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Dear Client:

**To rent or to buy in the Austin area? And where? These are not only important decisions facing newcomers. Even longtime residents have to weigh this decision during various stages of life. A new report analyzed this question for several metropolitan areas in the US. And, according to the national 2019 Rental Affordability Report, it is more affordable to rent than to buy in Travis, Williamson and Hays Counties. This is true even as rents are rising, as well home prices.**

The report calculated *rental* affordability as a percentage of wages to rent. For *housing* affordability, it was calculated as a percentage of wages and the monthly cost of owning a 3-bedroom, median-priced home, based on a 3% down payment plus mortgage cost, property taxes, homeowner's insurance and private mortgage insurance.

In a separate study, **rents in Austin ranked highest in the state.** In 2018, rent grew an average of \$57 a month, or 4.4%, to yield an average monthly rent of \$1,361, according to RentCafe. So, even though rents are rising at a fast rate in the Austin area, it continues to be more affordable to rent than buy.

The flip side of the equation – home prices – is a major factor. **Even though Travis County home sales are declining, the median home price continues to rise.** In Williamson and Hays County, prices and sales are both rising (as many opt to leave Travis County.)

**Rising interest rates, regulatory barriers, higher building material costs and labor shortages all contribute to the increasing cost of housing.** Not to mention, demand.

As long as the Austin area continues to be a magnet for newcomers (many from higher cost areas such as California), the demand for new homes will increase. And some newbies opt to pay rent until they have time to become established in the area, before deciding where and when to buy a home.

Of course, as home prices rise, many potential homebuyers will be priced out of the market, making them renters. **It's a cycle that keeps repeating itself. And, it looks like there is no immediate end in sight.**

**At this early stage in the Texas Legislature’s 140-day every-two-years session, official comments seem to be parroting the same talking points: we need to do more about funding public education. (Divisions will emerge later when various methods are proposed to meet that objective.) There is also another school topic to be addressed – this one, probably more heated as it moves through the legislative process. School safety.**

Many safety options will be discussed, but the one that will likely generate the most heat involves guns. **No doubt the topic of safety in the state’s schools is important. But when guns are brought up, strong opinions surface.**

Right now, according to the *Texas Tribune*, “Governor **Greg Abbott favors tweaking programs that allow Texas school districts to arm their staffs.**” But, as you can imagine, opponents are already planning to “push back on proposals that would increase the number of guns in schools.”

There’s more to school safety, however, than kicking around guns. For instance, the governor is pushing to increase the number of mental health initiatives on campuses. **This would include implementing trauma and grief programs for students and also hiring more behavior counselors.**

Legislation has already been filed that would **require school districts to install metal detectors or use screening wands.** Reducing the number of entrances and exits in schools is also under discussion.

Funding public education will get the major headlines in the months ahead. But, keep an eye out for what may be done to protect the kids when parents send them off to school.

**Speaking of schools, another local development that deserves your attention is change occurring in school district demographics. For instance, the Austin Independent School District is experiencing declining enrollment. This is nothing new. In fact enrollment has dropped over the past six years. But, taxpayers in other districts are experiencing increases in student enrollment due to move-ins leaving AISD, as well as new residents moving to the area.**

Most of your property taxes go to schools, both in-district and out-of-district, due to the state’s “Robin Hood” plan that shifts tax dollars from wealthier districts to poorer districts. **So property owners in AISD have a vested interest in how the District solves this problem.**

Another factor at play: Charter schools have rapidly expanded in recent years to the point where some estimates place **30,000 students in charter schools in the Austin area.** No solutions are readily obvious because everything is so intertwined. **And all schools are feeling the impact. These changes are continuing. They are complicated. They are important.**

**The Travis County Commissioners Court voted unanimously to borrow \$328.5 million this week to build a new courthouse at 1700 Guadalupe downtown. The borrowing vehicle: issuing certificates of obligation that *do not need voter approval*, even though back in 2015, voters defeated a proposal to build a new courthouse that cost about \$40 million less.**

**Gerald Daugherty**, the only conservative Commissioner, acknowledged this action will **raise hackles among some who object to bypassing voters in a move that will raise taxes**. But he justified voting to join his left-leaning colleagues because of the dire need for building a facility to replace the existing courthouse that was built in the 1930s.

