

THE

Real Estate

AUSTIN LETTER

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Dear Client:

New estimates have just been released from the USCensus Bureau's American Community Survey (ACS) and the estimates paint an interesting picture of the 5-county Austin metro.

The ACS numbers differ from standard population estimates (that break the stats down by age, sex, race, etc.). **The ACS looks at demographic, social, economic and housing characteristics of the population.** Beverly Kerr, the Austin Chamber's VP/Research, provided some important data for the 5-county metro area lifted from the recent ACS.

The population of Travis, Williamson, Hays, Bastrop and Caldwell counties is estimated at 1,705,075 and the number of households is 614,047. Start with this as the most current baseline. Now, let's break it down further and see how the Austin metro area compares to the average of rest of the US.

The median age of the Austin metro is 32.4 years, compared to 36.8 years nationally, confirming what you already know – this area skews younger. Further supporting this notion is that **the population over 65 is estimated at 7.9%, compared to 12.9% nationally.**

The education of the residents in the Austin-Round Rock metro area is also unique. In fact, **the Austin area ranks 6th nationally when you count the percentage of the population with at least a bachelor's degree.** The #1 through #5 metros, in order: Washington, San Francisco, San Jose, Raleigh and Boston. Austin leads Denver, Minneapolis, Seattle and New York to round out the nation's Top Ten.

The percent of the population aged 25 and over with a **bachelor's degree or higher is 38.7%, compared to 27.9% nationally.** The percentage enrolled in college or graduate school is 31.2%, compared to 27.9% nationally.

These numbers become important as you analyze the economic future of the Austin metro. Job creation by successful enterprises provides the fuel for economic stability. The more jobs, the more money that flows through all areas of the local economy. **Most successful businesses look for well educated workers, and it is especially helpful if these workers are younger and more vigorous. And the Austin area is one of the nation's leaders in both categories.** There are other interesting aspects to the local workforce. Check out the next item.

Transportation issues are near the top of many minds in Central Texas. So how does travel to the workplaces throughout the 5-county Austin-Round Rock metro stack up?

Depending upon where you live and where you work, the commute time can vary dramatically. Certain heavily-traveled roadways can add more time and frustration to your daily commute. Others live close to their workplace and start each workday less harassed than those who drive bumper-to-bumper for a longer time. **So “average commute times” don’t mean much to individuals. But they *do* matter when economists compile national statistics.**

The USCensus Bureau’s just released American Community Survey (ACS) has declared the **mean travel time to work in the Austin metro is 24.9 minutes. This compares to 25.1 nationally.** As a result, those who look at these new ACS numbers can easily perceive that Austin has a “no-better/no-worse” traffic situation than you might find elsewhere around the country.

The survey also notes that the percent of **Central Texans driving alone to work is about the same as nationally – 76.0% compared to 76.1% nationally.** Digging deeper, the ACS survey reports that those in the Austin metro commuting to work via public transit is only 2.8%, compared to 5.0% nationally. But more work at home (5.9%), compared to 4.3% nationally.

In 2009, more than 360,000 people were living in a different house in the Austin metro than a year ago. How many of these “moves” came from residents new to the metro?

The American Community Survey conducted by the US Census Bureau counted the number of people in the 5-county Austin metro area who were living in a different house one year prior to its study. **The actual number was 361,497, out of the total population of 1,677,011,** who moved into a new dwelling in the metro area 2009.

Out of that total, it is instructive to understand that **103,682 people moved into the Austin metro from elsewhere in the US.** Another 12,552 moved into the metro from abroad, for a total of 116,234.

This combined total is 6.9% — the highest percentage of any of the 50 largest metros. Trailing #1 Austin: Raleigh, Virginia Beach, Salt Lake City, Riverside, Oklahoma City, San Diego, Las Vegas, Washington and #10 Sacramento at 5.1%.

