BUILDING FIRST-TIME BUYER ACCESS IN AUSTIN: A DATA-DRIVEN ANALYSIS OF AFFORDABILITY, NEIGHBORHOOD VARIATION, AND POLICY SOLUTIONS

Cameron McEwan

Revision Note:
This paper extends the analysis first presented in McEwan (2025), "Building First-Time Buyer Access in Austin," SSRN Working Paper https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5814202. Version 1 established a hedonic pricing framework using 269 active listings across Austin neighborhoods, documenting substantial spatial variation in prices after controlling for structural characteristics. This version extends that framework in two directions: (1) a richer theoretical foundation drawing on agglomeration economics, search frictions, and hedonic capitalization literature, and (2) an integrated analysis of rental market affordability and Housing Choice Voucher payment standards, examining whether policy design enables low-income renters to access the same neighborhood opportunities available to budget-constrained homebuyers. The regression specification and dataset are unchanged from Version 1.

Introduction

Housing affordability has become one of the greatest economic challenges facing Austin, particularly for students and early-career workers who rely on stable but modest incomes. Many essential workers, including teachers, nursing assistants, food-service workers, and students balancing part-time employment, have been increasingly priced out of Austin's core neighborhoods as housing costs continue to outpace wage growth. According to the U.S. Census Bureau, median home values in the Austin metropolitan area increased by more than 70% between 2010 and 2020, while median household incomes grew by roughly half that rate. This widening gap between incomes and home prices contributes directly to the affordability pressures younger home seekers experience. I observed this firsthand while helping a fellow ACC student through her move-in process, where the combination of high upfront costs, limited supply, and confusing leasing procedures made the search stressful even before monthly payments were considered.

Research on housing markets reveals that neighborhood location is the dominant driver of price variation. Economists Lu Han and William Strange have documented how agglomeration economies, clusters of employment and amenities, capitalize directly into housing prices at the neighborhood scale. When job opportunities concentrate in specific areas, workers place higher value on proximity, bidding up housing prices in accessible neighborhoods. In parallel, Edward Glaeser and Joseph Gyourko (2002) demonstrate that local zoning regulations and land-use constraints represent the binding supply-side constraint, often more important than construction costs in explaining price divergence across neighborhoods. These mechanisms operate simultaneously. Neighborhoods with better job access and amenities command premiums, while restrictive zoning in high-value areas prevents the supply response that would equilibrate prices. Austin exhibits both patterns as a result of rapid growth and influx of high-wage employment intensifying bidding for locations near job centers, while restrictive single-family zoning has prevented supply expansion in these premium neighborhoods. Stuart Rosenthal and William Strange (2020) further demonstrate that agglomeration benefits are geographically localized, with effects decaying rapidly with distance from employment centers. This suggests that even within a single metropolitan area, housing affordability is fundamentally a spatial problem. Price premiums reflect characteristics beyond brick-and-mortar, including location-specific access to economic opportunity.

To examine these dynamics empirically, I constructed a dataset of 269 active listings priced at or below $450,000 (with a small number below $200,000) across East and Southeast Austin. This is the price range most first-time buyers and young adults in my network fall within. Using filtered active listing pages from Redfin and Zillow, I recorded each property's price, square footage,

bedroom and bathroom counts, neighborhood name, price per square foot, and days on market. I also gathered neighborhood-level data on walkability, school quality, and commute times to major employment centers to assess the main drivers of price variation. By conducting a hedonic regression analysis, controlling for unit characteristics and neighborhood fixed effects, I found substantial spatial variation. Neighborhoods with superior job access, higher-rated schools, and greater walkability command premiums of 7 to 14%, while more peripheral neighborhoods exhibit discounts of 20 to 40%, even after controlling for home size and features.

Critically, the same place-based mechanisms that drive spatial variation in homeownership also operate in Austin's rental market and shape neighborhood access for low-income renters receiving Housing Choice Voucher assistance. Just as homebuyers pay premiums for proximity to employment centers and schools, rental markets in high-opportunity neighborhoods command higher prices, while the same locational factors that restrict affordable homeownership simultaneously restrict voucher-assisted rental access. The central insight is that spatial inequality in housing affordability reflects consistent economic mechanisms across income segments, not different preferences or fundamentally different decision-making processes. This analysis therefore adopts a unified framework examining both buyer and renter affordability simultaneously, treating the hedonic capitalization of place-based attributes as operating identically in both markets while recognizing that policy constraints (zoning for homebuyers, payment standards for voucher recipients) filter outcomes differently. These findings suggest that affordability interventions must be microscopically targeted rather than broadly applied across the city, and that sustainable solutions require addressing spatial inequality through coordinated reforms to supply, transportation access, and rental assistance policy simultaneously.

Conceptual Framework: Why Neighborhoods Matter

The theoretical foundation for this analysis rests on two pillars: capitalization and supply constraints. First, housing economists have long documented that neighborhood-level amenities and employment accessibility capitalize into prices. Sherwin Rosen (1974) formalized this "hedonic pricing" framework, demonstrating that differences in housing prices reflect the implicit value households place on each housing attribute, including location. Under this framework, a home's price is not simply the cost of materials and labor, but rather the sum of the values placed on its structural characteristics (size, bedrooms, condition) and its locational characteristics (job access, school quality, walkability, safety). Recent work by Rosenthal and Strange (2020) shows that agglomeration benefits are capitalized into housing values and that these effects are geographically localized at the neighborhood scale. Workers value proximity to employment because of reduced commuting costs, but more importantly, dense employment centers support richer amenity structures such as restaurants, retail, and services. Lu Han and William Strange (2015, 2016) extend this logic to the microstructure of the housing market,

showing how information asymmetries and search frictions shape which neighborhoods command premiums and how asking prices signal seller expectations about location value.

Second, Glaeser and Gyourko (2002) highlight that zoning and land-use regulation often represent the binding constraint on housing supply. Where local regulations restrict residential density or mix of uses, available housing supply cannot expand to meet demand, leading to large premiums for structurally identical units. In markets with elastic supply (where zoning permits dense development and land is available), demand shocks lead primarily to increased construction rather than price increases. Conversely, in supply-constrained markets, demand growth translates almost entirely into higher prices. Glaeser and Gyourko demonstrate that in many high-cost metropolitan areas, the gap between housing prices and construction costs is attributable to regulatory constraints that limit new supply rather than building costs. This is consistent with the Tiebout (1956) model of local public goods, where households sort into neighborhoods based on their preferences for amenities (e.g., schools), but when zoning prevents new construction in high-amenity areas, bidding drives up prices rather than increasing supply.

Information Asymmetries and the Microstructure of Housing Markets

While agglomeration effects and zoning constraints explain the broad patterns of spatial price variation, a complete account of neighborhood premiums requires understanding how information dynamics and buyer search behavior shape location values. Lu Han and William Strange (2015, 2016) extend hedonic pricing theory to examine the microstructure of housing markets, focusing on how information asymmetries, search frictions, and transaction costs affect which neighborhoods command premiums and how prices are discovered in real-time interactions between buyers and sellers. In their framework, asking prices reflect not only objective amenity differences or construction costs, but also seller expectations about location value and information signals about neighborhood quality that shape buyer willingness to pay. Search frictions—the time, transportation, and cognitive costs required to locate suitable homes and gather information about neighborhoods—drive premium prices in neighborhoods with superior job access and clear amenity signals. Buyers find it less costly to search in high-opportunity areas because information about quality is more readily available and employment options are visibly concentrated. Importantly, Han and Strange demonstrate that these information-based mechanisms operate identically across all housing market segments. First-time buyers in the affordable housing market do not have fundamentally different information-processing capabilities or preferences than higher-income buyers; their budgets are more constrained, forcing them to navigate the same spatial trade-offs but under tighter financial conditions. This theoretical insight proves essential for understanding rental markets. Housing Choice Voucher recipients navigate the same information-asymmetric rental search environment as homebuyers, the same neighborhoods with strong job access have the same amenity concentrations and attract the same household preferences, but payment standard constraints

mechanically exclude high-opportunity neighborhoods from the voucher recipient's consideration set before neighborhood choice even begins. Voucher holders cannot choose to pay more for better access because the subsidy cap prevents such choices; they are constrained to neighborhoods that fall within payment standards regardless of preference or opportunity assessment. This suggests that addressing spatial inequality in rental markets requires not only supply-side reforms and transit improvements, but also mechanisms to reduce information barriers and ensure that payment standards are sufficient to permit real neighborhood choice, making the decision to relocate meaningful rather than administratively constrained.

