



Austin, Texas:

the East Austin neighborhood

■ OVERVIEW

Unlike most of the case study communities in this report, Austin, located in central Texas, is one of the fastest-growing cities in the United States. Between April 2000 and July 2006 the population of the Austin–Round Rock Metropolitan Statistical Area (MSA) rose 21 percent, to more than 1.5 million.¹ According to the *Austin Business Journal*, the MSA is one of the

hottest new job markets for young professionals, adding about a thousand jobs every month over the past five years.²

The region’s strengthening economy has contributed to a booming real estate market. As little as 10 years ago, Austin was recognized as an MSA with one of the best housing affordability indexes in the country.³ Today, it has one of the most expensive housing markets in Texas.⁴ Median house values in the city have increased from \$144,500 in 2000 to \$190,800 by June 2007.⁵

East Austin,⁶ the focus of this case study, is just east of downtown and Interstate 35, the city’s major thoroughfare. Historically, East Austin has been perceived by some as a “no man’s land,” populated mostly by minority

residents and isolated economically, socially, and politically from the rest of the city. Since the late 1990s, however, the economic growth in the Austin MSA has led to significant gentrification in the community. What was once an area of concentrated poverty is now experiencing rapid investment and demographic and economic change, with affluence and poverty juxtaposed throughout East Austin.

Managing this rapid change while ensuring that long-term community residents benefit from the area’s economic upturn is an ongoing struggle. “We’re trying to reignite the economic and cultural life of this community without displacing the majority of the people who have lived and worked here for years,” said Byron Marshall,

TABLE 1

Comparison Statistics

		East Austin	Austin MSA
Poverty Rate	Poverty rate 1970 ^a	37.5	20.7
	Poverty rate 2000 ^b	45.6	11.1
Income	Median household income ^c	\$15,678	\$48,950
Demographics	Population 2000 ^d	5,724	1,249,763
	% Population change, 1970 - 2000 ^e	-27.4	213.3
	Racial/ethnic composition, 2000 ^f		
	% White	4.5	60.7
	% Hispanic/Latino	44.1	26.2
	% Black/African-American	50.7	7.7
	% Residents under age 18 ^g	36.6	25.4
	% Single-parent households ^h	34.1	8.0
	% Foreign born, 2000 ⁱ	16.5	12.2
	% Population in same house as five years ago ^j	57.4	39.4
Education	% Adults without a high school diploma, 2000 ^k	54.4	15.2
	% Adults with a college degree, 2000 ^l	11.6	36.7
	% Students proficient in reading, 2005 ^m	81.5	87.5
	% Students proficient in math, 2005 ⁿ	75.0	81.7
Labor Market	Unemployment rate, 2000 ^o	12.5	4.0
	% Adults in the labor force ^p	51.1	71.3
Housing	Homeownership rate, 2000 ^q	37.1	58.2
	% Renters with a housing cost burden ^r	41.0	42.4
	% Rental units that are HUD subsidized ^r	50.4	4.6
	Median value for owner-occupied units ^s	\$58,259	\$128,100
	Median year structure built ^t	1960	1983
Access to Credit	% Credit files that are thin, 2004 ^u	57.8	27.5
	% Credit files with high credit scores ^v	29.8	55.1
	% Mortgage originations that are high cost, 2005 ^w	33.3	19.4
	Mortgage denial rate, 2005 ^x	24.1	17.0

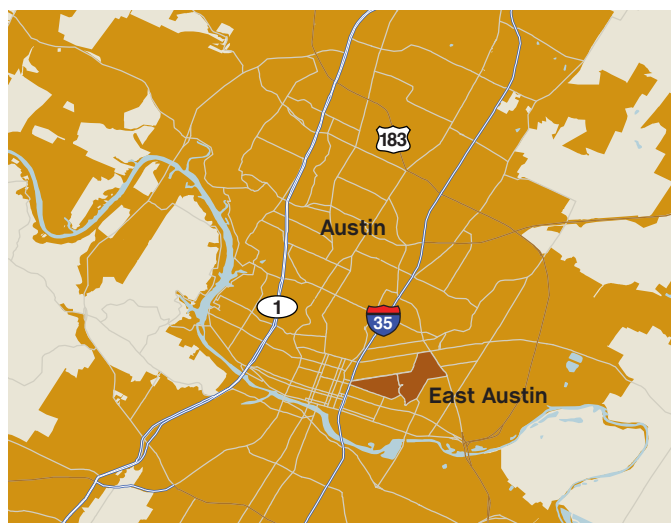
president and CEO of the Austin Revitalization Authority. “It’s a balancing act.”⁷

