

HIRING AND HOUSING

A look at the connection between jobs and workforce housing in New Braunfels



Housing is an issue we have heard about for years...

From local government

- 2017 Economic Development strategic plan
- Envision New Braunfels
- Workforce Housing strategic plan
- 2018 Workforce Housing Study
- 2022 Economic Development strategic plan



Envision
New Braunfels
A SPECIAL PLACE BY DESIGN



Housing is an issue we have heard about for years...

From local nonprofits



Housing is an issue we have heard about for years...

In local news

- Homeless But Not Hopeless, Nov 9, 2008
- Affordable Housing Needed In New Braunfels, Jan 19, 2014
- Affordable Housing Is A Necessity, Feb 12, 2015
- NB Housing Costs May Mar An Otherwise Rosy Economic Outlook, Feb 16, 2017
- NB Rent Too High For Area Workers, Apr 20, 2017
- Roundtable Addresses Workforce Housing, Aug 26, 2018

Housing is an issue we have heard about for years...

In local news

LS, TEXAS 78130

THURSDAY, MARCH 8, 1968

28 PAGES

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Local Builders Told Provide Lower-Priced Housing Here or Outside Interests Will

If lower-priced housing is not provided in New Braunfels by local interests, outside firms will come and build, S. David Jr. told a public meeting at the courthouse attended by 80 Thursday.

Ben W. Bock and David J. Bock, president of the Chamber of Commerce special committee housing, said they are planning to build in the next 12, 18, 24 months.

He referred to employees of Advance Construction Equipment Co. and other industry which is planning to build here.

The Advance plant is expected to be finished and put in operation in New Braunfels.

Jobs will be increased from 107 to 150 immediately and reach 200 within one and one-half years.

1,000 MORE JOBS

About 1,000 more job opportunities are expected to be created here within five years. Five serious industrial prospects have been looking at New Braunfels in the last few weeks, according to Tom Purdum, executive vice-president of the C of C.

Bock also commented on future growth in the Canyon Lake area which he said really has not been discovered but would be in the coming year.

Distributed to the assembly were results of a housing

among 107 Advance employees and answered by 61 of them.

Twenty said they wanted to move to New Braunfels. Only 16 of these said they wanted to buy homes.

Two were at monthly payments of \$100 to \$150 or less.

NOT MUCH
"No builder much of a house month on FHA, the contractors' records, and 4 contractors licensed here."

tor, said there is a real shortage of three-bedroom, two-bath homes in the \$18,000 to \$25,000 bracket.

Realtors said some build-

Low-Income Housing Speedup Is Requested By Group of Citizens

A number of citizens concerned about the slow movement of plans for construction of low-income housing in New

The city made some \$12,000 in federal revenue sharing funds available for housing and curbing, but the Housing

HERALD
AND TRIBUNE

SECTION B

New Braunfels, Texas, Thursday July 20 1972 1B

Local Rents Show Average 49% Rise in Past 10 Years

housing.

They show how rentals in Comal County have been moving as compared with the changes that have been taking place in other parts of the country.

In the local area the rental increase in the 10-year period was 49 per cent, according to the findings. Elsewhere in the United States the rise amounted to

has been a principal victim of the rising costs. It has had to cope with bigger fuel, electric bills, with tax increases, with higher insurance rates and with increases in operating expenses.

Because of the great concentration of people in urban and suburban areas, the price of land has been pushed higher and higher. The economic pressure upon building

Housing Cost Burdened Households

Households
paying >30%
for housing
are "cost
burdened"

>30%



Households
paying >50%
for housing are
"severely cost
burdened"