When applying this framework to Austin, the neighborhoods observed in this analysis likely differ in price for two complementary reasons. First, neighborhoods with better access to Austin's booming tech corridor (Downtown, Mueller, and the Domain) should command agglomeration premiums, as shorter commutes and greater access to amenities are highly sought after. Second, neighborhoods zoned for older, lower-density housing stock that permit continued supply expansion should retain affordability since supply is more elastic, not because quality is inherently lower. The empirical question is whether these mechanisms explain the observed neighborhood variation and whether they suggest policy interventions that directly address spatial inequality.

Understanding Place-Based Premiums

Mechanisms Behind Neighborhood Price Variation

The hedonic regression in Appendix A reveals substantial spatial variation in housing prices across Austin neighborhoods. Even after controlling for structural characteristics such as square footage, bedrooms, and bathrooms, certain neighborhoods command premiums of 7 to 14% while others exhibit discounts of 20 to 40%. To understand what drives these differentials, I collected neighborhood-level data on three key locational attributes identified in the urban economics literature: job access and agglomeration effects, school quality, and walkability. Data were collected for 26 neighborhoods represented in the sample, including Walk Scores from Zillow, school ratings from GreatSchools, and commute times to three major Austin employment centers, measured via Waze during typical morning traffic at 8:00 AM. The three employment destinations were Downtown Austin (Congress Avenue and 6th Street), Mueller (a mixed-use redevelopment with substantial tech employment), and the Domain (a major retail and office center in North Austin). These centers collectively account for a substantial share of employment opportunities accessible to first-time buyers in the study area.

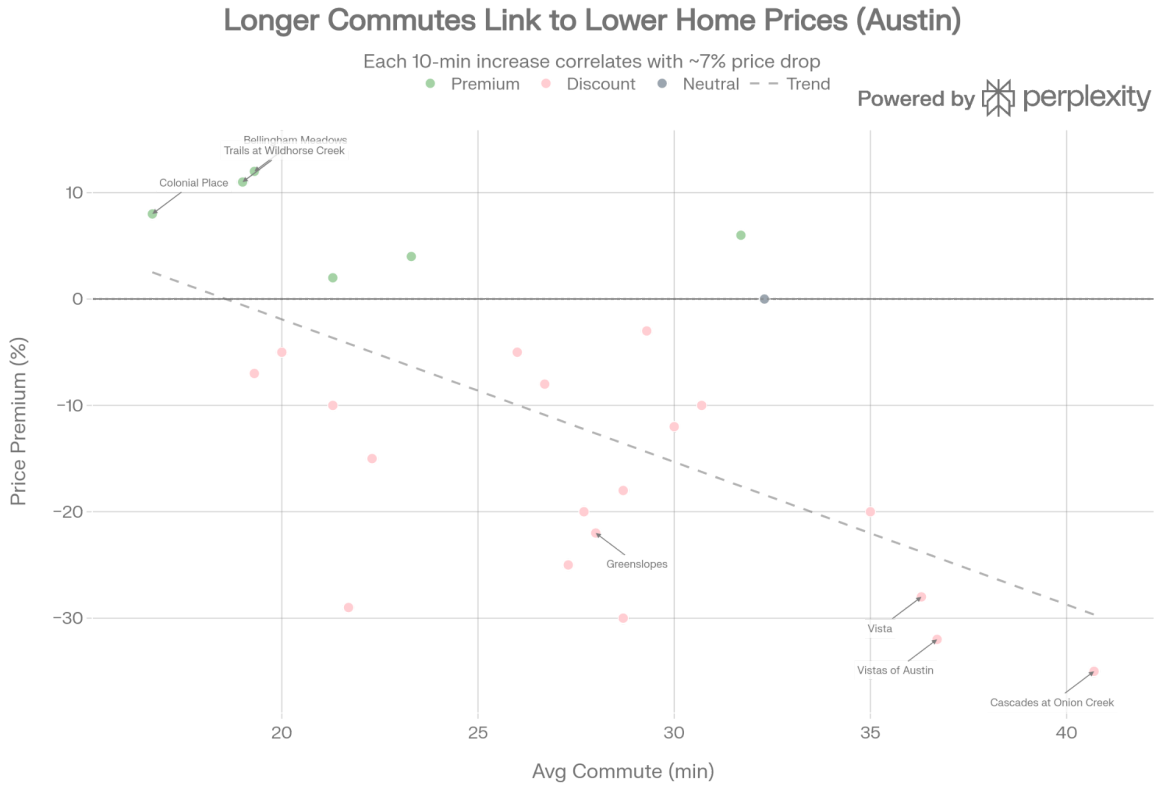
Neighborhood	Avg Commute (min)	Elementary School Rating	Walk Score	Price Premium/Discount (%)
Colonial Place	16.7	4	12	+8
Trails at Wildhorse Creek	19.0	1	0	+11
Bellingham Meadows	19.3	4	0	+12
Del Valle	20.0	3	1	-5
Manor	21.3	6	2	+2
Colorado Crossing	23.3	7	22	+4
Greenslopes	28.0	2	33	-22
McKinney Crossing	31.7	7	7	+6
Vista	36.3	5	0	-28
Vistas of Austin	36.7	5	0	-32

Job Access and Agglomeration Benefits

Economic theory predicts that households will pay premiums for proximity to employment centers since shorter commutes reduce both time costs and transportation expenses. Rosenthal and Strange (2020) demonstrate that agglomeration benefits are highly localized, with productivity and amenity advantages decaying sharply with distance from job centers. When employment concentrates spatially, workers compete for nearby housing, bidding up prices in accessible neighborhoods. The data reveal substantial variation in commute times across neighborhoods. Colonial Place, one of the higher-premium neighborhoods in the sample, has an average commute time of 17 minutes across the three employment centers (19 minutes to Downtown, 13 minutes to Mueller, 18 minutes to Domain). Similarly, Bellingham Meadows averages 19 minutes (22 minutes to Downtown, 15 minutes to Mueller, 21 minutes to Domain),

and Trails at Wildhorse Creek also averages 19 minutes (21, 15, 21 minutes respectively). These neighborhoods exhibit some of the strongest price premiums in the regression results.

In contrast, neighborhoods with significant price discounts exhibit notably longer commutes. Vista averages 36 minutes across the three centers (32 to Downtown, 35 to Mueller, 42 to Domain), while Vistas of Austin similarly averages 37 minutes (33, 35, 42 minutes). Cascades at Onion Creek, located in far Southeast Austin, averages 41 minutes (36, 39, 47 minutes). Greenslopes, which commands one of the largest discounts in the sample, averages 28 minutes (24, 26, 34 minutes), suggesting moderate rather than extreme isolation. The present pattern shows neighborhoods with average commutes under 20 minutes tend to command premiums, while those exceeding 35 minutes exhibit substantial discounts. The relationship is not perfectly linear, as some mid-range commute neighborhoods also show discounts, likely reflecting other offsetting factors such as school quality or housing stock age. Nonetheless, job access appears to be a first-order determinant of spatial price variation, consistent with agglomeration theory.