■ BACKGROUND

East Austin has long been economically and racially segregated from the rest of the city. In 1928, the city of Austin institutionalized segregation through its master plan. This plan forced minority residents to move to East Austin using such measures as cutting off utilities to blacks living in Freedmen settlements at the city’s periphery and in other parts of the city, as well as moving

their churches to East Austin and its neighboring communities. City leaders also pushed the relatively few Mexican immigrants out of downtown by relocating their churches and building Santa Rita Courts, the nation’s first federally funded housing project, in East Austin.⁸

Starting in the 1970s and 1980s, middle-class families who could afford to move out of the East Austin area often did, drawn by the suburbs’ better schools and amenities. Some kept their homes in East Austin and became landlords, while others cut their ties completely. Left behind were low- and moderate-income households, mostly black and Hispanic.⁹ In 1970, the poverty rate in



the community stood at about 38 percent; by 1990 it had risen to 52 percent.¹⁰

By 2000, East Austin's poverty rate had dropped to 46 percent, yet census data show that its residents were still predominantly low-income, minority families. Historically African American, the neighborhood gained a large percentage of Hispanic households in the 1980s and 1990s. In 2000, 51 percent of East Austin's population was black and 44 percent Hispanic. Unemployment stood at 13 percent, triple the rate in the MSA (4 percent), and only half of the community's working-age population was in the labor force. The median household income was \$15,678, less than a third of the MSA's median household income. (See Table 1)

Since the census lacks more recent data available at the neighborhood level, it is hard to assess how these demographic and economic indicators have changed in the past seven years. Yet on the ground, evidence of economic change in East Austin is impossible to miss. Longtime residents' new neighbors have higher incomes and are moving into brand-new or renovated homes; high-end cafés, boutiques, and a new Wells Fargo bank branch have all followed them into the neighborhood.¹¹ No longer a "no man's land," East Austin is now perceived as cool, hip, and edgy, and its proximity to downtown only enhances its appeal.

One measure of these changes is the jump in property and land values in recent years. From 2000 to 2005, tax-assessed values of single-family properties increased by more than 100 percent in the zip code that encompasses East Austin.¹² According to Paul Hilgers, the City of Austin's director of neighborhood housing

and community development, a house bought in 1997 for \$100,000 sold in 2005 for \$300,000, and vacant lots that sold for \$4,000 to \$7,000 in 1998 now sell for \$80,000.

These changes are part of significant gentrification pressures in the neighborhood that threaten to displace many of the community's longtime residents. At the same time, the neighborhood is still struggling with many of the challenges common to areas with high poverty levels. Sixty percent of the school district's enrollees are economically disadvantaged, and educational attainment in the community remains low.¹³

Crime is an issue as well. According to Austin Police Department Gang Unit Director Sergeant Vanzura, there is more crime in East Austin than in other parts of the metropolitan area.¹⁴ Gang members living east of I-35 often target immigrant day laborers, particularly on Fridays, said the sergeant. He explained that many day laborers receive their wages in cash on Fridays, making them vulnerable targets in part because many do not deposit their money in a financial institution.¹⁵

Efforts to address the crime in East Austin are hindered by a troubled relationship between the police department and East Austin's longtime residents, who feel police have historically ignored the neighborhood and that, when enforcement does occur, treatment of minorities is different from treatment of whites. Nelson Linder, president of the Austin branch of the National Association for the Advancement of Colored People (NAACP), stated, "The situation between the police and the minority communities is definitely worsening." A recent incident involving a white officer shooting and killing a black man in East Austin has led to "a lot of frustration," Linder said, and the situation is "close to boiling over."

