

WELCOME HOME: A HOUSING PLAN FOR THE H-GAC REGION

Across the Houston-Galveston Area Council (H-GAC) service region, local leaders face housing challenges. Prices for land and construction are rising faster than household incomes. Some communities are feeling a strain on their resources from booming growth, while others are having trouble attracting any new housing development. The current mix of housing in the region doesn't always meet the varied needs of community members, such as teachers, police officers, and others who care for our communities. In addition, the current mix of housing may not meet *future* needs based on forecasted growth and changing demographics for the aging population, young families, and those of limited means or with special needs.

H-GAC developed this high-level plan as the first step in identifying shared challenges and exploring ways we can support the efforts of the region's local governments in achieving a range of housing choices that will sustain their future needs.

The first phase of this plan focuses on local governments within and including Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Liberty, Matagorda, Montgomery, Walker, Waller, and Wharton counties. H-GAC will incorporate the housing initiatives of the City of Houston, Harris County, and the cities contained therein beginning in 2020.





EXECUTIVE SUMMARY

THE PLAN AT-A-GLANCE

This high-level plan is the first step in identifying shared challenges and exploring ways H-GAC can support the efforts of the region's local governments in achieving a range of housing choices that will sustain their future needs.

Many factors informed this plan. We drew upon our regional network of local governments, economic and community development professionals, in-house data and analytical capabilities, and case studies completed during previous planning efforts, such as *Our Great Region 2040*. H-GAC also conducted a series of listening sessions with elected officials and community leaders across the region. These sessions provided an in-depth look at the housing challenges facing communities in the region. The most common challenges identified were:

- Affordability
- Lack of Developer/Builder Interest
- Rental Options
- Jobs-Housing Imbalance
- Infrastructure
- Capacity and Resources
- Transportation Options
- Resistance to Change

Based on this input, H-GAC developed the following strategies and action steps:

Strategy 1: Enhance Local Markets

- Action 1: Online Housing Tools
- Action 2: Conduct Case Studies for Individual Communities
- Action 3: Support Matchmaking & Partnerships

Strategy 2: Strengthen Organizational Capacity

- Action 1: Annual Housing Summit & Peer Exchange Forums
- Action 2: Technical Assistance
- Action 3: Grant Readiness Support
- Action 4: Best Practices Guide
- Action 5: Explore Programmatic Opportunities

Strategy 3: Promote Awareness and Understanding

- Action 1: Support Local Decision-Making
- Action 2: Customizable Outreach Materials

H-GAC will implement identified strategies and actions, beginning by incorporating Harris County, the City of Houston, and other communities into our planning efforts in 2020.

Read on to learn more about existing housing conditions, regional challenges, and the strategies and actions H-GAC proposes to support local governments.



