

# **Overcoming San Angelo's Housing Hurdles**

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President George W. Bush authorized the National Housing Trust Fund (NHTF) in 2008. The law established a permanent federal fund under the Housing and Economic Recovery Act to provide states with funds that local communities can match to invest in increased supply or preservation of rental housing for extremely low-income families.

Creating public-private partnerships to generate investments in construction of decent housing with rental costs that are affordable for the lowest income Americans has garnered significant bipartisan support over the years. The US Department of Housing and Urban Development is responsible for administering the NHTF at the national level. Texas and other states receive funding based on population and need. States then distribute the funds to local communities that apply and are willing to meet matching dollar requirements.

As a matter of principle, most local property owners and tenants, as well as San Angelo residents of all political persuasion, generally agree that households should have access to adequate, safe, and affordable housing. Yet many renters in the city find that getting and keeping an affordable apartment is a vexing experience.

A basic standard for determining whether rents are “affordable” is the 30 percent rule. By this rule, an apartment is affordable when housing costs (the amount of rent plus necessary utilities and services paid by the tenant) do not exceed 30 percent of the household's income. As costs exceed the 30 percent level by higher-and-higher amounts, the less affordable an apartment is for the people residing there.

A full one-quarter of all San Angelo renter households spend more than 50% of their income on housing costs according to the most recent data from Census Bureau's American Community Survey for 2011. The same data indicates that slightly less than half of the renters in San Angelo have housing costs that are affordable by the standard of the 30 percent rule.

More than 14,000 renter households make up some 41 percent of the 35,258 occupied households in San Angelo according to Census estimates. The estimated median rent is approximately \$702 per month. For this median amount to be “affordable,” a household would have to earn at least \$13.50 per hour, or \$28,080 per year. Some 47 percent of the city's renter households have incomes below this level.

A person working at minimum wage (\$7.25 per hour) will have to work for 74 hours per week to have enough to afford housing priced at the median rent level. The fact is that only about seven percent of occupied rental units in the city would allow extremely low-income minimum wage level households to achieve an affordable housing cost, and a smaller number (about 3%) of unoccupied units at any given time are in the price range of these tenants. Local rent costs and a small number of adequate units at affordable levels have presented significant impediments to housing for the lowest income households of San Angelo for years in the past. Obstacles may be aggravated in the months and years ahead by oncoming demand for rental housing spurred by developments in the energy sector.

In some ways, these obstacles facing the lowest income local households are surprising. After all, many live in San Angelo because of its affordability and low cost-of-living. The Real Estate Center at Texas A&M University currently estimates that the average price of homes sold in San Angelo during this year will come in at approximately \$141,300. The corresponding estimate for Texas overall is \$205,800. Thus, the best available data show that San Angelo homebuyers pay an average of \$64,500 less than other Texans do. Even as home prices fluctuate up and down over time, this “discount” for buying a home in San Angelo has averaged more than \$63,000 during the years since 2000.

The outstanding progress of San Angelo’s affordable housing coalition is another reason why the impediments to low-income rentals jump out as a surprise. The City’s community development departments have accomplished amazing improvements over recent years by partnering with organizations like Habitat for Humanity, Helping Hands, and West Texas Organizing Strategies. Together, the coalition has produced about 100 affordable housing units for low-to-moderate income homebuyers since 2006. Adding more than 680 housing renovation projects, residents have worked with the coalition to revitalize neighborhoods and virtually eliminate blighted areas within the city.

One of the non-profit members of the affordable housing coalition, Galilee Community Development Corporation (GCDC), has completed construction of 17 new affordable homes and has three additional ones near completion. This year, GCDC is also playing a lead role in a unique project to help alleviate San Angelo’s surprisingly small number of decent and affordable rental options for low-to-moderate income families and households.

The project is building NoAH Estates to bring 36 new single-family homes into the rental market for low or moderate-income renters. Private investors – not public funds -- are financing this project located in the city’s Blackshear neighborhood. The investors benefit from tax incentives under the Low-Income Housing Tax Credit (LIHTC) program, another one of those bipartisan supported national initiatives.

A more hidden element of San Angelo’s challenging rental picture for the lowest income residents is that tenants and landlords at this level have few options when problems develop between them. The routine issues that most tenants and landlords above the lowest income levels experience from time-to-time usually require little more than some firm and clear communication to resolve.

Ultimately, renters with sufficient income resources are able to obtain safe and affordable housing alternatives when services are unsuitable or unsatisfactory for their needs. Likewise, the majority of the city’s landlords maintain quality rental properties that readily attract needed occupants. It is difficult for those who experience the routine issues and inconveniences of renting to comprehend the dogged and humiliating nature of disputes that sometimes develop between the city’s lowest income renters and their landlords where options are limited. Landlords stressed to collect rent from troubled households with few means may gravitate toward unpleasant options leading to reduction or neglect of quality service and expensive, chaotic eviction notices. Tenants shuddering to meet necessities may lash out because they feel trapped or violated.

The reputation of all landlords is suspect because of a few disputes that encourage the stereotype of slumlords forcing tenants to live in degraded conditions and face heartless evictions. The

image of all tenants, in turn, is also suspect when any renter chronically fails to pay up or needlessly damages rental property and unleashes dehumanizing stereotypes of the irresponsible and undeserving poor.

ASU's Community Development Initiatives is collaborating with the City of San Angelo as well as with landlords, realtors, and other key local housing stakeholders to help alleviate disputes involving the community's lowest income tenants. The San Angelo Rental Housing Mediation Services (SARHMS) is a pilot project that takes a two-pronged approach.

First, as the project title implies, SARHMS has a process to help mediate disputes. Recognizing that few tenants and landlords will voluntarily seek mutual agreements to resolve their issues, the SARHMS mediation process seeks nevertheless to expand options. It does so by offering the city's lowest income renters -- and, if willing, their landlords -- an opportunity to have complaints documented and reviewed by a knowledgeable panel that will recommend pathways to remedy the issues.

Additionally, SARHMS provides public education and information as an approach to preventing problems between low-income tenants and landlords. The project is organizing a series of public forums where interested landlords, tenants, and citizens can hear local legal experts, building code regulators, and leading property owners and managers discuss a variety of housing issues involving the rights and responsibilities of tenants and landlords under fair housing laws and ordinances.

SARHMS is also accumulating a series of handbooks and handouts to help inform individuals about housing barriers that affect the poor, different types of affordable housing, tips for contacting property owners, and other useful materials for identifying and solving rental-housing issues affecting low-income tenants and their landlords.