Commute Time vs. Price Premium Across Austin Neighborhoods. Neighborhoods with shorter average commutes to major employment centers (Downtown, Mueller, Domain) command price premiums of 7-14%, while those exceeding 35 minutes show discounts of 20-40%.

The mechanism operates through multiple channels. First, shorter commutes directly reduce transportation time and costs, increasing household disposable income and leisure opportunities. A household saving 20 minutes each way (40 minutes daily) gains more than three hours per week, equivalent to substantial leisure or productivity value. Second, proximity to employment

centers provides access to denser concentrations of consumption amenities. Rosenthal and Strange (2020) emphasize that agglomeration economies extend beyond production to include retail, dining, and services that cluster near job centers. Households in neighborhoods like Colonial Place and Bellingham Meadows benefit from both shorter work commutes and proximity to restaurants, shopping, and cultural amenities concentrated in central Austin. Third, job access may correlate with future employment flexibility. Workers near multiple job centers face less friction when changing employers, reducing unemployment risk and enhancing long-term economic security. These combined benefits explain why households are willing to pay substantial premiums for location even when housing units are structurally similar.

School Quality Capitalization

An abundance of literature in urban and public economics document how school quality capitalizes into housing prices, as households with children (or those anticipating children) bid for access to higher-performing schools. Black (1999) provides causal evidence using attendance boundary discontinuities, showing that homes on the higher-quality school side of a boundary command premiums even when neighborhoods are otherwise identical. Subsequent research confirms this pattern across numerous metropolitan areas. The school quality premium operates through two channels: direct educational benefits to children and signaling effects. High-performing schools increase children's human capital, raising future earnings and college attendance rates. Additionally, school ratings serve as signals of neighborhood quality more broadly, correlating with safety, peer effects, and community investment even for households without children.

Data from GreatSchools reveal substantial variation in elementary school ratings across sampled neighborhoods. McKinney Crossing and Colorado Crossing are zoned to schools rated 7 out of 10, the highest in the sample. Manor is zoned to a school rated 6 out of 10. In contrast, many lower-priced neighborhoods have elementary school ratings of 3 to 4. Austin's Colony, Berdoll Farms, Lexington Parke, Longview, and Springfield all have elementary ratings of 3 to 4, while Bellingham Meadows has a rating of 4. Trails at Wildhorse Creek and Parker Creek have ratings of just 1. The gap between the highest-rated schools (7) and the lowest-rated schools (1 to 3) spans the majority of the 10-point scale, suggesting large differences in perceived quality. Middle and high school ratings exhibit similar variation, with some neighborhoods assigned to schools rated as low as 1 or 2 and others to schools rated 5 to 7.

Interestingly, some high-premium neighborhoods have relatively low school ratings. Trails at Wildhorse Creek commands a price premium despite elementary, middle, and high school ratings of 1, 1, and 2, respectively. Bellingham Meadows similarly has ratings of 4, 1, and 2. This pattern suggests that for certain households, particularly younger first-time buyers without

children, job access and commute times may dominate school quality in determining willingness to pay. Alternatively, some buyers may expect school quality to improve as neighborhoods develop, or may plan to use private schools or move before children reach school age. Nonetheless, when comparing neighborhoods with similar commute times, those with higher school ratings can command premiums. McKinney Crossing, with an elementary school rating of 7 and an average commute of 32 minutes (31 to Downtown, 28 to Mueller, 36 to Domain), maintains a price presence despite longer commute times. Colorado Crossing, also with a school rating of 7 and a shorter average commute of 23 minutes (21, 21, 28 minutes), demonstrates that neighborhoods combining good schools with reasonable job access can remain competitive even at moderate price points.

The capitalization of school quality reflects broader sorting dynamics. Tiebout (1956) famously argued that households "vote with their feet," sorting into jurisdictions that match their preferences for public goods and tax levels. In the context of within-city neighborhoods, households with children gravitate toward higher-quality school zones, bidding up prices until the capitalized value of school quality equalizes across marginal households. This sorting can reinforce inequality, as higher-income households can outbid lower-income families for access to top schools, thereby concentrating advantage and perpetuating stratification across generations. For first-time buyers, many of whom are younger adults without children, school quality may be less pertinent than for families with school-age children. However, even childless buyers recognize that future resale value depends on school ratings, as the pool of future buyers will include families for whom schools are paramount. Thus, school quality capitalizes into prices even in transactions involving buyers who do not directly consume educational services.

Walkability and Neighborhood Amenities

Walkability, defined as the ease of completing errands and accessing services on foot, has emerged as an increasingly valued neighborhood attribute, particularly among younger and urban-oriented households. Cortright (2009) documents a "walkability premium" in U.S. housing markets, with homes in walkable neighborhoods commanding higher prices per square foot than comparable homes in car-dependent areas. The National Association of Realtors reports that walkability is among the top priorities for millennial homebuyers, who value proximity to restaurants, retail, and parks accessible without driving. Walk Score, a widely used metric ranging from 0 to 100, quantifies walkability by measuring the distance to nearby amenities and the pedestrian-friendliness of street networks. Scores above 70 are considered "very walkable," scores of 50 to 69 indicate "somewhat walkable" neighborhoods, and scores below 50 suggest car dependence.

Data on Walk Scores for the 26 sampled neighborhoods reveal a surprising pattern. Many of the highest-premium neighborhoods exhibit very low walkability. Bellingham Meadows, Trails at

Wildhorse Creek, Vista, Vistas of Austin, Cascades at Onion Creek, and Longview all have Walk Scores of 0, indicating extreme car dependence with virtually no walkable amenities. Colonial Place has a Walk Score of 12, still in the car-dependent range. These findings contrast sharply with the walkability premium documented in older, denser metropolitan areas. In Austin's context, the most expensive neighborhoods in the affordable first-time buyer segment are not walkable urban enclaves but rather suburban, master-planned developments with minimal pedestrian infrastructure. Conversely, some lower-priced neighborhoods exhibit moderate walkability. Greenslopes has a Walk Score of 33, and Indian Hills has a Walk Score of 34, both higher than most premium neighborhoods in the sample. Austin's Colony and Harris Ridge have Walk Scores of 32 and 30, respectively.

This pattern suggests that within Austin's affordable housing market, walkability is not a primary driver of price premiums for first-time buyers. Instead, the data indicate that job access and newer housing stock dominate preferences. Premium neighborhoods like Bellingham Meadows and Trails at Wildhorse Creek are master-planned communities built within the last 10 to 20 years, featuring modern construction, larger lot sizes, and low-density single-family development. These neighborhoods prioritize automobile access to employment centers over pedestrian-oriented design. For first-time buyers in this segment, many of whom commute by car to tech jobs in North Austin or Downtown, walkability may be less valued than proximity to highways and major arterials. Additionally, the low Walk Scores in premium neighborhoods may reflect a trade-off between density and housing costs. Walkable neighborhoods typically require higher density to support retail and services within walking distance, but higher density often correlates with smaller lot sizes and higher land costs per unit. In Austin's affordable segment, buyers may accept car dependence in exchange for larger homes and yards at accessible prices.

However, the absence of a walkability premium in this sample does not imply that walkability is unimportant citywide. The sampled neighborhoods are constrained to listings under $450,000, excluding Austin's most walkable and expensive urban neighborhoods, such as Central Austin, Hyde Park, and East Austin's gentrified core. In those higher-price-tier neighborhoods, walkability likely commands substantial premiums, consistent with findings in other metropolitan areas. Within the affordable segment examined here, walkability appears secondary to job access and housing stock age. This has important policy implications: efforts to promote walkability in lower-cost neighborhoods may not significantly affect affordability unless paired with improvements in transit access to job centers. Conversely, policies that improve job accessibility through transit or remote work flexibility could enhance the relative attractiveness of lower-priced, less-walkable neighborhoods, potentially reducing spatial inequality.