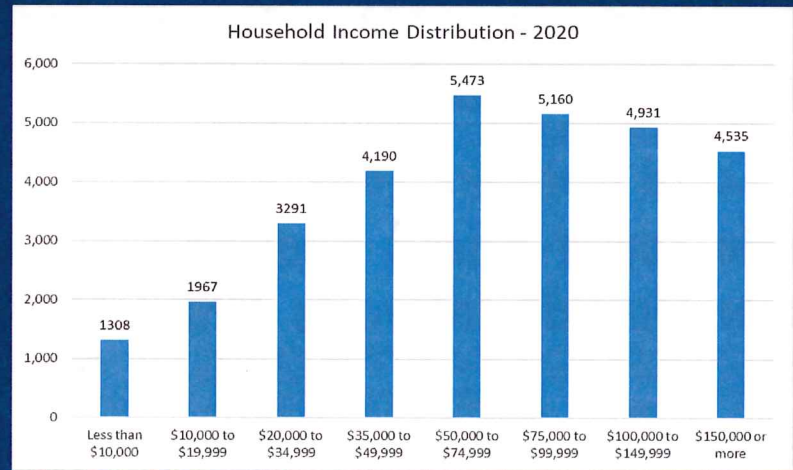
>50%



housing costs = the rent or mortgage, plus taxes and utilities

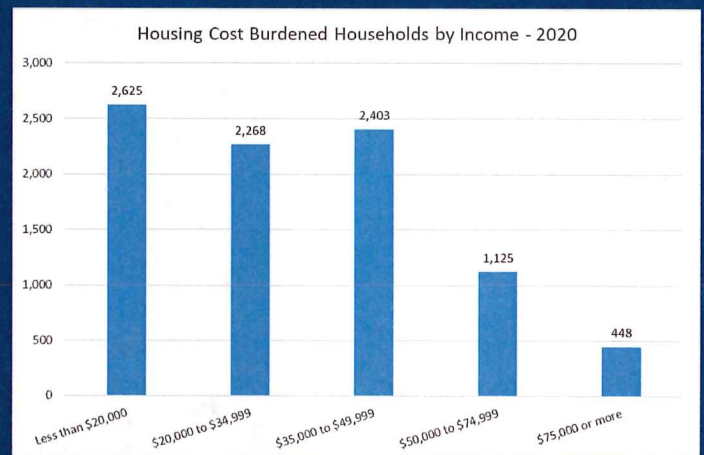
In New Braunfels, a household needs to earn 75k+ per year to not be housing cost burdened in current market housing

NB Income Distribution

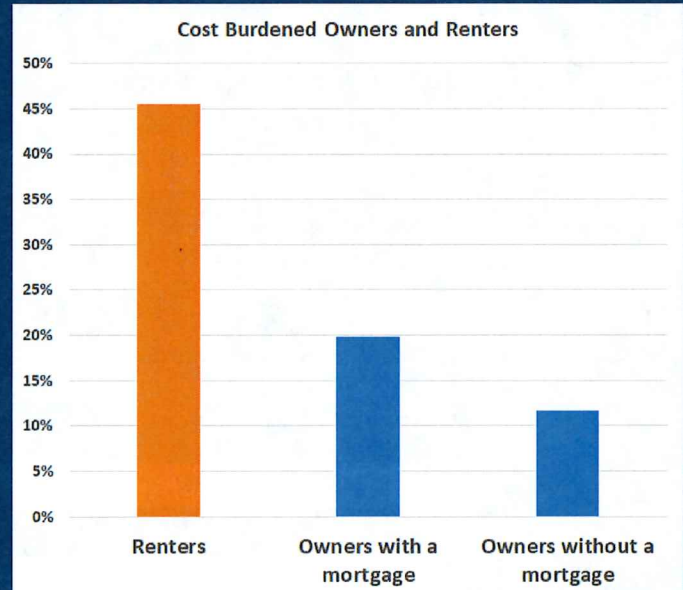
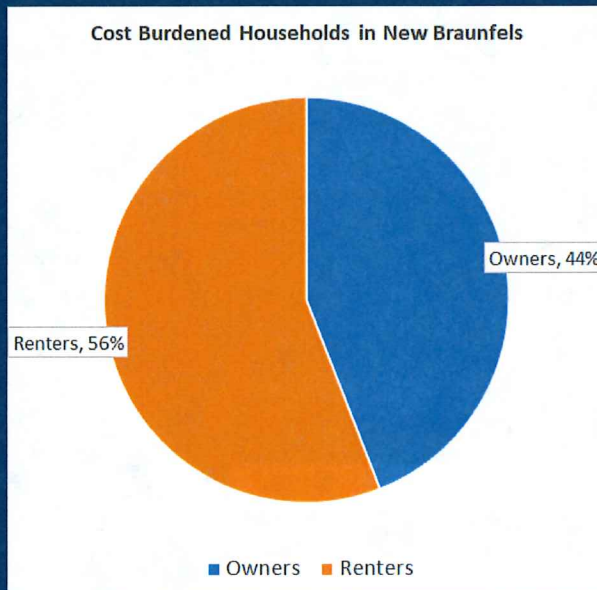


How Many Households Face Affordability Challenges?