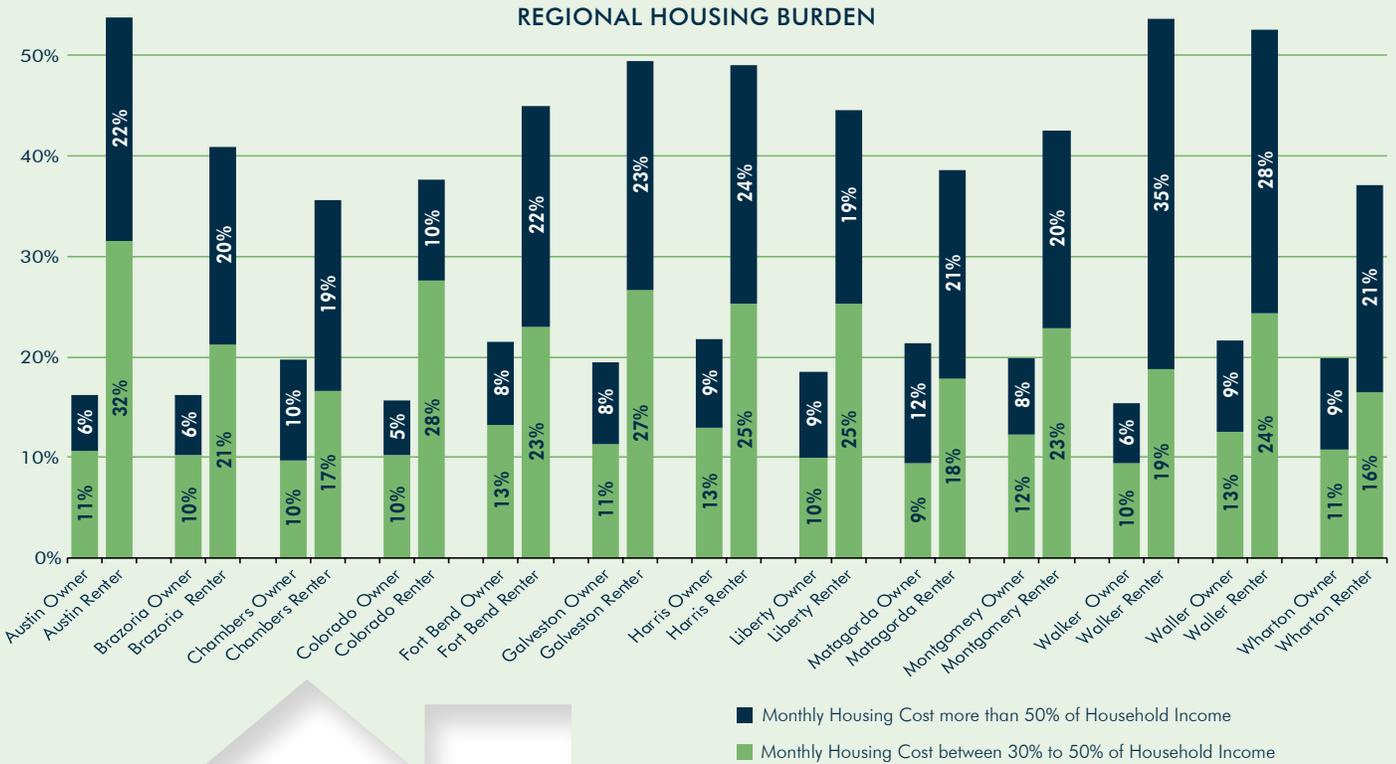
H-GAC held eight listening sessions with elected officials and community leaders across the region. Here, listening session participants discuss difficulties attracting developer interest in rural communities.

EXISTING HOUSING CONDITIONS

To establish a baseline for existing housing conditions in the region, H-GAC analyzed regional data before conducting listening sessions with elected officials and community leaders to learn about their housing needs.

Cost Burdened Population

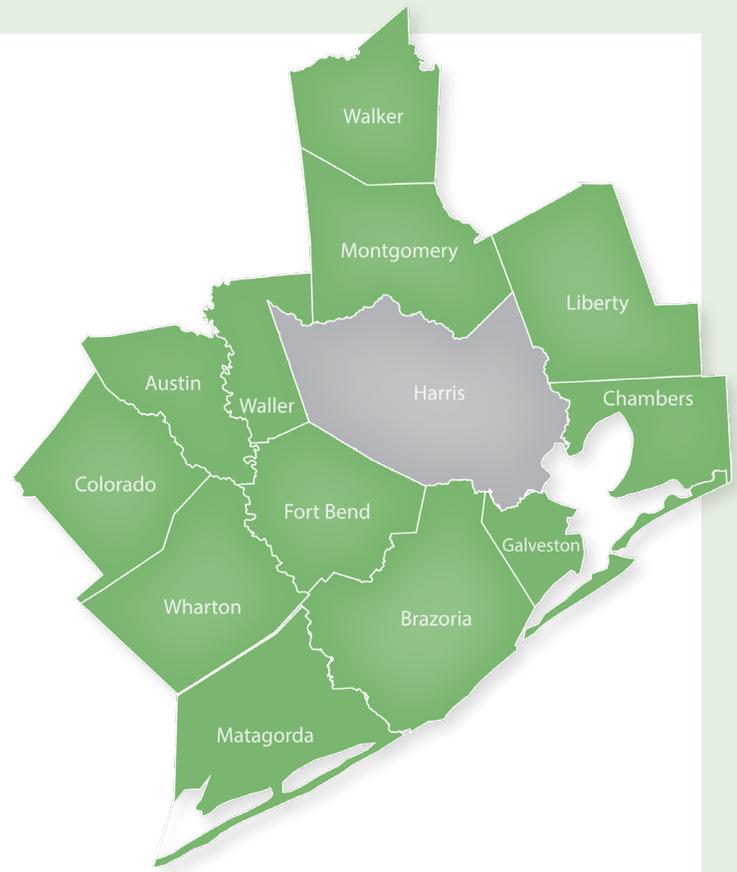
Residents who spend more than 30% of their household income on housing costs are considered cost-burdened. Within the region, 25.4% of households are cost-burdened. Of those cost-burdened households, 43.3% spend more than half of their household income on housing.