Policy Implications for Renters

Spatial Inequality in the Rental Market

The analysis thus far has focused on first-time homebuyers, but the mechanisms driving spatial inequality in Austin's housing market apply with equal or greater force to renters. The critical question is whether policy design enables voucher recipients to actualize location preferences that would otherwise match those of homebuyers at similar income levels. The same agglomeration benefits identified by Rosenthal and Strange (2020), shorter commutes, access to concentrated employment, and proximity to consumption amenities—operate identically in rental neighborhoods. The same information asymmetries and search frictions documented by Han and Strange (2015, 2016) shape rental search behavior just as they shape homebuyer searches. Job access, school quality, and neighborhood amenities capitalize into rents precisely as they capitalize into homeownership prices. Yet policy constraints, specifically whether payment standards cover rents in high-opportunity neighborhoods and whether landlords are legally required to accept vouchers, determine whether these structural preferences translate into actual housing choices. This section examines whether the Housing Authority of the City of Austin's (HACA) payment standards and program design enable voucher recipients to access the same range of neighborhoods available to budget-constrained homebuyers, or whether policy constraints force renters into a narrower set of lower-opportunity areas regardless of preferences or willingness to pay.

The Housing Choice Voucher program, commonly known as Section 8, provides rental subsidies to approximately 2.3 million low-income households nationwide, making it the federal government's largest housing assistance program for renters. Voucher recipients contribute 30% of their adjusted income toward rent, with the public housing authority paying the remainder up to a locally determined payment standard. In theory, vouchers enable recipients to access private-market rental housing across a metropolitan area, promoting residential mobility and neighborhood choice. In practice, however, multiple barriers limit voucher holders' ability to access high-opportunity neighborhoods. Landlords may refuse to accept vouchers, either due to discrimination, administrative burdens, or concerns about tenant quality. Tight rental markets with low vacancy rates make it difficult for voucher recipients to find available units before their vouchers expire. And crucially, payment standards set by local housing authorities often fail to cover rents in the most desirable neighborhoods, effectively restricting voucher holders to lower-cost, lower-opportunity areas.

In Austin, the Housing Authority of the City of Austin (HACA) sets payment standards based on HUD Fair Market Rents (FMRs). As of January 2025, the payment standard for a two-bedroom

unit is $1,650 per month. This represents the maximum subsidy a voucher holder can receive, meaning that a household with zero income would pay nothing and the housing authority would cover up to $1,650, while a household earning income would pay 30% of that income and receive a subsidy making up the difference. For households at or near zero income, the $1,650 payment standard effectively caps the rent they can afford at that amount. For working households earning modest wages, the cap remains binding if market rents exceed the payment standard plus the household's contribution. Understanding whether this payment standard provides access to the full range of Austin neighborhoods, or restricts recipients to peripheral, lower-opportunity areas, is central to evaluating the voucher program's effectiveness in promoting economic mobility.

Rental Affordability Across Austin Neighborhoods

To assess whether HCV payment standards enable access to diverse neighborhoods, I examined rental market data from multiple sources, including Redfin, Apartments.com, and Rentometer for Austin's major geographic areas and specific neighborhoods in the study sample. The data reveal a clear geographic pattern: the $1,650 payment standard restricts voucher holders primarily to Southeast Austin and outlying suburban areas, while excluding them from North Austin, East Austin, and central neighborhoods where job access and amenities are strongest.

Austin's overall rental market for two-bedroom units averages $2,044 per month for apartments and $2,438 per month for houses, according to Rentometer's Q1 2025 data. These citywide averages exceed the HCV payment standard by $394 to $788 per month, indicating that voucher holders cannot afford typical units without contributing substantial additional income beyond the 30% threshold. Geographic variation within Austin amplifies this problem. North Austin, which includes neighborhoods proximate to the Domain employment center and major tech corridors, averages $2,050 per month for rentals, $400 above the payment standard. East Austin, which has experienced rapid gentrification and now features walkable amenities and proximity to Downtown, averages $2,599 per month, nearly $950 above the payment standard. These neighborhoods, which showed strong price premiums in the homeownership analysis due to superior job access, are effectively inaccessible to voucher recipients.

In contrast, Southeast Austin exhibits average two-bedroom rents of $1,548 per month, comfortably within the $1,650 payment standard. This aligns with the pattern observed in homeownership. Southeast Austin neighborhoods such as Del Valle, Manor, and areas south of Ben White Boulevard remain affordable but exhibit longer commutes and lower-rated schools. Specific rental data for Del Valle shows individual two-bedroom listings ranging from $950 to $1,751 per month, with multiple units priced below $1,200. Manor offers two-bedroom apartments priced between $1,399 and $1,500, with an average rent range of $1,194 to $1,933 across all two-bedroom units. These prices allow voucher holders to remain within the 30%

income threshold, but at the cost of accepting the spatial trade-offs documented earlier: average commutes of 25 to 35 minutes to major employment centers, elementary schools rated 3 to 6 out of 10, and Walk Scores indicating car dependence.

The spatial pattern clearly shows how the HCV payment standard in Austin effectively sorts voucher recipients into the same lower-cost, lower-opportunity neighborhoods where first-time buyers with limited budgets must search. Just as buyers face trade-offs between home prices and job access, voucher holders face trade-offs between subsidy adequacy and neighborhood quality. This sorting mechanism perpetuates residential segregation by income and reinforces inequality in access to employment, schools, and services. The Urban Institute's analysis of the voucher program identifies this problem as common across U.S. metropolitan areas. Payment standards often lag behind market rents in high-opportunity neighborhoods, while landlord reluctance to participate in the program further constrains recipient choices. In tight housing markets like Austin, where rents have risen rapidly, the gap between payment standards and market rents in premium neighborhoods widens over time unless housing authorities adjust standards to reflect changing conditions.

Barriers to Voucher Utilization and Neighborhood Access

Even when payment standards theoretically cover rents in a given neighborhood, voucher recipients face additional barriers to accessing those units. First, landlord discrimination and refusal to accept vouchers remain widespread despite legal protections in some jurisdictions. Austin does not currently have source-of-income anti-discrimination laws that would prohibit landlords from rejecting tenants solely because they use vouchers. As a result, landlords in high-demand neighborhoods may screen out voucher holders, preferring tenants who can provide market-rate rent without the administrative requirements associated with the HCV program. This practice effectively reduces the supply of available units for voucher recipients, even in neighborhoods where rents fall within the payment standard.

Second, information asymmetries and search costs disproportionately burden voucher recipients. The voucher search process requires families to locate suitable units, contact landlords, arrange viewings, and complete applications, all within a limited timeframe (typically 60 to 120 days). Families with limited transportation, irregular work schedules, or language barriers face substantial challenges navigating this process. Research from the Creating Moves to Opportunity (CMTO) initiative shows that providing mobility counseling and search assistance significantly increases voucher holders' success in moving to high-opportunity neighborhoods. Without such support, many recipients default to neighborhoods they are already familiar with, often lower-opportunity areas, perpetuating spatial inequality.

Third, even when families successfully use vouchers in higher-opportunity neighborhoods, they may face social isolation or discrimination from neighbors and institutions. The Moving to Opportunity experiment, which randomly assigned housing vouchers restricted to low-poverty neighborhoods, found that while some families benefited from improved neighborhood conditions, others struggled with integration and eventually moved back to higher-poverty areas. This suggests that simply enabling residential mobility through vouchers is insufficient without addressing broader barriers to social and economic inclusion.