Deterioration of race relations between the police department and minority communities has attracted the attention of the Civil Rights Division of the U.S. Department of Justice, which is investigating police use of force.¹⁶ The city has taken steps to improve race relations through its African-American quality of life committees, whose initiatives focus on arts, culture, and entertainment; business and economic development; employment and education; health; neighborhood sustainability; and police and safety.¹⁷

Despite the recent proliferation of local cafés and restaurants in East Austin, access to supermarkets can be limited. Two of the neighborhoods share a single supermarket.¹⁸ Fast food and convenience stores, which typically carry far fewer fresh food offerings than supermarkets, abound. Access to health care is also an issue.



A strong regional economy has led to significant changes in East Austin. Managing this rapid change while ensuring that long-term community residents benefit from the area's economic upturn is an ongoing struggle.

The U.S. Department of Health and Human Services (HHS) has designated East Austin as a medically underserved area, without enough primary care physicians to meet the needs of the local population.¹⁹

The neighborhood must also contend with its industrial legacy. Residents and community groups expressed serious concerns about the potential health effects of industrial pollution in the community. The East Austin environmental advocacy organization People Organized in Defense of Earth and Her Resources (PODER) highlights a number of environmental hazards in the neighborhood that still exist today, including pollution from a benzene-emitting fuel-storage facility that was closed in 1993, industrial plants located near elementary schools, and a number of small paint and body shops.²⁰

■ ISSUES TO CONSIDER

East Austin faces major challenges—as well as opportunities—as it weathers changes in its housing market and business climate while maintaining the community that many impoverished residents call home. Interviews and an analysis of the data gathered for this case study revealed three key issues that are pivotal in the city's move forward: gentrification, challenges to small businesses, and civic engagement.

Gentrification

Local residents saw gentrification coming 10 years ago, but it has accelerated over the past several years. “The market hit the east side of town like a hurricane,”

said Paul Hilgers. “There’s not much you can do to stop the market forces.” He pointed out the dilemma of gentrification—those moving have “great opportunities,” he noted, but longtime residents do not.²¹

Vacant lots and modest, run-down houses are selling at previously unheard-of prices, making them unaffordable for longtime residents. Locals see properties being flipped, and white-collar professionals without children are moving into expensive condos and houses that are newly renovated, expanded, or brand-new. What had been largely a one-story landscape is going vertical. These developments have driven up land and housing values exponentially.²²

As the face of housing in East Austin changes, the increase in housing values has led to new affordability pressures, particularly among low-income residents who remain in the community.²³ Home values in East Austin have increased an estimated 117 percent from 1999 to 2005, compared with the city's increase of just 30 percent.²⁴ Increased property values are likely to affect renters, too. A 2007 report on East Austin published by the University of Texas School of Public Affairs states that “as property values increase, the problem [of affordability] for renters will only become worse.”²⁵

The production and supply of affordable housing units fall far short of demand. In early 2007, 4,000 families were on the waiting list for public housing and 6,000 families were on the Section 8 waiting list.²⁶ Even for those who are able to get vouchers, it is becoming increasingly difficult to find housing options near downtown that will accept them, forcing residents to find affordable housing

farther away. As low- and moderate-income families move away from East Austin and become more dispersed, they are farther from the social services and social networks they depend on for their quality of life.²⁷

Rising property values have also led to difficulties for low-income homeowners facing increased property taxes. One couple explained that for the past three years, their property taxes have risen approximately \$500 annually.²⁸ Although the associated house-price appreciation has increased homeowners' wealth on paper, their incomes have not increased at a commensurate rate that enables them to pay their property taxes, and moving elsewhere in the metropolitan area to "cash out" on their increased home equity is not always optimal. Other neighborhoods within Austin are also expensive, and cheaper locales are far from downtown and its employment opportunities and amenities.