- 29% of income earning households in NB are cost-burdened (8,900)
- 10,756 households earning up to \$50k annually (2020)
 - 6,400 households (2017)
- Cost burdened households is concentrated in those earning up to \$50,000 or households at <70% AM
- Projections show issues expanding to 100% AM and beyond



~8,900 New Braunfels households are cost-burdened

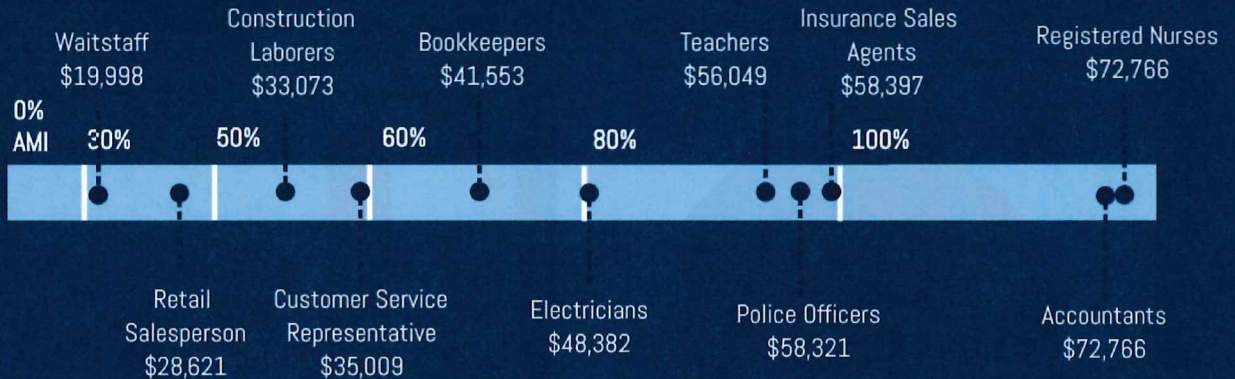


What is Workforce Housing?

Who lives in Workforce Housing?

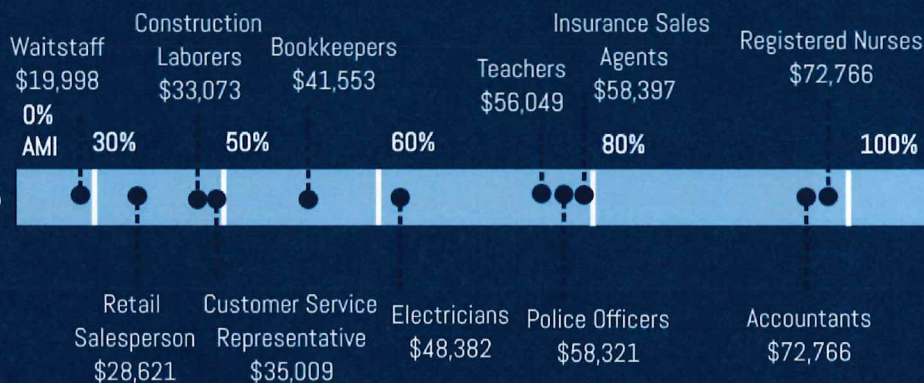
- Housing that is affordable to moderate to middle income workers and close to their jobs.
- Can be homeownership or rental housing.
- Provides housing for workers who are integral to a community, yet who often cannot afford to live in the communities they serve.
- Police officers, firefighters, teachers and other public sector workers, health care employees, construction trades, accommodations, tourism and restaurant staff, and retail clerks
- Typically determined as a percent of Area Median Income (AMI)