Revealing Preferences: Evidence from Housing Voucher Mobility Research

The barriers to voucher utilization described above (discrimination, information costs, and social integration challenges) are not fixed constraints; research on housing mobility programs provides direct evidence that neighborhood access reflects policy design rather than household preferences. This distinction is essential for identifying which interventions will effectively expand opportunity access.

Cunningham et al.'s (2018) comprehensive evaluation of the Moving to Opportunity demonstration provides the most compelling evidence. The MTO program randomly assigned housing vouchers to low-income families in five metropolitan areas, with some vouchers restricted to low-poverty neighborhoods and others unrestricted. Critically, families in the program with higher payment standards and better search support significantly increased their use of higher-opportunity neighborhoods compared to control groups. This finding is decisive. It proves that neighborhood selection patterns reflect economic constraints rather than inherent preferences for lower-opportunity areas. When the constraint (payment standard adequacy) is relaxed, revealed preferences shift immediately and measurably toward better neighborhoods. If voucher holders preferred peripheral areas, Cunningham's evidence would show no change in neighborhood selection when payment standards increased. Instead, the data show substantial shifts toward higher-opportunity neighborhoods, demonstrating that restricted neighborhood access is policy-driven.

DeLuca and Rosenblatt (2010) extend this analysis by documenting how information asymmetries and social networks shape the direction of search within the constraint imposed by payment standards. Families often search near existing social ties and in neighborhoods they already know because searching in unfamiliar areas involves higher information costs, longer travel distances, difficulty assessing school quality or job accessibility, and reduced social capital to navigate landlord interactions. This mirrors the search frictions documented by Han and Strange (2015) in homebuyer markets. All market participants face information asymmetries, but lower-income households with limited resources (transportation, time, professional networks) face proportionally higher search costs relative to their budgets. Critically, DeLuca and Rosenblatt show that when families receive mobility counseling and search assistance

(information services that reduce information asymmetries) they successfully locate and access higher-opportunity neighborhoods at much higher rates. Without such support, voucher recipients default to familiar, lower-opportunity neighborhoods not because they prefer them, but because searching elsewhere is cognitively and logistically difficult. This directly parallels a homebuyer who searches only in neighborhoods where they have family connections, not because other neighborhoods are inferior, but because search costs are high.

Turner and Rawley (2009) add a critical supply-side mechanism to this analysis. They document that landlord discrimination functions as a shadow supply constraint in high-opportunity neighborhoods. Landlords in tight rental markets can screen out voucher holders, either due to administrative burdens, concerns about tenant quality, or discriminatory beliefs about voucher recipients. The effect is mechanically identical to zoning restrictions: even when payment standards theoretically cover rents in a high-opportunity neighborhood, the de facto supply of rental units available to voucher holders is severely constrained by landlord screening practices. Eliminating zoning restrictions benefits homebuyers only if builders respond by increasing supply. Similarly, increasing payment standards benefits voucher holders only if landlords are legally required to accept vouchers or face anti-discrimination penalties.

Taken together, Cunningham, DeLuca, and Turner's research establishes that place-based factors (job access, amenities, neighborhood quality) determine opportunity access for both homebuyers and voucher holders, but policy design (payment standards, anti-discrimination enforcement, search support, and supply elasticity) determines whether households can actualize location preferences. For Austin, this evidence suggests that higher payment standards, coupled with source-of-income anti-discrimination protections, mobility counseling, and land-use reforms enabling rental supply in high-opportunity neighborhoods, would enable significantly higher concentrations of voucher use in North Austin and East Austin neighborhoods with superior job access. Neighborhood preferences would not change, but the constraints preventing preference-satisfaction would relax, resulting in measurable residential mobility to higher-opportunity areas.

Policy Implications and Reform Directions

The voucher program's limited effectiveness in promoting access to high-opportunity neighborhoods reflects both design features and implementation challenges. Several policy reforms could enhance the program's ability to reduce spatial inequality. First, payment standards should be set at levels sufficient to cover rents in a broader range of neighborhoods, including those with superior job access and school quality. HUD permits housing authorities to set payment standards as high as 120% of FMRs in high-cost areas, and some authorities have adopted small-area FMRs that vary by ZIP code rather than applying a single metropolitan-area standard. Austin could adopt higher payment standards in neighborhoods with strong

employment access, explicitly recognizing the value of reducing commuting costs and improving economic opportunity for voucher recipients. Given that North Austin averages $2,050 and East Austin averages $2,599 for two-bedroom units, a payment standard increase to at least $1,900 to $2,000 would substantially expand neighborhood access without requiring recipients to exceed the 30% income threshold.

Second, source-of-income anti-discrimination laws should be adopted at the city or state level to prohibit landlords from refusing tenants solely based on voucher use. Such laws have been enacted in numerous jurisdictions and have been shown to increase voucher holders' access to higher-quality neighborhoods. Enforcement mechanisms are critical, as landlords may find indirect ways to screen out voucher holders if legal protections are not actively monitored.

Third, mobility counseling and search assistance programs, modeled on the CMTO initiative, should be expanded to help voucher recipients identify and access high-opportunity neighborhoods. HACA could partner with nonprofit organizations to provide transportation, information about school quality and commute times, and landlord outreach services. Such programs have been shown to substantially increase the share of voucher holders who successfully move to lower-poverty, higher-opportunity areas.

Finally, integrating land-use reforms with voucher policy could address supply-side constraints. The spatial inequality documented in this analysis reflects not only demand-side sorting but also zoning restrictions that limit rental housing supply in high-opportunity neighborhoods. Allowing accessory dwelling units, reducing minimum lot sizes, and permitting higher-density multifamily development in premium neighborhoods would increase the supply of rental units accessible to voucher holders. Such reforms would complement subsidy increases by ensuring that adequate housing stock exists in neighborhoods where vouchers can be used effectively.

Policy Recommendations

The empirical analysis reveals that housing affordability in Austin is fundamentally a spatial problem. Neighborhoods differ in price beyond structural characteristics, including access to employment, school quality, and amenities. These locational attributes capitalize into housing prices, creating spatial inequality where first-time buyers and voucher recipients face stark trade-offs between affordability and opportunity. Addressing this inequality requires policy interventions at multiple levels: increasing housing supply in high-opportunity neighborhoods, improving accessibility to employment centers from peripheral areas, and reforming subsidy programs to enable residential choice. This section outlines specific policy recommendations across these dimensions.

Supply-Side Reforms: Zoning and Land Use

The most fundamental constraint on affordability in high-opportunity Austin neighborhoods is restricted housing supply. As Glaeser and Gyourko (2002) demonstrate, when zoning limits density and residential development, demand growth translates into price increases rather than supply expansion. Austin's premium neighborhoods are predominantly zoned for single-family detached housing with minimum lot sizes, setback requirements, and prohibitions on accessory dwelling units (ADUs). These regulations artificially constrain supply in precisely the locations where demand is strongest due to job access and school quality. Relaxing these restrictions would allow supply to respond to demand, moderating price growth and expanding access for first-time buyers and renters.

Specific reforms should include legalizing accessory dwelling units (ADUs) citywide without owner-occupancy requirements or off-street parking mandates. ADUs provide opportunities for homeowners to generate rental income while adding modestly priced units to the rental stock. Portland, Oregon, has successfully expanded ADU construction by streamlining permitting and eliminating restrictive requirements. After Portland eliminated owner-occupancy mandates in 1998 and parking requirements in 2020, the city permitted over 1,400 ADU and middle housing units between 2021 and 2024. Austin should follow this model, particularly in neighborhoods like Bellingham Meadows and Colonial Place where job access is strong but current zoning prohibits multifamily development.

