

INTRODUCTION

Housing growth in Smithville has reflected the slow population growth. As mentioned in the Baseline Analysis less than 9 houses per year (on average) have been built in the community between 1980 and 2000. The average household size is approximately 2.5; if this remains constant, nearly 1,000 new homes will be required to be built over the next 15 years or so to accommodate expected growth. Given the slow rate of growth over the last 30 years, this is a dramatic increase in housing development for the city. It will be important to establish policies to ensure development meets the needs of current and future residents and provides adequate housing options at all levels of income, from those looking for a first home, to those wanting to retire in a luxury home.

CURRENT HOUSING CONDITIONS

Housing Age and Condition

Nearly half of the homes in Smithville were built before 1960, and nearly 90 percent were built before 1980. This means that the housing stock in Smithville is aging, which can lead to higher maintenance costs and deterioration of the overall housing stock. As part of the land use survey, each residential unit was assigned a condition based on the following definitions:

Standard – Little or no defects. Any defects can be corrected with regular maintenance.

Deteriorating – Defects beyond the scope of regular maintenance. Defects must be repaired if the unit is to continue being safe. Examples include holes, missing or rotting materials, and deep wear.

Dilapidated – Exhibits critical defects and is in need of extensive repairs or possibly demolition. Home does not provide safe or adequate shelter. Examples include sagging roof and holes and cracks in roof, foundation, or walls.

Despite the average age of the homes, the vast majority are in standard condition (Figure 5.1). Of single family homes, less than 4 percent are considered dilapidated, and several of these are homes that have burned and not yet been rebuilt. One area of concern is the high number of deteriorating and dilapidated manufactured homes found throughout the community. Dilapidated homes do not provide adequate shelter and can be a health and safety hazard for residents. Every effort should be made to strictly enforce all applicable codes and standards to ensure adequate, safe housing for all residents.

Figure 5.1 Housing Condition

Housing Type	Standard	Deteriorating	Dilapidated
Single Family	86.2%	9.9%	3.6%
Duplex	90.6%	3.8%	5.7%
Multi-family	94.1%	0%	5.9%
Manufactured Home	68.7%	20.7%	10.7%
Total	84.4%	11.0%	4.5%

Smithville has had success in receiving state grants that can be used to renovate or even replace dilapidated homes and this program should be continued.

Housing Price and Availability

Housing values in Smithville reflect the age of the housing stock, with 25 percent valued under \$50,000 and 70 percent under \$100,000 (see Figure 7 in Baseline Analysis). Despite the high number of homes valued under \$100,000 there is still a large segment of the population that is paying over 30 percent of their income on rent or mortgage. Table 5.2 shows the breakdown of rents and mortgages as a percentage of household income. Unfortunately, the most recent data is 1999, so it may be somewhat different at this time, but it is likely a good representation of existing conditions.

Table 5.2 **Rent and Mortgage as Percentage of Income**

Percentage of Income	Mortgage	Rent
< 15%	42.6%	20.7%
15 – 19%	16.9%	13.7%
20 – 24%	12.4%	9.7%
25 – 29%	6.3%	9.1%
30 – 34%	9.2%	9.5%
> 35%	11.8%	28.8%
Not Calculated	0.7%	8.7%

Source: 2000 US Census

Nearly 40 percent of renters are paying more than 30 percent of their income in rent each month. This is a challenge for these residents and is likely a result of the limited multi-family housing available. This is a key area of concern as Smithville grows because of the limited options for lower income residents to find affordable housing.

EXPLANATION: AFFORDABLE HOUSING AND LOW-INCOME HOUSING

The concept of affordable housing is not the equivalent of low-income housing. Low-income housing traditionally is housing that is provided, through government subsidies, for residents that make 30 to 50 percent of the local median income. In Smithville, the median household income is \$35,586, which means low-income housing is for those making \$10,675.80 to \$17,793 annually. Affordable housing on the other hand relates to the concept of housing affordability relative to income. Based on national precedent, experts recommend that a family dedicate no more than 30 percent of their income to housing related expenditures. If a family has to spend more than this 30 percent threshold on housing expenditures because quality inexpensive homes are unavailable, and the family earns between 30 and 100 percent of the median income, they are arguably in need of affordable housing assistance.

With a median household value of \$82,200, a Smithville family would have to earn approximately \$2,577 per month (\$30,920 annually) to pay 30 percent of their income for housing. This includes tax and insurance, but not utilities. With a median income of \$35,586, this means that a family earning the median income can purchase a median priced home in Smithville. Despite this, there is still 21 percent of homeowners who are paying over 30 percent of their income on their mortgage. As mentioned, renters are paying an even higher percentage of their income for rent, reflecting limited rental options.