Increased property taxes have also affected people who have inherited their families' homes.²⁹ Local resident M.H. Lopez recently inherited a house from her mother who had paid annual property taxes of \$900. When her mother died and the house was reassessed to reflect its current market value, the property tax bill rose to \$8,000.³⁰

For people like Ms. Lopez, being unable to afford staying in East Austin where their relatives live and their lives are centered is an issue that goes beyond the pocketbook. In 2005, Amanda Anderson inherited the home she grew up in. "Like the homes of many black families in East Austin, it holds special significance because [my] parents sacrificed to buy it in an era when banks made few loans to minorities," she explained.³¹

Challenges to Small Businesses

Small businesses in East Austin have shared residents' struggles to ride the wave of gentrification and socioeconomic changes in the community. Soaring rents are one of the main challenges.³² From 2000 to 2005, the median value of commercial property rose approximately 60 percent on 11th Street and 53 percent on 12th Street, East Austin's major corridors for business development.³³ Higher rents have driven some businesses out of the neighborhood. According to a local funder, the mix of businesses has changed as a result of the community's demographic shifts. In particular, African American-owned businesses have been leaving East Austin for places such as Pflugerville, where rents are cheaper and a large number of African Americans are moving.³⁴

Staff at PeopleFund, a microlender that works with more established micro- and small businesses in East Austin, reported that its clients would like to increase their ability to network with other local businesses and create an East Austin business district with a distinct identity that will draw customers. BiGAUSTIN, another microenterprise lender, noted that some owners of mom-and-pop shops are reluctant to ask for help when their businesses are flagging. The owners feel that would oblige them to share personal information with a stranger.³⁵ Others have sought technical assistance and improved their financial health to the point where they become "bankable." Still, some do not feel comfortable with banks, so they continue working with BiGAUSTIN, which has a loan ceiling of \$50,000.³⁶

Jessica Flores, a longtime small business owner in East Austin, said there is resentment "because newcomers can access credit, and yet we had to go over hurdles to squeeze a penny." One difference between newcomers and longtime residents, she noted, is that "non-minorities have a better networking system—it extends beyond the neighborhood." She added, "The difficulty with East Austin is that you typically deal with individuals who aren't as educated and informed or trusting, and are therefore easily intimidated or ignored. It is those barriers that contribute to their hesitation in unifying and developing a strong voice."³⁷

To help local businesses learn how to survive and thrive in this quickly changing environment, PeopleFund runs the Focus East Insight Forum Series, which informs East Austin small business owners about local economic and political trends. The city also has a program called Commercial Preservation and Revitalization that covers four zones, all in East Austin. It provides up to \$20,000 in loans to nonprofits and new and existing businesses that relocate to the neighborhood. The loans can be used for equipment, inventory, vehicles, predevelopment costs, leased property improvements, buildings, land, and other expenses.³⁸

Civic Engagement

Residents and business owners in East Austin reported that it is hard for them to get their voices heard by city government. Language, education, and trust can all be factors. For instance, some stakeholders noted that residents may not understand or trust what community and political leaders tell them, and they tend to be uncomfortable debating or raising issues because that

would reveal their lack of knowledge or understanding. A few groups have tried to help the community organize to approach the city as a unified voice, but these efforts have, in the words of one resident, “fizzled out.” The general feeling is that there is no use talking to City Hall because “it will do what it wants anyway,” said Flores.³⁹

The lack of confidence in city government contributes to low voter turnout in the community.⁴⁰ Community leader Mark Rogers, executive director of Guadalupe Neighborhood Development Corporation, said, “There’s a sense that is instilled in longtime residents that the city is not there to serve you.”⁴¹ Rogers also said that the community’s residents simply lack trust in local government.⁴² He cited police shootings of minorities, along with the city’s inaction or delay in installing streetlights and paving streets and sidewalks in East Austin. “So residents think, ‘What’s the sense of participating?’”

Complicating the lack of civic engagement is Austin’s political structure. It does not have single-member City Council districts; instead, all members are elected at-large (citywide). As reported in the *Austin Chronicle*, since the 1970s there has been a “gentleman’s agreement” that, of the seven city council members, one will be black and one will be Hispanic.⁴³ As a result, impoverished neighborhoods do not necessarily have specifically designated representatives who can advocate for and address their community’s needs.⁴⁴

To help integrate residents’ viewpoints into comprehensive neighborhood development plans, the City Council in 1997 approved a neighborhood planning process. Each neighborhood plan is a blueprint of local stakeholders’ shared vision for their community.⁴⁵ When developers want to invest in an Austin neighborhood, they must look at its plan; if the proposed development is at odds with the plan, they must confer with the neighborhood planning team, whose function is to represent the neighborhood.⁴⁶

The neighborhood plan is developed by a team of local residents, who also approve or reject development proposals and present their perspective to city staff, who then make their own recommendation to the city planning commission. The commission, in turn, makes a recommendation to the City Council, which votes on the proposal. This is where community influence is weakest. Because the neighborhood plans are not legally enforceable, the planning team’s influence is limited, and their effectiveness varies across political landscapes, proposed developments, and time. However, the better

organized and the more vocal and eloquent a team is and the more people it represents, the more clout its recommendations have in presentations to the city’s staff, planning commission, and council members.