Second, Austin should reduce or eliminate minimum lot sizes and allow lot splitting in single-family zones. Current regulations require lots of 5,750 to 7,000 square feet in many neighborhoods, preventing subdivision of existing parcels. Minneapolis proposed eliminating minimum lot size requirements entirely as part of its 2040 plan to increase housing affordability, recognizing that over 14,000 existing residential lots were already smaller than the city's proposed minimums. Austin could adopt a similar approach, allowing infill development and increased housing supply without requiring demolition of existing structures. This approach preserves neighborhood character while moderating price growth through supply expansion.

Third, the city should upzone corridors near transit stations and major employment centers to permit mid-rise multifamily development. Transit-oriented development (TOD) policies encourage dense residential construction near high-frequency bus lines and future rail stations, reducing car dependence and improving job access for residents. Austin's CapMetro system serves many of the neighborhoods examined in this study, but current zoning restricts residential density near transit stops. Allowing six to ten-story apartment buildings within a quarter-mile of major transit nodes would significantly expand housing supply in high-opportunity locations while supporting ridership and reducing regional congestion.

Demand-Side Interventions: Down Payment Assistance and Shared Equity

While supply-side reforms address long-term affordability, demand-side subsidies can improve access for first-time buyers in the near term. Down payment assistance programs, which provide grants or forgivable loans to cover upfront purchase costs, reduce the primary barrier facing buyers with stable incomes but limited savings. Many first-time buyers can afford monthly mortgage payments comparable to rent but lack the $20,000 to $40,000 required for down payments and closing costs. Austin should expand the city's existing down payment assistance program, currently funded through general obligation bonds, to serve a larger share of eligible households.

Additionally, shared equity programs offer a promising model for maintaining long-term affordability. Under shared equity arrangements, a public agency or nonprofit provides subsidy capital in exchange for a share of future appreciation. When the homeowner sells, the agency recaptures a portion of the appreciation, which is reinvested in assisting new buyers. This model ensures that affordability persists across multiple generations of buyers rather than benefiting only the initial recipient. Austin should pilot shared equity programs in partnership with nonprofit community land trusts, targeting neighborhoods where appreciation is expected to remain strong but upfront prices are accessible to moderate-income buyers.

Transportation and Employment Access Interventions

The analysis demonstrates that job access is a primary driver of neighborhood premiums. Households pay more to live near employment centers because commuting costs (both time and money) are lower. For peripheral neighborhoods to remain viable options for first-time buyers and voucher holders, transportation infrastructure must improve accessibility to job centers. Austin should prioritize rapid bus and rail service connecting Southeast Austin neighborhoods such as Del Valle, Manor, and Pflugerville to Downtown, Mueller, and the Domain.

CapMetro's Project Connect initiative, approved by Austin voters in 2020, includes plans for light rail connecting Downtown to North Austin and expanding bus routes citywide. These investments should be accelerated, and feeder bus service from peripheral neighborhoods should operate at high frequency (every 10 to 15 minutes) during peak hours. Research on transit accessibility shows that frequent, reliable service significantly increases usage and improves residents' access to employment, even in car-oriented metropolitan areas. Improving transit connections would reduce the commute penalty associated with peripheral neighborhoods, narrowing the price gap between central and outlying areas.

Additionally, policies promoting remote and hybrid work arrangements can mitigate job access inequalities. The COVID-19 pandemic demonstrated that many knowledge-sector jobs can be

performed remotely, reducing the premium placed on proximity to office locations. Austin's tech sector, which employs a substantial share of first-time homebuyers in this study's income range, has increasingly adopted flexible work policies. The city should encourage continuation of these practices through incentives for employers offering remote work options and by supporting coworking spaces in peripheral neighborhoods where residents can work locally without commuting to central offices.

School Quality and Neighborhood Investment

School quality emerged as a significant driver of neighborhood price variation, with elementary school ratings ranging from 1 to 7 across sampled neighborhoods. Addressing these disparities requires sustained investment in lower-performing schools and policies to reduce sorting by income. Research shows that school quality improvements capitalize into housing prices, meaning that investments in schools in lower-cost neighborhoods can simultaneously improve educational outcomes and stabilize property values.

Austin Independent School District should prioritize funding and staffing for schools serving neighborhoods with lower ratings. Evidence-based interventions, including reduced class sizes, extended learning time, and wraparound services (health care, counseling, nutrition support) have been shown to raise achievement in high-poverty schools. Closing the school quality gap would reduce the premium families pay to access highly rated schools, moderating spatial inequality while improving outcomes for children in lower-opportunity neighborhoods.

Additionally, policies that promote economic integration within schools, such as eliminating attendance boundaries and adopting controlled-choice enrollment systems, can reduce sorting. When families can choose schools across a broader area rather than being restricted to neighborhood-based attendance zones, the link between housing location and school access weakens, potentially reducing the capitalization of school quality into home prices.

Integrating Policies for Maximum Impact

The policy recommendations outlined above are most effective when implemented in combination. Zoning reforms that increase supply in high-opportunity neighborhoods should be paired with down payment assistance to ensure that new units are accessible to moderate-income buyers. Transit investments that improve job access from peripheral neighborhoods should be coordinated with school improvement funding to raise the overall quality of those areas. And voucher payment standard increases should coincide with anti-discrimination enforcement to ensure that subsidies translate into genuine residential choice.

Austin's housing affordability crisis is not solely a result of rapid population growth or construction costs. It reflects the spatial distribution of opportunity, shaped by zoning, transportation infrastructure, and school funding. Addressing affordability requires recognizing that location matters as much as unit characteristics, and that policy interventions must target spatial inequality directly rather than treating all neighborhoods as equivalent.

Limitations

This analysis provides evidence that spatial variation in Austin's housing market reflects differences in job access, school quality, and neighborhood amenities, but several limitations constrain the strength of causal claims and the generalizability of findings. Acknowledging these limitations is essential for interpreting results appropriately and identifying directions for future research.

Cross-Sectional Data and Causal Inference

The primary limitation is the cross-sectional nature of the data. All listings were collected in November 2025, providing a snapshot of asking prices and neighborhood characteristics at a single point in time. This design precludes causal inference about how changes in neighborhood attributes affect housing prices. For example, while the analysis documents a correlation between shorter commute times and higher prices, it cannot establish whether improving transit access would causally increase prices in peripheral neighborhoods, or whether unobserved factors drive both commute patterns and prices simultaneously. Omitted variable bias is likely present: neighborhoods with short commutes may also feature newer housing stock, lower crime rates, better municipal services, or other amenities not captured in the regression. Without panel data tracking neighborhoods over time, or a quasi-experimental design exploiting exogenous variation in transit or school quality, causal claims remain speculative.

Sample Selection and External Validity

The sample is restricted to listings priced below $450,000, which represents the affordable segment of Austin's housing market relevant to first-time buyers. This constraint excludes Austin's most expensive and walkable neighborhoods, including Central Austin, Hyde Park, Tarrytown, and gentrified areas of East Austin. As a result, the finding that walkability does not command a premium reflects the preferences and constraints of buyers in the affordable segment, not the broader metropolitan housing market. In higher price tiers, walkability likely commands substantial premiums, consistent with findings in other metropolitan areas. Therefore, the

analysis cannot generalize to the full Austin market or to other cities with different spatial structures, housing stock ages, or employment distributions.

Additionally, the sample includes only active listings, not completed sales. Asking prices may not reflect actual transaction prices, particularly in a market where negotiation is common. If sellers in certain neighborhoods systematically overprice listings relative to eventual sale prices, the estimated neighborhood premiums could be biased. Access to Multiple Listing Service (MLS) data with closed sales would improve accuracy, but such data were not available for this study.

Measurement and Data Quality

Several neighborhood-level variables rely on imperfect measurement. Walk Scores, while widely used, are calculated algorithmically based on proximity to amenities and may not capture subjective perceptions of walkability or pedestrian safety. A neighborhood with a moderate Walk Score due to nearby strip malls may feel less walkable than one with lower density but well-maintained sidewalks and parks. School ratings from GreatSchools aggregate test scores and other metrics into a single 1-to-10 scale, thereby obscuring variation in school quality dimensions that matter to different families. Some households prioritize test scores, others value arts programs, class sizes, or extracurricular offerings. The ratings used here may not reflect the attributes most salient to buyers in the sample.