As for availability, approximately 90 percent of the homes in Smithville are occupied (Table 2.7 in Baseline Analysis). Of the remaining, many are not available for sale or

rent for a variety of reasons. An informal search on realtor.com identified 57 properties for sale in Smithville ranging from a \$550,000 downtown building with a loft to \$48,900 for a 3 bedroom, 1 bath home. This is obviously not a full inventory of available homes; however, it is an indication of what potential homebuyers can expect. The rental market is even tighter, with many participants in the public input process identifying this as an issue. Representatives from the school district said many of their teachers are forced to live in Bastrop or La Grange because of the lack of rental housing available in Smithville.

RECOMMENDATIONS

Housing is a fundamental need of any community, and to be truly vital, there must be housing available for residents of all incomes. The housing goals identified in this plan will move Smithville forward on achieving a diversity of housing for all current and future residents. This will create a foundation for economic growth as well as businesses seek to locate in a community with amenities and homes for their employees.

ENCOURAGE NEW HOUSING DEVELOPMENT

This is a very general goal; however, there are specific actions that can be undertaken to achieve it. Housing should be considered another aspect of economic development, so many of the actions to encourage housing development are the same as would be used to recruit businesses.

Utilize Demographic Analysis to Market Smithville to Developers

Smithville's demographics show positive growth for the future and can be used to attract potential developers. In addition, Smithville boasts an exemplary quality of life, with excellent recreational facilities, schools, and other amenities to attract potential residents. This information should be pulled together to create high quality marketing materials that are suitable for presentation to developers and businesses alike. With the rapid growth in Bastrop County as a whole, there are a number of large developers in the area that can be a starting point for a marketing effort. The Chamber of Commerce, or other suitable group, should take a leadership role in this effort.

Identify What, if any, Assistance can be Provided

Just as communities provide incentives to businesses, many are beginning to offer assistance to residential developers. This can include reduced tap or permitting fees, or even infrastructure assistance. The city may pay for needed on-site infrastructure to encourage new housing. This level of assistance can be provided if the developer agrees to set aside a percentage of homes for lower income residents, such as those at 80 percent of the median income. Another option, as discussed in the land use plan, is to work with developers to oversize infrastructure when they install it. The city may provide that money as the development happens then be reimbursed as more development occurs that taps into the oversized utilities. This allows the city to prepare for growth and not have to do even more expensive retro-fitting of utilities that were not built large enough to support growth.

Another incentive may be to offer density bonuses for development that meets specific goals. The City of Livermore, California allows for higher densities for builders who set

aside a minimum of 20% of new homes for those making 80% of the median income. The benefit is that the higher densities bring down the costs and increase the number of homes sold, which allows the builder to still make a profit while offering some properties at a lower price to the buyer. Builders that set aside 20% of the homes for low-income residents also qualify for Low Income Housing Tax Credit which can reduce their federal income taxes. This kind of incentive does not cost the city any direct money and contributes to housing diversity, which is a key goal.

Encourage a Broad Mix of Housing Types

The city's zoning ordinance has a variety of housing types allowed; however, they are not all utilized at this time. The future land use map identifies several areas for residential development, it will be important to ensure a broad mix of types to meet the changing needs of Smithville.

One option growing in popularity is 'garden' or patio homes that typically have zero lot lines and common open space. These are very popular with elderly residents who want to downsize and have minimal yard maintenance. The city has a zoning designation for this, it should be utilized to ensure there is land defined for this type of development. Townhomes, duplexes, and similar housing types could be built in conjunction with garden homes to provide a further mix of housing. This increased density will result in lower costs and less land being developed overall to accommodate expected growth.

Multi-family housing is a critical need as well. This is an area where the city may have to take a more active role to encourage this type of development. The marketing materials and activities discussed above should be targeted to multi-family developers to build in Smithville. There may also be opportunities for multi-family development in conjunction with commercial and retail growth. There is some residential use in downtown, and this could be expanded. Also, new commercial growth on Loop 230 or Hwy 71 could have a residential component as part of it. This could either be townhomes serving as a buffer between shops and single family residential, or apartments on second floors above shops. This type of development is what happened historically and is regaining popularity in developments across the country. The city should review its ordinances and ensure they allow for mixed use development of this type. The Planned Development District would also be a likely tool that would be used for this type of building.

SUPPORT WORKFORCE HOUSING DEVELOPMENT

Many of the recommendations discussed above, including density bonuses and mixed use housing, will result in lower cost housing becoming more available in Smithville. There are some additional actions that can be undertaken to encourage more of this type of housing to meet growing needs.

Establish Relationship with Central Texas Housing Finance Corporation and Other Agencies that Provide Low Cost Housing

There are a variety of non-profits and public agencies that are involved with housing development and Smithville has worked with them in the past. The Central Texas Housing Finance Corporation will actually come into the community and build homes, provide homebuyer education for potential buyers, and market the property. Typically,

the city has to provide the land for these homes and they do the rest. One potential source for these lots is through tax foreclosures.