■ CONCLUSION

Austin’s city government has developed several strategies to increase the supply of affordable housing and to mitigate gentrification’s displacement of low- and moderate-income households in East Austin. One program, SMART Housing, allows the city to expedite reviews and waive fees for developers as incentives to create new single-family, multifamily, and mixed-use developments that include a percentage of reasonably priced units that meet the city’s standards for accessibility, transit-oriented design, and green building.⁴⁷ In addition, the city’s “McMansion” ordinance attempts to preserve the character of neighborhoods in the city core by requiring new construction to be compatible in scale with the existing neighborhood.⁴⁸ The city also has a \$55 million affordable-housing bond program to fund the financing, acquisition, development, or rehabilitation of safe, clean, and affordable housing.⁴⁹ Finally, a mixed-use redevelopment project at East Austin’s former Robert Mueller Municipal Airport will add 2,400 multifamily units and 2,200 single-family houses, 25 percent of which will be affordable.⁵⁰

In addition, the creation of a Homestead Preservation District in East Austin will enable the city to use three tools to promote housing affordability: the Homestead Land Trust, Homestead Preservation Reinvestment Zone, and Homestead Land Bank. The land trust enables the city and nonprofit community development corporations to purchase and hold land for residential housing to maintain affordability in perpetuity via 99-year leases.⁵¹ The Homestead Preservation Reinvestment Zone is a standard tax increment financing (TIF) zone with a few exceptions. The main distinction is that this zone has been created to encourage the development of owner-occupied affordable housing by improving infrastructure directly related to the affordable housing project.⁵² The third tool is the land bank, which speeds up the process of clearing titles to abandoned or foreclosed lots. Once operational, this tool will allow the city to avoid holding a public foreclosure sale and instead directly transfer the lot to the land bank; a nonprofit community development corporation can then purchase the land to build affordable housing.⁵³

As the volume of investment in East Austin climbs, however, a growing number of low- and moderate-income households are dispersed outside the city limits, farther from the service providers and social networks they have relied on for their quality of life.⁵⁴ For elderly and disabled individuals on fixed incomes and households that do not want to leave their family homes, gentrification has been an unwelcome change. At the same time, residents who are dispersing to the suburbs have access to other community assets, such as new schools and more vibrant employment opportunities. For East Austin, the question remains: Will government, the private sector, and community leaders be able to manage the community's changes in a way that gets the "balancing act" right?

This case study was prepared by Elizabeth Sobel, community affairs specialist, Federal Reserve Bank of Dallas.