Workforce Housing- Two Person Household



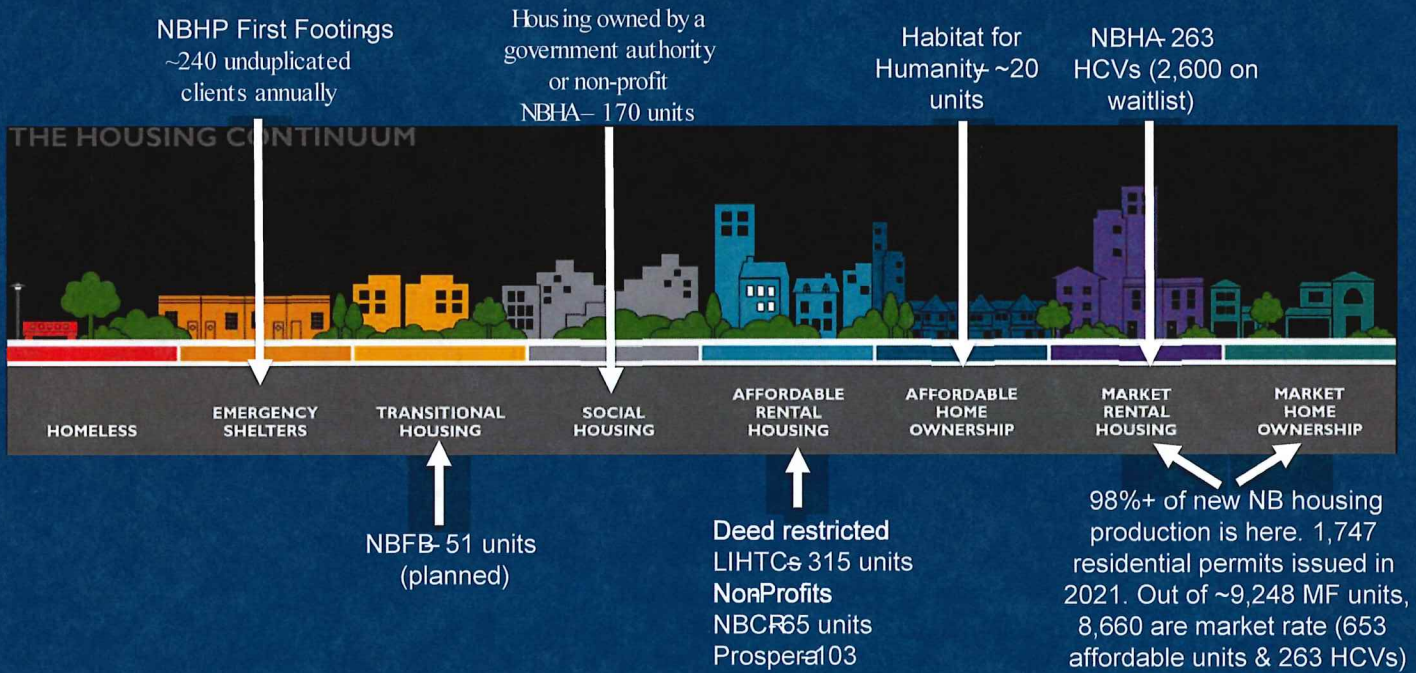
30% AMI	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI
Income	Income	Income	Income	Income	Income
\$17,790	\$29,650	\$35,580	\$47,440	\$59,300	\$71,160
Max. Rent	Max. Rent	Max. Rent	Max. Rent	Max. Rent	Max. Rent
\$448	\$741	\$890	\$1186	\$1483	\$1779

Workforce Housing- Four Person Household



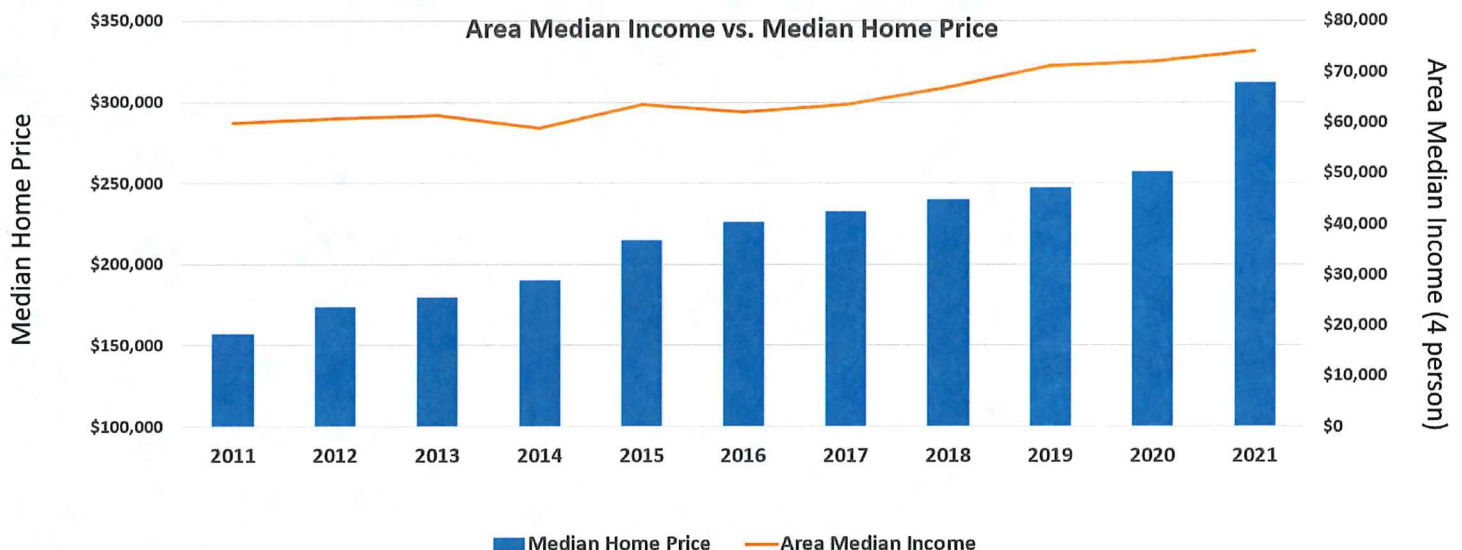
30% AMI	50% AMI	60% AMI	80% AMI	100% AMI	120% AMI
Income	Income	Income	Income	Income	Income
\$22,230	\$37,050	\$44,460	\$59,280	\$74,100	\$88,920
Max. Rent	Max. Rent	Max. Rent	Max. Rent	Max. Rent	Max. Rent
\$556	\$926	\$1111	\$1485	\$1852	\$2223