EXISTING HOUSING CONDITIONS & REGIONAL CHALLENGES

COUNTIES WITH HIGHEST/LOWEST MORTGAGE/RENTAL COSTS

	ANNUAL COST	REQUIRED INCOME
Highest Median Annual Owner Cost with Mortgage (Fort Bend County)	\$23,352	\$77,866
Lowest Median Annual Owner Cost with Mortgage (Liberty County)	\$13,944	\$46,495
Highest Median Rental (Fort Bend County)	\$15,564	\$51,897
Lowest Median Rental (Colorado County)	\$8,280	\$27,609



Residents within the lower and middle-income range are being priced out across the region, especially in small towns and rural areas. For a restaurant or retail worker earning \$27,750 per year, rental costs are largely unreachable without a dual income.

Jobs - Housing Imbalance

Residential permits for new housing exceeded job growth in the four most populous counties. For every job added between 2005-2018, there were 1.09 new homes permitted.

However, housing has significantly lagged behind job growth in the eight least populated counties during the same period, where .75 homes were permitted for every new job.

*Four most populous counties include Brazoria, Fort Bend, Galveston, and Montgomery counties.

**Eight least populated counties include Austin, Chambers, Colorado, Liberty, Matagorda, Walker, Waller and Wharton counties.

FOUR MOST POPULOUS COUNTIES*



1 job = 1.09 homes

EIGHT LEAST POPULATED COUNTIES**



1 job = .75 homes

**MORE THAN
1/3**

of the region's commuters travel more than 30 miles to their workplace, increasing commute times and roadway congestion. In counties with smaller populations, the gap between jobs and new housing availability has significantly widened since 2017.

REGIONAL CHALLENGES

To better understand the existing conditions driving housing, H-GAC conducted eight listening sessions across the region with elected officials, local leaders, representatives from independent school districts, social service providers, and economic development professionals. During these conversations, participants identified many challenges, with eight common themes emerging.

Challenge 1: Affordability

The most consistently identified challenge was affordability. According to the U.S. Department of Housing and Urban Development, residents who spend more than 30% of their household income on housing costs are considered cost-burdened. Within the region, 25.4% of households are cost-burdened. Of those cost-burdened households, 43.3% spend *more than half* of their household income on housing.¹

Leaders in the region report residents within the middle-income range—that is, earning between \$91,560 and \$122,080 per year—are being priced out in many communities.² Residents with a low-to-moderate income have an even greater challenge in finding safe, well-maintained housing near transportation and employment options within their price range, especially in small towns and rural areas.

Challenge 2: Lack of Developer/Builder Interest

In areas already experiencing rapid population growth, there is no shortage of developers and builders seeking to meet market demand. But in communities beyond the extent of current growth trends and projected growth, there is limited interest on the part of developers and builders in adding to the housing supply, even though local demand may exist.

The lack of developer/builder interest is often compounded by limited or fragmented land availability. Developers typically prefer large tracts of land for developing single-family homes to maximize economies of scale.

Challenge 3: Rental Options

During listening sessions, participants repeatedly expressed concerns over the lack of rental options, including single family homes and apartments. Options available to renters are reportedly limited, especially in smaller towns and rural areas, but also in some fast-growing suburban areas.

The Not In My Back Yard (NIMBY) phenomenon can play a powerful role in discouraging rental properties, even though many residents are renters at some point in their lives. Listening session participants referenced tense town hall and city council meetings during which residents expressed concerns about the impacts of proposed multi-family development on traffic, schools, crime, and property values.