Endnotes

- 1 "Austin Among Top 20 Fastest Growing Regions in U.S.," *Austin Business Journal*, April 13, 2007. Available at <http://starkserious.wordpress.com/2007/04/13/east-austin-is-going-to-get-a-2-billion-development/>.
- 2 Ibid.
- 3 "The State of the Nation's Housing 2007," Joint Center for Housing Studies, Harvard University.
- 4 Only Collin County, which is outside of Dallas, had a higher median house value in 2007. Available at <http://recenter.tamu.edu/data/hs/trends4.html> (accessed December 11, 2007).
- 5 Data downloaded from the Real Estate Center at Texas A&M University. Available at <http://recenter.tamu.edu/data/hs/hs140b.htm> (accessed December 11, 2007).
- 6 The boundaries of East Austin are not defined in the same way by all people. For this case study area, we included the neighborhoods of Central East Austin and Rosewood. Quantitative data for East Austin are compiled from the U.S. Census and refer to either census tracts 48453000802 and 48453000804, or zip code 78702. Qualitative observations generally refer to the general area east of I-35.
- 7 K. Anoa Monsho, "From East Austin to East End, Gentrification in Motion," *The Good Life: A Monthly Journal of Austin Stories*, November 2004, 38–44.
- 8 Karen Riles, Austin History Center. Telephone and e-mail interviews.
- 9 Ibid.
- 10 Geolytics (2000). Neighborhood Change Database (NCDB) Tract Data from 1970–2000.
- 11 ATMs are rare in East Austin. Wells Fargo built a branch there about five years ago, but before that, there were none. One local organization surmised that while this situation may be attributable to the perceived security issues, it is likely to change because there is a lot of mixed-use development growing in East Austin, which is attracting banks to the area. In the meantime, the only ATM options are at a few convenience stores that charge high fees. In the second half of 2007, Wachovia Bank opened two branches in East Austin.
- 12 Data from Paul Frank and Ryan Robinson of the city of Austin. For details, see "Single Family Taxable Value, Percent Change: 2000 to 2005," Travis Central Appraisal District, June 2007, available at http://www.ci.austin.tx.us/census/downloads/sf_tax_perc.pdf.
- 13 Austin ISD Community Demographics and Classroom Profile, available at <http://www.schoolmatters.com> (accessed November 2007).
- 14 Sergeant Vanzura, Austin Police Department. Telephone interview, April 17, 2007.
- 15 Ibid.
- 16 Tony Plohetski and Patrick George, "Feds Investigate Austin Police: Justice Department to Review Use of Force," *Austin American-Statesman*, June 2, 2007.
- 17 In 2005, City Manager Toby Hammett Futrell submitted the African American Quality of Life Scorecard to the mayor and City Council. The scorecard showed how the black community falls far behind the rest of Austin in business ownership, educational attainment, family income, homeownership, and social and cultural infrastructure and has higher rates of incarceration and poverty. Out of this report emerged community-based recommendations to address these problems. Six teams implement them. For details, see "African American Quality of Life Initiative," *Austin City Connection*, June 2007, available at <http://www.ci.austin.tx.us/aaql/>.
- 18 This refers to the neighborhoods of Central East Austin and Rosewood. A tour of Austin reveals that there are not many grocery stores downtown and those that do exist in the metropolitan area are not easily accessible or convenient without a car from East Austin.
- 19 The designation of medically underserved areas is based on the number of primary care physicians, the percentage of elderly and people below the poverty line, and the infant mortality rate. Rosewood and Central East Austin were specifically designated as medically underserved areas.
- 20 In the 1960s the Holly power plant was built in a Hispanic neighborhood of East Austin. PODER Executive Director Susana Almanza says that since then, area residents have developed cancer, tumors, respiratory conditions, learning disabilities, and hearing loss. In 1998 the city promised it would close the plant by 2005, but it was not until September 30, 2007, that it officially closed. According to PODER, some of the community's suggestions are to expand a nearby baseball field and park to the site or build an arts and community center there. PODER Board Member Daniel Llanes said, "Residents expect the city to do all of the follow-through associated with cleanup, including removing anything toxic or noxious that could affect the water or neighborhood." Austin Energy said that it expects it will take up to three years to take down the plant. Source: Daniel Mottola, "Holly Power Plant to Close, Really!" *Austin Chronicle*, July 13, 2007.
- 21 Paul Hilgers, Director of Neighborhood Housing and Community Development, City of Austin. Telephone interview, December 4, 2007.

