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Dear Client:

In less than 12 weeks, Austin residents will vote in a first-of-its-kind election. It's unique because the decisions will change the way Austin is governed and determine whether to raise taxes for a downtown urban rail system. Those stories will continue to grab most of the attention. But another ballot initiative is also important for the future of the Austin area.

You've already heard a lot about the expansion of the Austin City Council to ten members and the move to build an urban rail system – and you will hear a lot more. The concern is that the noise could conceivably drown out the discussion about the **future plans for the fast-growing most affordable college option in the area – Austin Community College (ACC)**. Only once in ACC's history -- in 2003 – were voters asked to raise taxes to fund the growth of ACC, and they agreed. The 2nd time is now. ACC is proposing three ballot items.

ACC's Proposition 1, for a total of \$224.8 million, will pay for the **re-purposing of the old Highland Mall to serve as a regional workforce innovation center**, a health sciences center and other items. It will create a new ACC campus in Leander and acquire new property for a regional workforce center in southeast Travis County.

ACC's Proposition 2, for a total of \$161.17 million, will provide for **renovating ACC's almost 100-year-old historic Rio Grande campus** (old-timers will remember it was one of the first Austin High schools). The funds will also be spent on campuses in **Hays County**, in **Elgin** and in **Round Rock** – as well as renovation of other buildings **districtwide**.

The third item will raise the cap on taxes for Maintenance and Operations (M&O), to be phased in over a six-year period. Community colleges are the only public institutions of higher education that construct and maintain campus facilities without state funding assistance. The M&O tax cap calls for one-cent increases in 2016, 2018 and 2020. (The cap is currently 9-cents per \$100 valuation.)

ACC officials say the M&O taxes will be used to **stabilize tuition and maintain affordability**. It will also be used to **attract/retain faculty and staff**. The tuition at the 2-year institution is around \$5,000 compared to about \$19,000 at Texas State and \$20,000 at UT Austin. Check out the next item for why more people will vote on the ACC items than for the Austin City Council.

Those who are eligible to vote on Austin's tax-increase urban rail proposal must live within the city limits. They can also vote on Austin Community College's (ACC) tax-increase bond propositions. But residents in four *counties* can *also* vote on the College propositions.

It's been proven election after election that voters in Williamson County and Travis County are very, very different. Add Hays County and Elgin in Bastrop County to the mix of voters and you have a **hodge-podge of political philosophies within the ACC taxing district.**

And on top of that, **Austin's urban rail project has been controversial from the get-go.** So, the roadways versus rails advocates are marshaling forces. **The Downtown Austin Alliance and the Austin Chamber of Commerce are putting muscle-and-money behind the proposal.**

The other side, led by Travis County Commissioner **Gerald Daugherty**, is rallying its supporters who **defeated a previous rail proposal with the compelling argument of "Costs Too Much. Does Too Little."** The cost of the project has always been a consideration. And even those who favor rail are concerned some of their allies may vote "no" because they prefer a different route.

Underlying it all are folks who feel they are overtaxed already, regardless of the pro and con arguments. This is where ACC backers fear their ox may be put in the same ditch with rail – even though ACC's propositions are not that controversial and no significant opposition has surfaced.

One of the problems is the media messaging. This is all one media market. Most of those in ACC's four-county taxing district will be subject to the barrage of messages that will be aimed at City of Austin voters. **And if the bulk of that messaging is against higher taxes, how will that impact those outside Austin who will be asked to raise their own taxes for ACC's projects?**

So, what is the ACC tax impact? If the bond measures and tax cap increase are approved, the total tax impact is estimated to be five cents, phased in over time. **The total tax rate would remain below the current state average for community colleges, about 16 cents.**

ACC's taxing district falls within the boundaries of the Austin, Leander, Manor, Del Valle, Round Rock, Elgin and Hays school districts, as well as the City of Austin and portions of Eanes and Pflugerville ISDs within Austin. ACC's service area is roughly 7,000 square miles.