Challenge 4: Jobs-Housing Imbalance

By and large, job growth occurs for site-specific reasons (availability of office space, industrial parks, freeway/rail access) that are not necessarily related to the factors influencing the location of new housing. Some residents are forced to “drive until they qualify” for a mortgage, a phenomenon where prospective home buyers drive farther away from their place of employment to find a home they can afford. As a result, 31.5% of the region’s commuters travel more than 30 miles to their workplace and more than 13% of the region’s commuters travel more than 60 minutes to their place of employment.^{3,4}

Listening session participants reported a disconnect between the types of jobs available within a community and the types of housing offered. For example, there is a high demand for low-skilled labor—that is, people working in jobs that do not require post-secondary education or training—in communities with robust retail and service industry activity. The people meeting that demand are often unable to live in the communities in which they work, increasing commute times and adding to roadway congestion. This is also true for skilled and professional workers in many industries. For example, rural hospitals may attract the interest of a physician; however, the lack of appropriate housing options, amenities, and employment opportunities for their spouse make it difficult to retain the physician, long-term.

¹Source: U.S. Department of Housing and Urban Development, 2019

²Source: U.S. Department of Housing and Urban Development, 2019

³Source: U.S. Census LEHD Origin-Destination Employment Statistics 2017

⁴Source: U.S. Census American Community Survey 2013-2017

Challenge 5: Infrastructure

The lack of funding for infrastructure expansion is a limiting factor in some communities meeting their housing needs. Making this type of upfront investment is often too costly for communities with a limited tax base. Municipal Utility Districts can fill this void for new subdivisions, but are not a viable option within many municipalities, especially those seeking to develop vacant or under-used properties in previously developed areas.

Challenge 6: Capacity and Resources

Smaller cities within the region may have limited staff and financial resources to administer housing related programs, including permitting, enforcement, pursuing grants, and implementing incentive programs. Counties may have staffing and resource constraints and are further limited by their lack of ordinance-making authority under Texas law.

Some listening session participants reported a lack of institutional knowledge, wherein current staff and elected officials may not have the knowledge or historical perspective necessary to plan and implement successful housing strategies.

Challenge 7: Transportation Options

The transportation network in the Houston-Galveston region is largely geared toward automobile travel. In the project area, 68.8% of

households own two or more cars. However, for the 27.5% of households that only have one car and the 3.7% who don't have any, the lack of transportation options affects their range of housing and job choices.⁴

Across the project area, there are limited transit alternatives to cars. Localized transit authorities exist, such as Fort Bend Transit; however, the routes and frequency of these services are limited. The largest entity providing alternative transit, the Metropolitan Transit Authority of Harris County (METRO), focuses on Harris County and only services 9.4% of the region,⁵ leaving many vulnerable populations without viable transportation options within their communities.

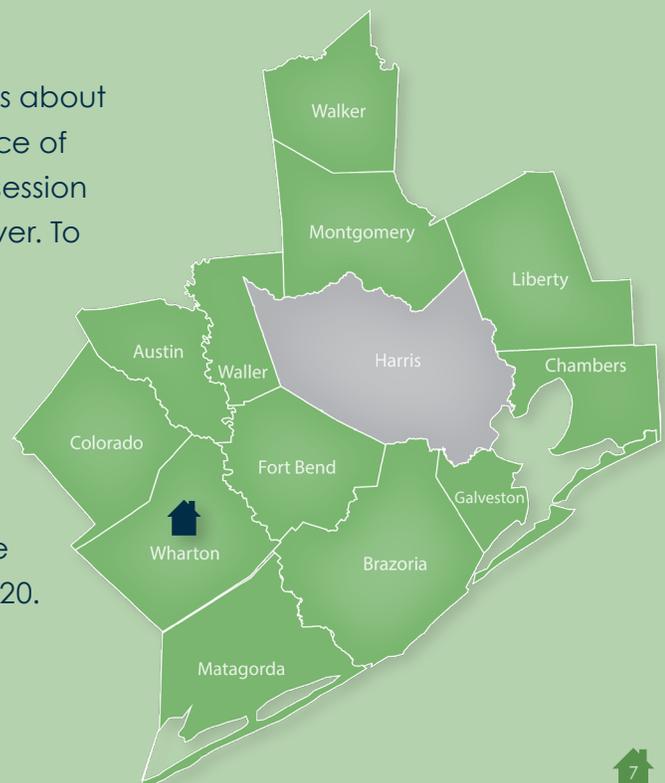
Challenge 8: Resistance to Change

A commonly identified, but difficult to quantify, challenge often referenced by listening session participants was the divide that exists in many communities between those who want to keep their communities just as they are (or were) and those who wish to promote growth and change. The “old guard” school of thought centers on what a community used to be, with a focus on holding on to the past—be it values, population, or industry. In contrast, the “new guard” pushes forward toward growth, expanding services and industry to accommodate new preferences and projections for the future.