- 22 In Travis County, from 2005 to 2007, the zip code with the highest percentage gain in appraised values was one that includes East Austin. The median home value increased 42 percent. Marty Toohey, "Home Value Jump Exacts Heavy Price: Travis Appraisals Hitting Some Especially Hard," *Austin American-Statesman*, June 17, 2007.
- 23 Lyndon B. Johnson School of Public Affairs, "Community Change in East Austin," Policy Research Project Report, Number 160, 2007. Available at <http://www.utexas.edu/lbj/pubs/isbn/0-89940-773-9/>.
- 24 These data are for Zip code 78702, which includes Central East Austin and Rosewood. "Community Change in East Austin," Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin, Policy Research Project Report, Number 160. Available at <http://www.utexas.edu/lbj/pubs/isbn/0-89940-773-9/>.
- 25 Lyndon B. Johnson School of Public Affairs, "Community Change in East Austin."
- 26 Note that these are families, not individuals, so they represent thousands more. Also, 4,000 and 6,000 should not be added together because some families may be on both lists.
- 27 To see how social services and community resources are disbursed throughout the Austin–Round Rock MSA, see the Central Texas Opportunity initiative, commonly referred to as "opportunity mapping," conducted by the Kirwan Institute for the Study of Race and Ethnicity, Ohio State University. John A. Powell, Jason Reece, and Samir Gambhir, "The Geography of Opportunity: Austin Region," March 2007, available at <http://kirwan.gripserver3.com/publicationspresentations/publications>.
- 28 Telephone interview with resident, May 24, 2007.
- 29 Increases in property taxes do not affect elderly homeowners or the disabled because they have access to a property tax deferral program.
- 30 M. H. Lopez, community resident. Telephone interview, June 21, 2007.
- 31 Marty Toohey, "Home Value Jump Exacts Heavy Price: Travis Appraisals Hitting Some Especially Hard," *Austin American-Statesman*, June 17, 2007.
- 32 PeopleFund explains the effects of rising real estate costs: "It is an established fact that rents have gone up. Basically, families have been cashing out and moving further out to buy bigger, newer homes. A lot of business owners have been following these migration patterns." Brad White, PeopleFund, e-mail, November 30, 2007.
- 33 "East Austin Development: Changing Corridors," East Austin Economic Summit 3, PeopleFund.
- 34 Brad White, PeopleFund, e-mail, November 30, 2007.
- 35 The "BiG" in "BiGAUSTIN" stands for "business investment growth." BiGAUSTIN is an East Austin nonprofit organization that provides training, technical assistance, and business loans. Its customer base is new and existing small businesses. Since its founding, it has served the low- and moderate-income minority market. According to its president Jeannette Peten, in the last years it has worked with more than 7,000 entrepreneurs, disbursed more than \$4.2 million in loans, and assisted in creating and sustaining more than 1,600 jobs in the local economy. The loan cap for new businesses is \$15,000 and for businesses one year or older it is \$50,000. For more information, see <http://www.bigAustin.org>.
- 36 Local microlenders report that they see clients throughout Austin who have been turned down by mainstream banks because of such problems as poor credit history, no steady or strong income, few or no assets for collateral, unrealistic sales projections, and a lack of knowledge about what it takes to make a business succeed.
- 37 Jessica Flores, Co-owner of an East Austin vehicle collision repair shop, Paint Care & Body, Inc. Telephone interview, May 24, 2007.
- 38 For details, see "City of Austin Program Guidelines CP&R Business Loan Program (CP&R BLP)," *Austin City Connection*, June 2007, available at <http://www.ci.austin.tx.us/housing/downloads/CP&R%20brochure.pdf>.
- 39 Jessica Flores, Co-owner of an East Austin vehicle collision repair shop, Paint Care & Body, Inc. Telephone interview, November 28, 2007.
- 40 Travis County election results. For specific examples of the percentage of registered voters who voted, go to http://www.co.travis.tx.us/county_clerk/election/results.asp. Precincts 124 and 126 are the precincts that most closely overlap East Austin.
- 41 Mark Rogers, Executive Director, Guadalupe Neighborhood Development Corp. Telephone interview, June 20, 2007.
- 42 Ibid.
- 43 This is commonly known. References to it are made in local publications, including Wells Dunbar, "Beside the Point: Redistricting Comes Home," *Austin Chronicle*, September 21, 2007, Michael King, "Point Austin: Gentlemen's Disagreement: Back to the Future at City Hall," *Austin Chronicle*, July 28, 2006, and Amy Smith, "Hispanic Chamber Honors Eastside Pioneer," *Austin Chronicle*, January 30, 2004. Michael Jim Harrington, director of the Texas Civil Rights Project, mentions this agreement in a recent article by John Moritz, "Police Shootings Worsen Racial Tensions in Austin," *Fort Worth Star-Telegram*, June 10, 2007.
- 44 Mark Rogers, Executive Director, Guadalupe Neighborhood Development Corp. Telephone interview, December 4, 2007.
- 45 Plans include formal amendments that focus on capital improvements, land use, transportation, urban design, zoning, and other aspects of development intended to complement and enhance neighborhood character.
- 46 By ordinance, the planning team has to consist of at least one property owner, business owner, renter, and representative from a neighborhood association. In the best-case scenario, this team is well-organized and cohesive, easy to contact, responsive, solicits community feedback, and represents the diversity of community voices when deciding to support or reject a developer's proposed amendment. For a more in-depth description of the entire process, see "Overview of Neighborhood Planning," *Austin City Connection*, June 2007, available at http://www.ci.austin.tx.us/zoning/overview_np.htm.
- 47 In this case, reasonably priced means that units are sold or rented to households with incomes at or below 80 percent of Austin's median family income; these households would spend no more than 30 percent of their income on housing. Since April 2000, builders and developers have constructed more than 8,000 new units of SMART housing in the city. Green Building Program, June 2007, available at <http://www.ci.austin.tx.us/ahfc/smart.htm>.
- 48 "Austin OKs Ban on Larger Homes in Certain Neighborhoods," *Austin Business Journal*, June 9, 2006. To see the ordinance and its boundaries, go to "Development Regulations," *Austin City Connection*, June 2007, available at www.ci.austin.tx.us/zoning/sf_regs.htm. To get a sense of the location and intensity of the