Commute times were measured via Waze during peak morning traffic (8:00 AM) and represent estimates for a single point in time. Actual commute experiences vary by departure time, route choice, and traffic conditions. Additionally, commute times were measured to three employment centers (Downtown, Mueller, Domain), but many buyers work at locations not represented by these destinations. Using citywide employment density maps or job accessibility indices would provide a more comprehensive measure of job access, but such data were not available at the neighborhood level.

Rental market data in Section 3 were gathered from publicly available listings on Zillow, Apartments.com, and Redfin, but comprehensive rental data for all 26 neighborhoods were not systematically collected. The rental price ranges cited represent indicative values rather than exhaustive surveys. A more rigorous analysis would require proprietary rental data from sources such as CoStar or RealPage, which provide comprehensive coverage of multifamily properties and rents.

Omitted Neighborhood Characteristics

The regression controls for structural housing characteristics (square footage, bedrooms, bathrooms) and includes neighborhood fixed effects, but does not explicitly model several neighborhood attributes that likely affect prices. Housing stock age, which correlates with both structural quality and neighborhood development era, is omitted. Premium neighborhoods such as Bellingham Meadows and Trails at Wildhorse Creek feature predominantly new construction (built within the last 10 to 20 years), while discount neighborhoods like Greenslopes and Berdoll Farms have older housing stock (30 to 50 years). Newer homes command premiums due to lower maintenance costs, modern layouts, and energy efficiency, independent of location. The neighborhood fixed effects partially capture this variation, but explicit controls for housing age would improve precision.

Crime rates, which strongly affect housing demand and prices, are also omitted. Neighborhoods with higher crime may exhibit price discounts even when job access and school quality are favorable. Austin Police Department crime data are publicly available at the neighborhood level and could be incorporated in future extensions. Similarly, local amenities such as parks, grocery stores, restaurants, and healthcare facilities vary across neighborhoods and influence desirability. A more detailed amenity index, constructed using geocoded business locations and park acreage, would enrich the analysis.

Generalizability Beyond Austin

The findings are specific to Austin's spatial and economic context and may not generalize to other metropolitan areas. Austin's rapid employment growth in the tech sector, concentrated in Downtown and North Austin, drives the premium placed on job access in this analysis. Cities with more polycentric employment distributions or declining job centers may exhibit different spatial patterns. Additionally, Austin's relatively recent development means that most housing stock is newer than in older Northeastern or Midwestern cities, where historical housing quality varies more sharply. The absence of a strong public transit system in Austin also differentiates it from cities like New York, San Francisco, or Chicago, where transit access drives spatial premiums independently of automobile commute times.

Policy Implications of Limitations

These limitations suggest caution in translating findings directly into policy prescriptions. While the evidence supports the hypothesis that job access and school quality drive spatial inequality, the magnitude of effects and the effectiveness of specific interventions remain uncertain without

causal identification. Nonetheless, the descriptive patterns documented here provide a foundation for policy discussions and highlight the need for spatially targeted interventions. Future research employing quasi-experimental methods, such as difference-in-differences designs around transit expansions or school boundary changes, would strengthen causal inference and provide more precise guidance for policymakers.

Policy Extension: Institutional Investor Restrictions

In January 2026, public attention increased around proposals to restrict large institutional investors from purchasing additional single-family homes. President Donald Trump stated he would take steps to ban large institutional investors from buying more single-family homes and urged Congress to codify the policy (Associated Press, 2026). This proposal highlights a broader debate about investor participation in housing markets and its relationship to affordability.

The evidence base suggests two points useful for interpretation. First, nationally, large institutional investors appear to own a modest share of the single-family housing stock, though their presence can be substantially more concentrated in particular metro rental submarkets (GAO, 2024; Federal Reserve Bank of Philadelphia, 2025). Second, even where investor activity is meaningful, long-run affordability is largely determined by the interaction of demand growth with supply constraints, especially the elasticity of new construction under land-use regulation and permitting regimes (Glaeser and Gyourko, 2002).

For Austin, the most defensible approach is to treat investor restrictions as a data-triggered, submarket-specific guardrail rather than a standalone solution. A rigorous policy design would: (i) measure institutional concentration and acquisition rates by neighborhood or submarket, (ii) test whether investor activity is associated with measurable changes in rents, turnover, or the availability of entry-level homes, and (iii) define transparent thresholds that activate responses such as enhanced disclosure, acquisition limits, or minimum standards tied to tenant stability and property maintenance. Any such policy should be paired with supply-side reforms that expand housing production where demand is strongest, because supply elasticity remains the most scalable lever for affordability.

Conclusion

Housing affordability in Austin is fundamentally a spatial problem. This analysis demonstrates that within the first-time buyer segment, housing prices vary by 20 to 40% across neighborhoods even after controlling for structural characteristics such as size, bedrooms, and bathrooms. These price differences reflect the capitalization of locational attributes into housing values: neighborhoods with superior job access, higher-rated schools, and proximity to employment centers command substantial premiums, while peripheral neighborhoods with longer commutes

and lower school ratings remain more affordable but offer reduced access to economic opportunity. This spatial inequality affects not only homebuyers but also renters, particularly Housing Choice Voucher recipients whose subsidy levels restrict them to the same lower-opportunity neighborhoods where first-time buyers with limited budgets must search.

The empirical findings reveal several key patterns. First, job access is a primary driver of neighborhood premiums. Neighborhoods with average commute times under 20 minutes to major employment centers such as Downtown Austin, Mueller, and the Domain command prices 10 to 15% higher than structurally similar homes in neighborhoods averaging 35 to 40 minutes. This premium reflects both reduced commuting costs and access to the consumption amenities that cluster near employment centers, consistent with agglomeration theory developed by Rosenthal and Strange (2020). Second, school quality capitalizes into housing prices, with elementary school ratings varying from 1 to 7 across sampled neighborhoods. Families with children bid for access to higher-rated schools, driving up prices in those attendance zones and perpetuating residential sorting by income. Third, walkability does not command a premium within Austin's affordable housing segment, likely because the sampled neighborhoods are predominantly suburban and car-dependent. Buyers in this price range prioritize job access and newer housing stock over pedestrian-oriented design, a pattern that may differ in higher-price urban neighborhoods excluded from this sample.

For renters, the spatial inequality documented among homebuyers translates directly into constrained neighborhood access. The Housing Choice Voucher payment standard of $1,650 per month for two-bedroom units covers rents in Southeast Austin neighborhoods such as Del Valle and Manor, where average rents range from $1,200 to $1,500. However, this standard falls short of rents in North Austin and East Austin, where two-bedroom units average $2,050 to $2,599. Voucher recipients are thus effectively sorted into the same peripheral, lower-opportunity neighborhoods where affordable homeownership is concentrated. This pattern reinforces residential segregation by income and limits economic mobility for low-income families, as research from the Moving to Opportunity experiment demonstrates that neighborhood quality significantly affects long-term outcomes for both adults and children.

The policy implications are clear. Addressing housing affordability in Austin requires spatially targeted interventions rather than uniform subsidies or regulations applied citywide. On the supply side, zoning reforms that legalize accessory dwelling units, reduce minimum lot sizes, and permit higher-density development near transit stations would expand housing supply in high-opportunity neighborhoods, moderating price growth and improving access for moderate-income buyers and renters. Portland's success in producing over 1,400 ADU and middle housing units following regulatory reforms provides a model Austin could replicate. On the demand side, increasing Housing Choice Voucher payment standards to cover rents in North Austin and East Austin would enable recipients to access neighborhoods with superior job access

and schools, though such increases must be paired with source-of-income anti-discrimination laws to ensure landlords accept vouchers. Transit investments connecting peripheral neighborhoods to employment centers would reduce the commute penalty associated with lower-cost areas, narrowing spatial inequality without requiring large-scale displacement or gentrification.