⁴ Source: U.S. Census American Community Survey 2013-2017

⁵ Source: Metropolitan Transit Authority of Harris County, 2019

LOCAL HIGHLIGHTS: Across the region, H-GAC heard stories about school employees unable to find housing near their place of employment, especially in rural communities. Listening session participants said this resulted in significant faculty turnover. To combat this issue, Wharton Independent School District sought a grant from the Texas General Land Office to establish housing for the district's faculty and teachers. The grant will fund the creation of 34 cottages, varying in size between one and five bedrooms, with 49% of the cottages to be sold at market value and 51% of the cottages to be sold to households with low-to-moderate income. Construction is anticipated to begin in early 2020.





STRATEGIES TO SUPPORT HOUSING

STRATEGIES TO SUPPORT HOUSING

H-GAC developed three strategies outlining how we might better support member governments in addressing current and future housing needs:

Strategy 1: Enhance Local Markets

Use tools and resources, including plans, policies and incentives, to help local housing markets meet community needs.

Strategy 2: Strengthen Organizational Capacity

Strengthen organizational capacity through peer exchange forums and other housing events, recommendations on best practices, new H-GAC programs, and pursue external funding and technical assistance.

Strategy 3: Promote Awareness and Understanding

Raise the level of awareness among decision-makers and the public on the importance of a balanced local housing stock.

The following pages highlight specific actions within each strategy that H-GAC can take to help local governments with future housing initiatives.



HOUSING CHALLENGES

Affordability	Lack of Developer Interest	Rental Options	Jobs-Housing Imbalance	Infrastructure	Capacity and Resources	Transportation Options	Resistance to Change
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AT-A-GLANCE: STRATEGIES TO SUPPORT HOUSING

STRATEGY 1: ENHANCE LOCAL HOUSING MARKETS							
Action 1: Online Housing Tools	🏠	🏠	🏠	🏠	🏠		
Action 2: Conduct Case Studies for Individual Communities	🏠	🏠	🏠	🏠	🏠	🏠	🏠
Action 3: Support Matchmaking & Partnerships		🏠	🏠	🏠		🏠	
STRATEGY 2: STRENGTHEN ORGANIZATIONAL CAPACITY							
Action 1: Annual Housing Summit & Peer Exchange Forum	🏠	🏠	🏠	🏠	🏠	🏠	🏠
Action 2: Technical Assistance	🏠	🏠	🏠	🏠	🏠	🏠	🏠
Action 3: Grant Readiness Support	🏠			🏠	🏠		
Action 4: Best Practices Guide	🏠	🏠		🏠	🏠		
Action 5: Explore Programmatic Opportunities	🏠	🏠	🏠	🏠	🏠	🏠	🏠
STRATEGY 3: PROMOTE REGIONAL AWARENESS AND UNDERSTANDING							
Action 1: Support Local Decision-Making	🏠	🏠	🏠				🏠
Action 2: Customizable Outreach Materials	🏠		🏠		🏠		🏠



STRATEGY 1 ENHANCE LOCAL HOUSING MARKETS

STRATEGY 1: ENHANCE LOCAL HOUSING MARKETS

Action 1: Online Housing Tools

- **OBJECTIVE:** To develop a website that contains housing tools and resources.
- **DESCRIPTION:** H-GAC will develop and maintain a regional housing website, to include a toolbox detailing policy types, incentives, and partnership vehicles that can be used to meet housing needs. The website will provide information on partner resources, training opportunities, and upcoming events.
- **IMPLEMENTATION TIME FRAME:** Early 2020

Action 2: Conduct Case Studies for Individual Communities

- **OBJECTIVE:** To establish pilot projects that varied communities can use to guide their strategic planning.
- **DESCRIPTION:** H-GAC will conduct in-depth housing case studies for three communities representative of the region's geography and shared challenges. Case study proposals will be solicited annually by H-GAC, with one local study partner selected per year for three years. The case studies will include a

market analysis, a housing conditions survey, leadership interviews, and development of feasible policies to address local challenges and opportunities.