Affordable Housing Inventory: ~900

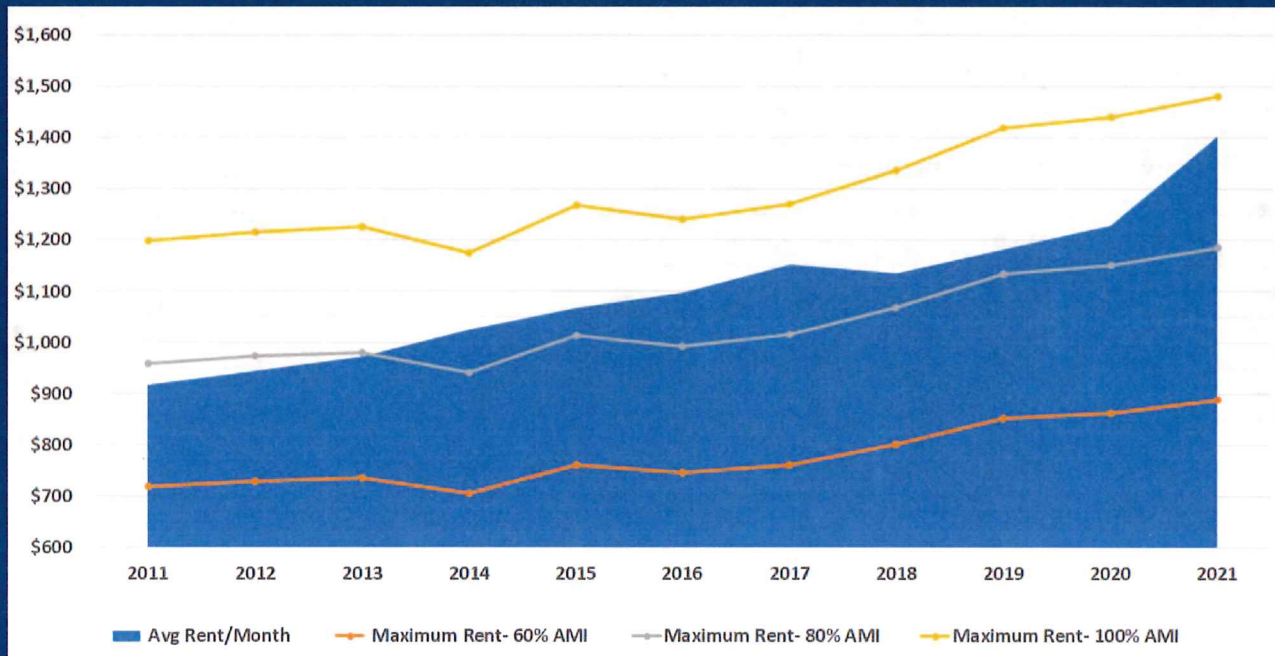


The Housing Market: For-Sale Home Data

Trends in for-sale home prices and local wages show that the ability for median-income families to own a home in New Braunfels is steadily decreasing.