first stage of tear-downs and rebuilds in Austin, see http://www.ci.austin.tx.us/census/downloads/Demolits_moveoffs.pdf.

- 49 The city will issue general obligation bonds allocated over seven years to raise the \$55 million. Of this, \$33 million will be allocated to affordable housing for the elderly on fixed incomes, minimum-wage earners, people with special needs, and people making the transition out of homelessness. In this case, affordability means 30 to 50 percent of median family income, which is \$21,350 and \$35,550 for a family of four, respectively. The remaining \$22 million will be allocated for creating affordable homeownership for first-time home buyers and families earning 50 to 80 percent of the median family income and paying for home repairs for households with low incomes. For details, see “Bonds Mean More Affordable Housing for Austin Residents,” *Austin City Connection*, November 8, 2006, available at <http://www.ci.austin.tx.us/housing/2006/bonds.htm> (accessed June 2007); “Retooling Affordable Housing Strategies: Case Studies of Local Finance Options,” *Banking & Community Perspectives*, Issue 1, 2007, available at <http://www.dallasfed.org>.
- 50 In this case, affordable means that renters who earn 60 percent of the city’s median family income and homeowners who earn 80 percent of the city’s median family income qualify. For details, see “Mueller,” June 2007, available at <http://www.muelleraustin.com/overview.html>.
- 51 What is unique about community land trusts is that even though the family owns the house, the underlying land is owned by the nonprofit and leased to the family pursuant to a long-term lease, which is generally for \$1. All units would be sold to households with up to 70 percent of median family income. Forty percent of these units must be sold to families that have up to 50 percent of median family income. Of the remaining 60 percent of units, 10 percent of these units would be sold to families with up to 30 percent of median family income. The homeowner is responsible for paying taxes on the value of the structure but not the land. Gerardo Castillo, Chief of Staff, Office of State Representative Eddie Rodriguez. E-mail interview, June 28, 2007.
- 52 The city’s housing department or nonprofit community development corporations within the district boundaries would qualify for TIF funds for the purposes of constructing affordable housing if the units have at least a 30-year period of affordability: 25 percent of housing units would be occupied by families with incomes that are 30 percent of median family income and 50 percent of the units would be occupied by families with incomes 50 percent below median family income. Gerardo Castillo, Chief of Staff, Office of State Representative Eddie Rodriguez. E-mail interview, May 30, 2007.
- 53 Carlos Calle, Legislative Aide, Office of State Representative Eddie Rodriguez. Telephone and e-mail interviews. For more information, see <http://www.legis.state.tx.us/tlodocs/79R/billtext/doc/HB00525E.doc> (pages 18-23).
- 54 To see how social services and community resources are disbursed throughout the Austin–Round Rock MSA, see the Central Texas Opportunity initiative, commonly referred to as “opportunity mapping,” conducted by the Kirwan Institute for the Study of Race and Ethnicity, Ohio State University. John A. Powell, Jason Reece, and Samir Gambhir, “The Geography of Opportunity: Austin Region,” March 2007. Available at <http://kirwan.gripservers.com/publicationspresentations/publications>.