- **IMPLEMENTATION TIME FRAME:**

Case Study 1 – 2020

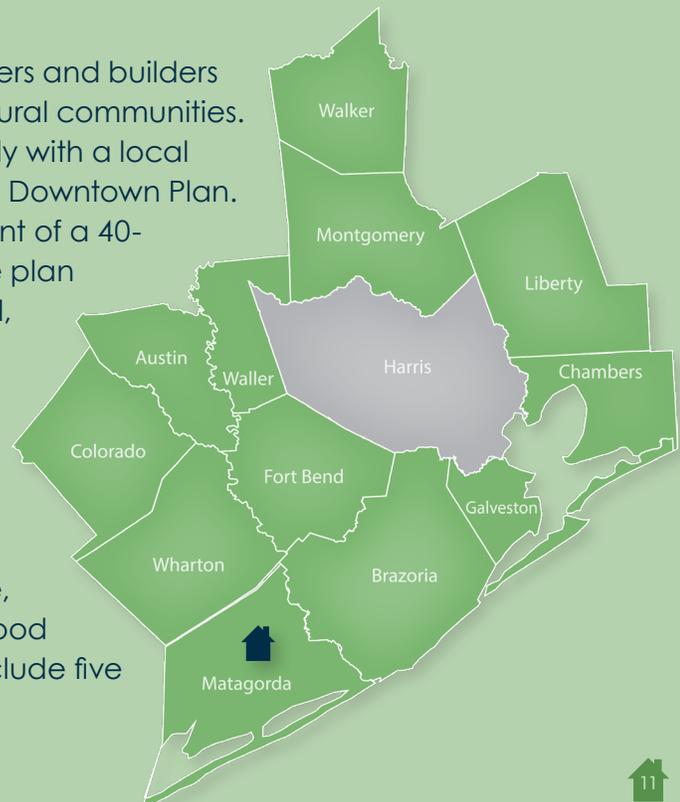
Case Study 2 – 2021

Case Study 3 – 2022

Action 3: Support Matchmaking & Partnerships

- **OBJECTIVE:** To connect communities to peer local governments and potential housing partners, including builders, developers, universities, and non-profit organizations.
- **DESCRIPTION:** H-GAC will seek to connect local governments and potential housing partners to developers, universities, and other non-profit housing organizations to better meet local housing needs. Connections may be made through networking events, teleconferences, and via e-mail introductions (see Strategy 2, Action 1 on page 13 for additional information).
- **IMPLEMENTATION TIME FRAME:** Ongoing, beginning mid 2020

LOCAL HIGHLIGHTS: Limited interest on the part of developers and builders in adding housing is a common challenge for H-GAC's rural communities. To address this issue, the City of Bay City is working closely with a local developer to begin implementing portions of their North Downtown Plan. This master plan, created in 2013, details the development of a 40-acre, 12-block area just north of downtown Bay City. The plan includes phasing for incorporating mixed-use, residential, and commercial development. The City has utilized multiple tools and economic incentives, including form-based development code for the project area, a 380 agreement that allows the City to offer incentives designed to promote economic development, and the creation of the Downtown Tax Increment Reinvestment Zone to fund various components of the project. To date, two zero-lot-line homes have been built along Cottonwood Creek with a third currently under construction. Plans include five additional homes along the creek.





STRATEGY 2
STRENGTHEN
ORGANIZATIONAL
CAPACITY

STRATEGY 2: STRENGTHEN ORGANIZATIONAL CAPACITY

Action 1: Annual Housing Summit & Peer Exchange Forums

- **OBJECTIVE:** To establish peer exchange forums and host an annual housing summit.
- **DESCRIPTION:** H-GAC will establish and convene housing peer exchange forums composed of policy-makers and professionals working on housing issues across the region. Participants will meet two times each year to discuss housing in their respective communities, seek opportunities to collaborate on their efforts, and troubleshoot on challenges.

In addition, H-GAC will host an annual housing summit, where attendees will hear presentations on new initiatives and opportunities related to housing from speakers from a variety of backgrounds and geographies.