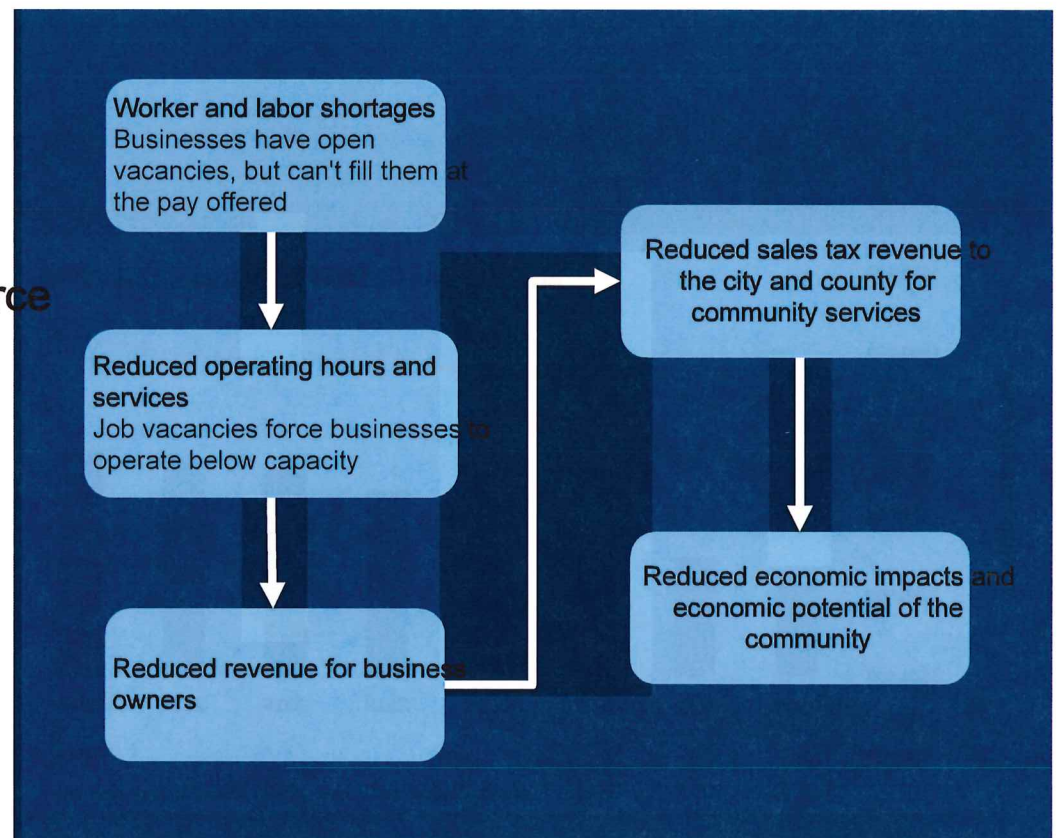


Estimated Average Rents (2 bedroom) & Estimated Affordable Rent by AMI %



What happens if we don't address workforce housing?

The community is already beginning to feel these effects



Cade Smith
Superintendent,
New Braunfels ISD



- Housing is an issue for many of the jobs we hire.
- We have seen some candidates turn down job offers after researching the current housing market in New Braunfels.
- One of the consistent questions we continue to get asked during interviews surrounds transfers; candidates (who are parents) want to know if their child can attend NBISD if they do not live in the community due to the lack of affordability.

David Hubbard
Chief Administrative
Officer,
New Braunfels Utilities

NBU is experiencing a drop in the number of applications we would typically get for position at all levels, especially those below \$60,000. One of the factors that is affecting this labor pool is the cost of living in New Braunfels, Texas. If an employee/future applicant bought a home in the area prior to 2019 they cannot afford to live here.

This affects NBU in different ways...



