

Volume 32, Number 42

January 28, 2011

Dear Client:

“No Children Allowed.” Is this the net result of the move to promote living in downtown Austin? And, even more broadly, is the push for inner city living (and other city priorities) having the opposite effect of pushing families with children out of Austin to suburban cities?

Consider these numbers provided by a former member of Austin’s Planning Commission, **Ed Wendler: Only 25% of all Austin households have kids.** Compare this with Round Rock’s 43%, Pflugerville’s 53%, Cedar Park’s 49% and Kyle’s 46%.

The comparison is even more stark when you drill a bit deeper. **In the center of Austin, the number of households with kids drops to less than 10%.** As an example, in Hyde Park only about 9% of households have children. Downtown? Despite all the new condos and apartments, **just 3% of the households in downtown Austin have kids.** So, Wendler asks:

“Are costs of living in Austin too high for young families? These costs include Austin’s rising electric rates.

“Will the concept of promoting locally-owned businesses drive up the costs of buying necessities, sending more families to the suburbs?

“Are the amenities that Austin offers attractive to families with kids? Austin focuses on open space to protect the aquifer, live music, downtown living and shopping, bars and restaurants, and F-1 racing. At the same time Austin closes neighborhood swimming pools, cuts library hours and cancels the Trail of Lights.

“Austin’s growth plan is to promote vertical mixed use – apartments on top of retail stores – and high-rise condos. Do families with kids want to live in those kinds of buildings?”

The trend is continuing. In fact, according to a report this week, **Austin condo sales doubled last year.** AustinTowers.net compiled Multiple Listing Service data from 25 downtown residential high-rises. **It reports there were 168 sales in 2010. This is about 50% more than in 2009.**

Wendler is a third generation Austinite. See the next item for more of his observations.

Developer Ed Wendler laments the City of Austin's actions that, he feels, contradict some of the city's stated goals. And it has implications for the Austin public school system.

Wendler went public with his concerns in a column he wrote for the *Austin American-Statesman*. He was spinning off the **Austin School Board's proposal to close a number of schools** during a stringent budget belt-tightening time. He recited the statistics in the preceding story, pointing out that the schools on the proposed closure list had fewer students.

Austin Mayor **Lee Leffingwell** weighed in on the School Board school closure plans, **asking the district to keep the schools open because Austin's planning goals are to discourage sprawl by promoting inner-city growth**. But Wendler jumped on that comment when he noted the City of Austin's policies have much more influence on where families opt to live than the school board.

"As a third-generation Austinite, I'm often asked what I miss about 'old Austin'," noted Wendler. **"What I really miss is Austin as an egalitarian, progressive and affordable city of middle-class families."**

Looking back, he went on to observe that "people mattered most. Austin now seems to focus on glitz and the height of buildings. **Austin will spend more time talking about F-1 racing than worrying about making the city a great place for families with kids.**"

Wendler maintains the school district should challenge Austin to **jointly study the decreasing number of families with kids and what can be done about it**. He suggests that "Austin start with the needs and wants of people and families in policy and planning decisions. **Right now, Austin starts with buildings, vertical mixed use and form-based zoning and then tries to shoehorn in residents. It won't work.**"

Austin civic gadfly and the founder/former publisher of *Texas Monthly* **Mike Levy** (who recently considered a run for Mayor) joined the chorus saying "families with kids are not living in Austin, they are going somewhere else to live, **there are reasons they do this and we should figure out why** and do what's necessary to turn the ship around."

Levy continued by stating what he considered the obvious — that the **Austin school board cannot keep schools open in neighborhoods where are too few, if any, kids to go to these schools**.

And Levy places the blame at the feet of the Austin City Council, saying "Of course the **members of the Council refuse to acknowledge the role that current City policies have with this challenge**, and also why the city's so-called commitments to 'diversity' and 'affordable housing' are but silly myths because of these same policies."

Another sign of economic health in the Austin area: The increase in Austin apartment revenue led the state in 2010.

As we reported last week, apartments in the Austin metro are showing an **increase in occupancy**. Much of that has to do with the influx of new residents. But how do you quantify this dynamism?

ALN Apartment Data Inc tracks apartment revenue across six states. And its most recent report shows **Austin area apartment revenues surging 11% in 2010**. Dallas was way back in 2nd place, with a 6.6% increase, followed by **Fort Worth (5.9%)**, **San Antonio (5.7%)**, **Corpus Christi (4.1%)**, **Amarillo (3.7%)** and **Lubbock (3.3%)**.

Austin's industrial leasing market showed signs of recovery in the 2nd half of 2010 after recording a record-high vacancy rate earlier in the year.

Leasing of industrial space in the Austin area didn't look very good earlier this year. In fact, it **peaked at a record high vacancy rate of 24% at mid-year**. This followed a "down" year in 2009 when the vacancy rate hovered around 22%.

But the tide appears to have turned in the latter part of 2010 – **with the citywide vacancy rate dropping from 24% to 20% by year-end**, according to a survey by the commercial real estate firm NAI REOC.

For 2010, Austin single-family home sales were down slightly, after a spurt of sales momentum in December.

Despite the falloff from 2009, **the housing market in the Austin area maintained a degree of stability**. Median prices were up over 2009 and the number of days a home-for-sale stayed on the market was less than 2009.

The jobless situation in the fast-growing Austin metro is among the best in Texas and the nation — and continues to get better.

The December 2010 unemployment rate for the 5-county metro was 6.8%, compared to 7.0% in December 2009 and 7.1% in November 2010. While the Austin area recorded a 6.8% December rate of unemployment, Texas tallied 8.0% and the non-seasonally-adjusted rate for the nation was 9.1%.

The Public Utility Commission (PUC) has given the go-ahead for purchase of right-of-way to build huge wind energy transmission lines from West Texas, across portions of the Hill Country, to bring power to markets throughout the state.

The original proposed routes for the lines proved highly controversial, especially with landowners in the Hill Country west of Austin. In fact, the Lower Colorado River Authority Transmission Services Corporation (LCRA TSC) received **thousands of comments in surveys and open houses attended by more than 3,400 people.**

As a result of this response, the PUC approved a route that **follows IH10 for a great distance**, uses monopoles instead of multi-story huge towers near the cities of Junction and Kerrville and uses property of willing landowners where possible.

The project has been in the works for two years. The line will be approximately **140 miles long**. The cost is currently estimated by LCRA TSC between **\$330 million and \$350 million.**

Why did Governor Rick Perry propose a number of “emergency” matters during the early days of the 140-day session of the Texas Legislature? It had to do with procedural rules.

It seems the Texas Constitution provides that **during the first 30 days of the legislative session, the House and Senate are prohibited from passing bills unless the Governor declares specific issues to be emergency items.** So the Governor declared a few items as “emergencies”, with the net effect they can be passed early and not get bogged down in the landslide of activity as the session nears its end after 140 days.

Speaking of debating various legislative issues, **Dr. Louis Overholster** likes to tell the parable of the mountain lion that killed and ate an entire bull. The mountain lion felt so good, he started roaring. He kept it up until a hunter came along and shot him. The moral: when you’re full of bull, keep your mouth shut!

Sincerely



Editor/Publisher