**It pays to be the Texas Speaker of the House. Literally. In fact, *well-paid* if you count campaign contributions. GOP State Rep Dennis Bonnen had about \$707,000 cash on hand in his campaign account in July. After announcing November 12, 2018 he had secured enough commitments from fellow House members to be elected Speaker, the money spigot opened with the full force of a fire hose. Bonnen is now reporting he has \$4.6 million cash on hand.**

Depending upon how you calculate it, **the money flowed into Bonnen's campaign coffers at an average of \$153,000 *per day***. Or, put it another way, in just a few short weeks, his **campaign war chest grew almost sevenfold**. He doesn't have to spend money campaigning statewide like the governor or lieutenant governor (though his political power is comparable). He is elected from a small-town House district, Angleton. So, what gives?

**First of all, it's the power of the Speakership**. And, frankly, it's not Republican or Democrat. Those who have an interest in any range of issues – like education or property taxes or parks or health care or public safety or oil/gas or just plain self-interest – **cherish an opportunity to get the ear of such a powerful leader**.

Sure, there are hired-gun lobbyists throwing big bucks into his campaign war chest. **And there are folks who espouse liberal causes, as well as conservative topics, right up there as well**. And most are starting with an almost clean slate working with this rookie Speaker.

Okay, if he doesn't have to keep his job by campaigning statewide, **what's he gonna do with \$4.6 million** (donations will almost assuredly keep flowing in)? If he follows past Speaker practices, he can make **contributions to the campaigns of fellow House members** whose support he can count on currently, and in future runs for speaker. He can use the money to **shore up his support in his home district**. And he has **expenses such as travel, entertainment, etc.**

For information about big bucks of a different kind – college athletics – check out the next item about the **high cost of hiring and firing football coaches**.

**It's a big deal when colleges fire and hire football coaches. Wait a minute. Let's change that. It's big money when colleges fire and hire football coaches. Each new hire at a major university seems to set the salary bar higher and higher. Take TexasA&M. Last year, Jimbo Fisher was given a record-setting contract worth \$75 million over a decade. But the costs don't stop there. Millions of dollars more are at play that don't make the headlines.**

In most cases, when a coach is fired, a *payout* clause in his contract kicks in. The coach is due a buncha money, a severance payment if you will. **This means the college losing the coach, according to that coach's contract, must be paid for the coach being "stolen."** Additionally, when a coach is hired, a *buyout* clause kicks in. Let's look at some big bucks examples at public Texas universities, since their contracts are public record.

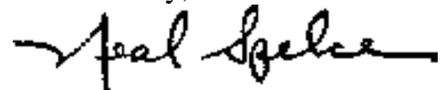
The University of Houston is paying fired coach **Major Applewhite** \$1.5 million, plus \$500,000 in deferred compensation. UH is paying new coach **Dana Holgorson** \$20 million over five years and another \$1 million to West Virginia University to buy out his contract there.

Closer to home, UTAustin paid UH \$2.5 million to buy out **Tom Herman's** contract there, in addition to his \$10.75 million a year contract. Oh yeah, **Charlie Strong** was fired to make room for Herman and received a \$9.4 million payout in 2017 and 2018. (The *Texas Tribune* provided much of this info.)

In some cases, the dollars are paid out of athletic department profits. For instance, UTAustin and TexasA&M athletic departments make healthy profits. But UH spent more money than it earned last year. **Most public Texas universities' athletics departments do not make a profit and use other university funds as needed to pay their obligations. UTAustin's football program is one of the very few nationwide to annually turn over money to its academic operations.** Not only is Longhorn football self-sustaining – using no monies from student fees, the university or state sources -- in 2017 it paid \$10 million to the university.

**Dr. Louis Overholster** says an ego-driven coach is a self-made man who worships his creator!

Sincerely,



Editor/Publisher