- **IMPLEMENTATION TIME FRAME:** Mid 2021

Action 2: Technical Assistance

- **OBJECTIVE:** To provide technical assistance to communities.
- **DESCRIPTION:** H-GAC will provide technical assistance to local communities upon request, including, but not limited to data analysis and mapping; strategic planning support; and designing effective public awareness campaigns.
- **ANTICIPATED IMPLEMENTATION TIMELINE:** Ongoing, beginning late 2020

Action 3: Grant Readiness Support

- **OBJECTIVE:** To provide grant readiness support to communities.
- **DESCRIPTION:** H-GAC will provide support to requesting communities in accessing grant funding to support local housing initiatives, including, but not limited to notifying communities of upcoming grant opportunities and assistance in application development.
- **IMPLEMENTATION TIME FRAME:** Ongoing, beginning early 2020

Action 4: Best Practices Guide

- **OBJECTIVE:** To provide member governments with information on housing best practices.
- **DESCRIPTION:** H-GAC will create a Housing Best Practices Guide. The guide will identify specific recommendations for how cities and counties can better use planning, policies, and tools to meet current housing needs and prepare to accommodate future needs.
- **IMPLEMENTATION TIME FRAME:** Mid 2020

Action 5: Explore Programmatic Opportunities

- **OBJECTIVE:** To assess opportunities to further develop H-GAC's housing efforts.
- **DESCRIPTION:** H-GAC will further assess opportunities to develop internal programs to build local capacity. These may include developing model codes and ordinances, establishing local enforcement training or a circuit rider program, and exploring the possibilities of and gauging support for establishing a community development corporation or other housing finance initiatives.
- **IMPLEMENTATION TIME FRAME:** Ongoing, beginning early 2020



STRATEGY 3
PROMOTE REGIONAL
AWARENESS AND
UNDERSTANDING

STRATEGY 3: PROMOTE REGIONAL AWARENESS AND UNDERSTANDING

Action 1: Support Local Decision-Making

- **OBJECTIVE:** To provide resources to local governments that support local decision-making.
- **DESCRIPTION:** H-GAC will develop resources for city councils, commissioners courts, planning commissions, and other decision-making bodies to use to enhance understanding of the benefits of pursuing a balanced housing strategy and the range of housing tools and resources available to expand the range of local housing choices, as requested. Resources may include presentations, fact sheets, and county profiles to support the conversation around housing.
- **ANTICIPATED IMPLEMENTATION TIMELINE:** Ongoing, beginning late 2020

Action 2: Customizable Outreach Materials

- **OBJECTIVE:** To create customizable public awareness materials for local use in raising awareness of the benefits of pursuing a balanced housing strategy.
- **DESCRIPTION:** H-GAC will develop and maintain customizable public awareness materials for communities to use on social media and in press releases, posters, and flyers to build support for housing initiatives to increase the range of housing options in local communities. The messaging in this campaign could include: increasing the supply of affordable housing, multi-family and rental housing; housing incentives; and different housing types such as duplexes, townhomes, and auxiliary dwellings.
- **ANTICIPATED IMPLEMENTATION TIMELINE:** Ongoing, beginning early 2021

NEXT STEPS

As a region, we face many housing challenges. Fortunately, there are steps we can take to address these challenges.

Beginning in 2020, H-GAC will work to incorporate the housing initiatives of the City of Houston, Harris County, and the cities contained therein in to our housing program. Additionally, we'll begin implementing the strategies and actions outlined in this plan. We look forward to continuing to work with local leaders and encouraging collaborative, timely housing solutions to ensure the region becomes an even better place to live, work and prosper than it is today.

To keep up to date on H-GAC's housing initiatives, e-mail us at HousingPlan@h-gac.com or visit h-gac.com/regional-housing-coordination and learn how you can get involved.

MANUFACTURED HOUSING AND AFFORDABILITY:

In some communities, residents are turning to manufactured housing units as a more affordable option. However, the return on investment for these structures is typically less than a traditional brick-and-mortar home, making it unlikely that owners of manufactured housing units will see significant financial benefit through future sales of their homes.





What is H-GAC? H-GAC is the regional organization through which local governments consider issues and cooperate in solving area wide problems. Through H-GAC, local governments also initiate efforts in anticipating and preventing problems, saving public funds. The 13-county H-GAC service region is growing, becoming more diverse, and constantly changing. In order to address the needs of citizens and businesses, local governments are providing leadership to guide regional development wisely and manage change constructively.