership	38	15.1%	14	12.8%	5	23.8%	18	18.8%	11	19.3%
Other motor vehicle dealership	40	15.9%	23	21.1%	7	33.3%	18	18.8%	7	12.3%
Auto parts, accessories, and tire shop	58	23.0%	30	27.5%	6	28.6%	36	37.5%	8	14.0%
Furniture store	78	31.0%	33	30.3%	5	23.8%	31	32.3%	19	33.3%
Home furnishings store	86	34.1%	35	32.1%	9	42.9%	35	36.5%	17	29.8%
Electronics and appliance store	80	31.7%	40	36.7%	6	28.6%	28	29.2%	14	24.6%
Building material and supplies dealership	60	23.8%	21	19.3%	4	19.0%	23	24.0%	18	31.6%
Lawn and garden equipment and supply store	62	24.6%	27	24.8%	7	33.3%	32	33.3%	12	21.1%
Grocery store	89	35.3%	40	36.7%	11	52.4%	40	41.7%	13	22.8%
Specialty food store	78	31.0%	31	28.4%	7	33.3%	39	40.6%	17	29.8%
Beer, wine, and liquor store	61	24.2%	29	26.6%	4	19.0%	31	32.3%	8	14.0%
Gasoline station	42	16.7%	14	12.8%	4	19.0%	20	20.8%	6	10.5%
Clothing store	58	23.0%	25	22.9%	8	38.1%	25	26.0%	10	17.5%
Shoe store	42	16.7%	10	9.2%	4	19.0%	19	19.8%	11	19.3%
Jewelry, luggage, and / or leather goods store	33	13.1%	6	5.5%	4	19.0%	18	18.8%	5	8.8%
Sporting goods / hobby / musical instrument store	54	21.4%	23	21.1%	4	19.0%	26	27.1%	11	19.3%
Book, periodical, and music store	50	19.8%	15	13.8%	5	23.8%	26	27.1%	11	19.3%
Department store	58	23.0%	20	18.3%	6	28.6%	25	26.0%	13	22.8%
Other general merchandise store	38	15.1%	14	12.8%	9	42.9%	17	17.7%	10	17.5%
Other miscellaneous store retailer	35	13.9%	16	14.7%	5	23.8%	16	16.7%	5	8.8%
Non-store retailer	23	9.1%	8	7.3%	2	9.5%	5	5.2%	8	14.0%
Special food services (e.g., caterers, private chefs)	35	13.9%	15	13.8%	4	19.0%	16	16.7%	6	10.5%
Drinking places -- alcoholic beverages (e.g., bar, brewery, winery)	43	17.1%	15	13.8%	1	4.8%	21	21.9%	11	19.3%

Restaurants / other eating places	57	22.6%	26	23.9%	3	14.3%	26	27.1%	9	15.8%
Early childhood care facility (e.g., day care, babysitting service)	58	23.0%	17	15.6%	5	23.8%	31	32.3%	11	19.3%
Health care practice	46	18.3%	22	20.2%	5	23.8%	23	24.0%	8	14.0%
Manufacturing business	22	8.7%	13	11.9%	0	0.0%	6	6.3%	3	5.3%
Construction service	32	12.7%	15	13.8%	5	23.8%	15	15.6%	6	10.5%
Transportation company	21	8.3%	10	9.2%	4	19.0%	10	10.4%	6	10.5%
Real estate, rental, and / or leasing service	49	19.4%	22	20.2%	5	23.8%	11	11.5%	21	36.8%
Accounting service	14	5.6%	4	3.7%	3	14.3%	8	8.3%	4	7.0%
Other (please specify):	5	2.0%	2	1.8%	1	4.8%	3	3.1%	0	0.0%
Totals	252	-	109	-	21	-	96	-	57	-

Living Cities Closing the Gaps Network

Homeownership and Business Starts and Growth

Austin Needs Assessment

The Closing the Gaps Needs Assessments were primarily authored by the following FSG team members:

Victor Tavarez, Senior Consultant
Waheera Mardah, Senior Consultant
Kendra Berenson, Associate Director
Chris Carlson, Director
Jeff Cohen, Managing Director

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