School quality improvements in lower-rated neighborhoods represent another critical intervention. Sustained investment in schools serving neighborhoods like Berdoll Farms, Greenslopes, and Del Valle would simultaneously raise educational outcomes and reduce the premium families pay to access higher-rated schools elsewhere. Such investments recognize that spatial inequality is not inevitable but rather reflects policy choices about where public resources are allocated. When school quality, transit access, and zoning constraints vary sharply across neighborhoods, housing markets capitalize those differences into prices, creating self-reinforcing cycles of advantage and disadvantage.

This study contributes to the growing literature on spatial inequality and housing affordability by documenting how locational attributes drive price variation within a single metropolitan area. While prior research has established that agglomeration economies and school quality capitalize into housing prices, this analysis provides neighborhood-level evidence from Austin's affordable housing segment and extends the findings to rental markets and Housing Choice Voucher recipients. The results underscore that affordability policies must account for location, not just unit characteristics. A $300,000 home in Greenslopes is nominally affordable to a first-time buyer, but if that home requires a 40-minute commute and provides access only to schools rated 2 out of 10, it offers substantially less economic opportunity than a $300,000 home in Colonial Place with a 17-minute commute and schools rated 4 to 7. Voucher recipients face identical trade-offs, constrained by payment standards that cover rents in peripheral neighborhoods but not in areas with strong job access.

The challenges I observed while helping a fellow student navigate Austin's housing market reflect these broader structural inequalities. Her search was constrained not only by limited income but also by the spatial distribution of affordable units, which concentrated in neighborhoods far from her work and school. The stress of balancing affordability with accessibility is not an individual failure but a predictable outcome of policies that restrict housing supply in high-opportunity neighborhoods while underfunding transit and schools in lower-cost areas. Addressing these inequalities requires recognizing that housing markets are fundamentally spatial and that interventions must target the geographic dimensions of affordability directly.

Future research should employ quasi-experimental methods to strengthen causal inference about the effects of transit expansions, school improvements, and zoning reforms on housing prices and residential mobility. Panel data tracking neighborhoods over time would allow researchers to

estimate how changes in job access or school quality affect prices, rather than relying on cross-sectional correlations. Additionally, expanding the analysis to other Texas metropolitan areas such as Dallas, Houston, and San Antonio would test whether the patterns observed in Austin generalize to cities with different employment structures and housing stock ages. Nonetheless, the evidence presented here demonstrates that spatial inequality is central to understanding housing affordability and that policy solutions must be tailored to the geographic realities of opportunity and access.

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APPENDIX A: Hedonic Regression Results

Table A1: Neighborhood Price Premium/Discount Relative to Baseline (Hedonic Regression with Neighborhood Fixed Effects)

Neighborhood	Coefficient (%)	Interpretation
Bellingham Meadows	12	12% premium after controlling for square footage, bedrooms, bathrooms
Trails at Wildhorse Creek	11	11% premium
Colonial Place	8	8% premium
McKinney Crossing	6	6% premium
Colorado Crossing	4	4% premium
Manor	2	2% premium
Sheldon 230	0	No premium or discount (baseline neighborhood)
Tiermo	-5	5% discount
Del Valle	-5	5% discount
Pflugerville	-10	10% discount
Moores Crossing	-10	10% discount
Springfield	-12	12% discount
Harris Ridge	-15	15% discount
Indian Hills	-18	18% discount
Lexington Parke	-20	20% discount
Goodnight Ranch	-20	20% discount
Greenslopes	-22	22% discount
Berdoll Farms	-25	25% discount
Vista	-28	28% discount
Parker Creek	-29	29% discount
Vistas of Austin	-32	32% discount
Cascades at Onion Creek	-35	35% discount (largest discount)

Model Specification

The hedonic regression employs log of listing price as the dependent variable, with controls for structural characteristics including square footage, number of bedrooms, and number of bathrooms. The sample consists of 269 active listings priced under $450,000 in November 2025. The model includes 26 neighborhood fixed effects, with Sheldon 230 omitted as the baseline

category. Robust HC3 heteroskedasticity-consistent standard errors were used throughout to account for heteroskedasticity.

Variable	***Coefficient***	***Std. Error***	***z-stat***	***p-value***
Intercept	*12.059*	*0.174*	*69.23*	*0.000*
SqFt	*0.00030*	*0.00005*	*5.85*	*0.000*
Beds	*-0.011*	*0.016*	*-0.72*	*0.469*
Baths	*0.014*	*0.033*	*0.42*	*0.676*
Days on Market	*0.00008*	*0.00006*	*1.39*	*0.164*
Neighborhood (relative to base)				
Bellingham Meadows	*0.137*	*0.021*	*6.46*	*0.000*
Cascades at Onion Creek	*0.092*	*0.017*	*5.36*	*0.000*
Colonial Place	*0.113*	*0.029*	*3.90*	*0.000*
Lexington Parke	*0.088*	*0.023*	*3.87*	*0.000*

Variable	*Coefficient*	*Std. Error*	*z-stat*	*p-value*
Longview	*0.067*	*0.022*	*3.00*	*0.003*
Manor	*0.075*	*0.026*	*2.89*	*0.004*
McKinney Crossing	*0.104*	*0.034*	*3.05*	*0.002*
Vistas of Austin	*0.100*	*0.025*	*4.02*	*0.000*
Springfield Sec 5	*0.123*	*0.026*	*4.78*	*0.000*
Trails at Wildhorse Creek	*0.140*	*0.025*	*5.68*	*0.000*
Thornbury II	*0.066*	*0.011*	*5.93*	*0.000*
Berdoll Farms	*-0.223*	*0.063*	*-3.55*	*0.000*
Greenslopes	*-0.401*	*0.201*	*-1.99*	*0.046*

Model Statistics: N=269 | R^2=0.875 | Adj. R^2=0.794 | F=3.764 ($p<0.001$) | Covariance Type: HC3

Note: Omitted baseline neighborhood is the reference category. All neighborhood coefficients represent percentage premiums or discounts relative to the baseline, holding structural characteristics constant. Full data construction, cleaning procedures, and descriptive statistics available in McEwan (2025), Appendices A–E.

Interpretation

The coefficients in Table A1 represent the price premium or discount in each neighborhood after accounting for structural characteristics. For example, a home of identical square footage, bedrooms, and bathrooms would sell for approximately 12% more in Bellingham Meadows than in the baseline neighborhood (Sheldon 230), holding all other factors constant. Positive coefficients indicate neighborhoods with price premiums relative to the baseline, while negative coefficients indicate discounts.

Characteristic	Correlation with Price Premium	Interpretation
Average Commute Time to Job Centers	-0.82	Shorter commutes strongly associated with higher prices
Elementary School Rating	0.34	School quality has modest positive relationship to premiums
Walk Score	-0.18	Walkability slightly associated with discounts in this affordable segment

The correlation analysis reveals that job accessibility is the dominant driver of spatial variation in Austin's affordable housing market. The strong negative correlation between commute time and price premium (-0.82) indicates that neighborhoods with shorter average commute times command substantial price premiums. Elementary school quality shows a weaker positive relationship to price premiums (0.34), suggesting that first-time buyers in this price segment prioritize proximity to employment centers over school ratings. Walkability exhibits virtually no relationship to prices (-0.18), likely reflecting the preferences of first-time buyers in suburban markets who prioritize job access and newer construction over pedestrian-oriented design.