David Hubbard
Chief Administrative
Officer,
New Braunfels Utilities



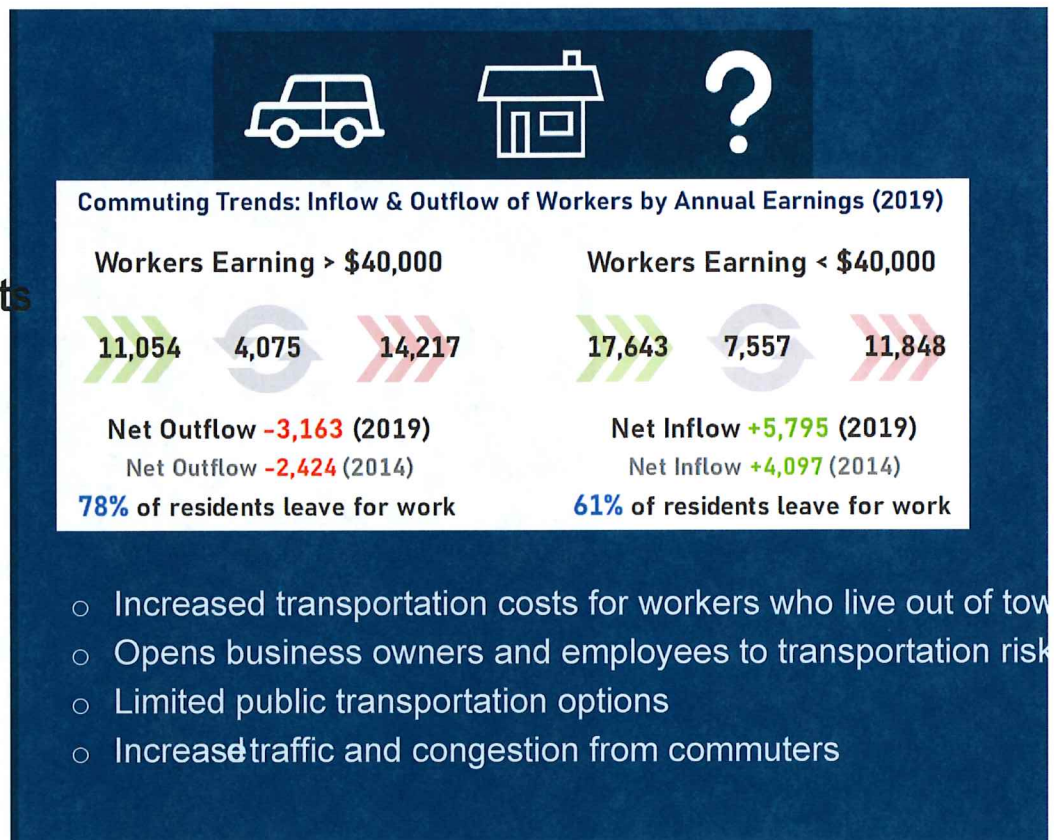
Response Time and Service Radius NBU's Operations team have a emergency response time requirement on the positions, but may not be able to live within the response time radius. Increasing the radius also increases the frame for addressing service issues.

David Hubbard
Chief Administrative
Officer,
New Braunfels Utilities



- Office employees are beginning to look for remote positions to increase work life balance and reduce costs associated with commuting, daycare and more.
- Employees may work multiple jobs, take on roommates or live with family members due to the increased housing costs in the area.
- As a municipal entity NBU cannot currently pay competitive wages that meet the cost of living increases in the area reducing the pool of talent that the entity can draw from and also increases the risk employees looking for other opportunities.

Transportation and Housing Costs = Limits



Why should we address housing and jobs together?

The risks of unaffordable housing

- Businesses operating at less than optimal capacity
 - Reduced sales and property taxes for the city
- Inability to fill mission-critical positions such as public safety, solid waste, utility and daycare workers
- Increased congestion and greater wear and tear on roads

Why should we address housing and jobs together?

- More reliable employees
- More productive businesses
- More profits for business owners
- Improved quality of life where employees get to spend more time with their families as opposed to spending time commuting
- Opportunities for local youth to remain in the community after school

Solutions

What can be done?

- Workforce housing does not “pencil”
- Getting units preserved or produced with set asides for households earning <80% requires incentives
 - Nonfinancial (regulatory) or financial (monetary)
- Target market is 50-80% AMI
 - 2 pers/hld \$32,000-\$49,000
 - 4 pers/hld \$36,000-\$59,000
- Successful cities take an “all the above” approach
 - Focus on preservation, production, & purchasing power
 - Preserve and protect existing options
 - Expand housing options through production
 - Lift buyers on the bubble UP to the market

Solutions

What can be done?

- Expanding housing options affordable to 30% of the workforce requires the production and preservation of more than 8,000 units:
 - Public financial incentives leveraged with private investment to close financing shortfalls
 - Regulatory adjustments to allow for development costs per unit to reduce
 - Financial incentives to close buyer's purchasing
- In order to have an impact, NB will need to staff and capitalize a public fund to be leveraged with private dollars



QUESTIONS