The city should work with the tax appraisal office to determine lots that have unpaid taxes and may be available for foreclosure. The city can then work with the county and school district to acquire those properties and make them available for redevelopment. There are many benefits to this, the first being that delinquent properties are returned to the tax roles, and will increase tax revenues. The second is that many of these properties are likely poorly maintained and are a blight on the community. Redeveloping them for homes provides much needed housing to the city as well as improving the quality of life for adjacent property owners.

Habitat for Humanity is another resource for providing lower cost housing. Again, the same method can be used to acquire land to make available for Habitat. The city may also work with property owners to have land donated for Habitat homes to be built. The owner would receive the benefit of a tax write-off while the community would get low cost homes.

These efforts will likely result in in-fill housing being developed on vacant lots or those with dilapidated homes on them. In-fill development should be a focus because these lots are already served with utilities and are within the city's electric service territory. In addition, these properties may be a health and safety hazard if they are not maintained. One issue with the development of these lots is that they may not be in conformance with the zoning code due to their size, shape, etc. In that case, a variance would be necessary for these to be developed. The city should work with owners and potential builders to clarify the process and make it as easy as possible for in-fill development to occur.

Educate Citizens on Need for Multi-family and Higher Density Housing

Many residents in small communities are opposed to multi-family housing because they are concerned it will impact the rural character they love. It will be important to educate citizens on the impact that a lack of housing options has on the city and how it affects teachers, police officers, and others who may be forced to live elsewhere.

This negative perception can be combated by ensuring quality design for higher density and multi-family projects. Well designed projects, particularly those with parking that is out of site, etc. can blend very well in existing neighborhoods and not negatively impact the community. In addition, ample studies have shown the benefits of mixed income neighborhoods, so the city can use this information during any public hearings to reduce potential opposition. Illustration 5.1 is an example of well-designed density that would provide lower cost housing without harming the appearance or quality of life for Smithville.

Illustration 5.1



The land use plan also identifies a suitable area for multi-family development that will allow for development in an appropriate location. This is an area with adequate road access and proximity to services to ensure that increased traffic has minimal impact on adjoining properties. The recommendations will increase community support and buy-in for multi-family development.

MAINTAIN HOUSING STANDARDS FOR HEALTH, SAFETY, AND APPEARANCE

Even more important than increasing the overall housing supply is ensuring that existing housing provides safe, healthy shelter for all residents. This is a challenging issue, especially with the age of many homes in Smithville. This should be a top priority for the community to ensure all residents have safe shelter. This will not only increase the quality of life for all existing residents, it will protect property values and enhance the attractiveness for prospective businesses.

Strictly Enforce All Ordinances to Maintain Housing Quality

Code enforcement is the first line of defense in maintaining housing appearance and quality. The city ordinances define basic standards that must be met by all homes. There should be an aggressive enforcement program to ensure that all homes are up to code and are well-maintained. The land use survey identified the condition of all homes and this can be a starting point for enforcement.

In addition to strict enforcement, there should be an education component to inform people of the negative impact their deteriorating property has on the community as a whole. This can include newspaper stories and outreach at community meetings. If residents understand how the community is impacted they may be more likely to maintain their properties.

Provide Assistance to Property Owners to Maintain Their Properties

Many residents are simply unable to maintain their property due to lack of money, age, or other issue. These residents should be able to find assistance to maintain their homes rather than just being punished.

Volunteer programs are becoming a popular way to address these properties. Smithville is fortunate to have a strong volunteer ethic, and existing civic groups, high school clubs, and churches can be a great resource for this type of effort. Churches can be used as a point of contact for those in need. They can request assistance at the church, which will then identify a volunteer group to provide needed assistance. This may be having a couple of high school kids do lawn work on a weekend, or it may be the Lions Club repairing the roof. Local businesses can be tapped to donate materials, etc. for the projects. Another option may be a community 'barn-raising' type event where the whole community can pitch in to work on projects across the town.

The goal is to help property owners maintain their properties without having to resort to fines and other punishment, especially in those cases where there are underlying reasons for the lack of maintenance. Community volunteers are a tremendous resource to provide needed assistance throughout Smithville.

Identify Funding to Renovate or Replace Dilapidated Housing

Smithville has had success receiving grants from the Texas Department of Housing and Community Affairs to renovate or replace dilapidated homes. This program should be pursued because of the many benefits it provides. It benefits homeowners by providing them with safe housing, and the community benefits because the overall appearance is enhanced. In addition to TDHCA grants, the city should pursue other opportunities that

may be available to help property owners maintain and enhance their homes. There are a variety of private foundations and other organizations that can be tapped for this type of assistance.

CONCLUSION

To be sustainable, a community must have a diversity of housing. All residents must have the opportunity to find adequate, affordable housing to meet their needs. The recommendations in this plan identify strategies that will ensure this mix of housing is developed as Smithville grows. It will require the entire community working together, including property owners, developers, and current residents to support development that meets these goals. New homes will be built but without a plan they may not be what is most appropriate and what will provide for the long term needs of Smithville.