When you continue the math, you find that by far the largest number of “movers” is the total of those who are moving from one part of the metro to another inside the five counties. That figure is 245,263. **This is almost a quarter million residents who are living in a different dwelling, in the same Austin metro, than they were a year ago.** This has implications for those in the residential real estate and home building businesses in the area.

Is a new type of zoning on the horizon for all of Austin? Will the current designations of residential, commercial, industrial, etc. become a thing of the past? It's possible.

The new buzz words: **form-based code**. And Austin, in a limited way, is already experimenting with this **new approach to zoning and building**. Corridors such as Airport Boulevard, East Riverside Drive and West Campus adjacent to UT Austin are the sites where this experimentation is underway.

Advocates for this new approach argue that instead of regulating by type of development within use categories such as residential and commercial, **form-based code uses “contexts” – ranging from downtown, through lower-intensity urban areas, to suburban.**

They further point out that form-based codes result in **building regulations tailored not to specific uses, but to producing more walkable environments.**

Is form-based code in use in other cities? As a matter of fact, **Denver just adopted its form-based zoning code effective June 21st 2010**. And Denver's Manager of Community Planning and Development, **Peter Park**, will be in Austin to talk about “Shaping Cities With Form-Based Code” October 12th 2010. The 11:30 am gathering at the Stephen F. Austin Hotel is presented by Downtown Austin Alliance, Envision Central Texas, AIA-Austin and the Central Texas Chapter of Congress for the New Urbanism.

Even though a recent report said the average Texas homeowner pays more in property taxes than the national average, the Austin City Council has approved a property tax increase and there are rumblings the upcoming session of the Texas Legislature may tinker further with property taxes.

The adoption of the City of Austin tax increase was the final step in completing the Fiscal Year 2011 \$2.8 billion budget that took effect October 1st 2010. **It was an 8.6% increase – from 42.09 cents per \$100 assessed value to 45.71 cents.** The median household value of \$184,484 will see an increase of \$52 a year.

Now there are rumblings that the Texas Legislature may make a move to authorize **a statewide property tax** when legislators convene in Austin January 11th 2011. While it **might replace some local school property taxes**, it would take a two-thirds vote of Senators and Representatives, then a vote of the people on a constitutional amendment to authorize a statewide property tax.

Legislators are already facing a big budget shortfall and always-contentious redistricting, so a statewide property tax debate will greatly **heighten the intensity of the legislative session.**

Speaking of taxes — cities, counties and the state got some good revenue news this week and basically it was because retailers improved their sales during August.

Statewide, sales tax revenue in August (distributed and reported publicly this week) was up compared to a year ago. **The increase was significantly larger than recent monthly gains.**

State Comptroller **Susan Combs** said the state sales tax collections totaled \$1.57 billion for sales during August. **This was an increase of 6.8% compared to a year ago and much healthier than gains in recent months that were in the 0% to 2% range.** The state sent local governments their share of that revenue.

For Austin, its share was up 5.4% from a year ago and Travis County's share was up 5.6% while Williamson County received an increase of 5%. Again, this continued an upward trend – helping these governmental entities with their budgets and signaling an upsurge in economic activity.

Sales taxes, by the way, are collected on a variety of transactions – such as oil and gas, manufacturing, restaurants, etc. But the bulk of the revenue comes from the retail trade and therefore is one **barometer that measures economic health.**

In the Texas Legislature's quest for more money, guess what the majority of Texans feel should be at the top of the tax list. Sin taxes.

Surprise, surprise. In a recent poll, **58% of the respondents favored raising taxes on alcoholic beverages** as their 1st or 2nd choice, 54% listed taxes on casinos and 30% wanted to tax marijuana. The only problem: casinos and marijuana are now banned. Oh, well.

Dr. Louis Overholster likes to remind anyone who will listen that **Mark Twain** said the only difference between the tax man and a taxidermist is the taxidermist leaves the skin!

Sincerely



Editor/Publisher