Mirroring the region's skyrocketing population, ACC is among the largest community colleges in the nation. After opening its doors in 1973, with one East Austin campus and 1,725 students, **ACC today enrolls more than 55,000 credit and non-credit students.**

The Austin residential real estate business is changing as we speak. There is no single distinguishing dynamic. It's a bit of a hodge-podge. But changes are likely to continue, as many real estate shops seem to be getting bigger and bigger.

It is a time of transition. Of course, the Austin residential real estate market is booming these days and this is playing a big part. But overall, brokerage business models are changing and the Internet is a big contributing factor. As a result, local realty businesses are adapting.

For instance, after 45 years, it was announced this week the name of **Amelia Bullock Realtors** will disappear as a result of the sale of the firm. In its place is a bigger worldwide operation -- **Kuper Sotheby's International Realty**. Earlier, another venerable firm, **Moreland Properties**, affiliated with the international real estate firm **Christie's**.

These are just two examples. Widespread interest in Austin is the norm now. And many of the folks moving to Austin in droves begin their home searches on the Internet. **The well-known national and international brands (as opposed to a local name not known outside the area) are likely to get more of the action.**

We mentioned the Internet. **Another recent big business move will also impact hot real estate markets like Austin.** The giants in the *online* real estate listing world – **Zillow** (focusing on home *sellers*) and **Trulia** (concentrating on home *buyers*) – are set to combine forces in a \$3.5 billion deal. If the deal passes regulatory muster, it will create an **enormous online repository of real estate listings and home values.**

The impact on Austin's Multiple Listing Service, as well as other MLS's, could be significant. For instance, Zillow reported last quarter it had **almost 53,000 real estate agents** nationwide as premier subscribers to its service (a 56% year-over-year jump) and **Trulia had 66,700 agents** (up 139% from the year-ago period). Just another example of how the times, they are a-changing.

Local face-to-face, service-oriented real estate operations are still thriving – **Gottesman, Turnquist, Wilson-Goldrick**, to name a few. And larger local shops such as **RealtyAustin** and **JB Goodwin** are also hitting home runs. Of course, the gorilla (now nationwide) is **Keller-Williams** that started in Austin and still has its HQ here. **Most of the still-local shops are adapting to take advantage of the power of the Internet searches, some more than others.**

Speaking of Trulia, a couple of months ago its Chief Economist **Jed Kolko** crunched some nationwide stats and named **Austin #5 in the nation where home prices are most overvalued.** In his Top Ten, only one other non-California market made the list. Honolulu came in #2. **He freely tossed around the words "housing bubble," but he finally admitted "bubble watching is as much an art as it is a science, because there's no definitive measure of fundamental value."**

Been hearing a lot of complaints lately about how Austin is changing? Well, that's nothing new -- 31 years ago, the *New York Times* ran a story about how Austinites were complaining about the changing city.

The *Times* article that was published October 8th 1983 is making the rounds on the Internet these days. The city's population then was about 345,000. Today it is almost three times that. Yet much of the same complaints aired then are heard today, with only a slight bit of tweaking.

Some interesting, though un-related news items, courtesy of Austin Mayor Lee Leffingwell.

Three tidbits from the mayor caught our eye. Thought you might find them interesting.

As of August 11th, **29 Austinites have filed formal applications to appear as City Council candidates on the November 4th ballot.** It is expected many other names will be submitted before next week's 5 pm August 18th deadline.

Austin-Bergstrom International Airport (ABIA) is getting closer to its expansion goals. It set an all-time passenger traffic record in June. To accommodate the growth, the Austin City Council approved funding up to **\$18 million for an airport expansion project.** The expansion will **increase the number of gates, add parking spots, and allow for quicker traffic through the airport.** This is all due to be completed in 2015.

Finally, three Austin eateries are in the running for *Bon Appetit's* America's Best New Restaurants. The Austin nominees are: **Bryce Gilmore's Odd Duck ... Austinite Paul Qui's Qui restaurant and Thai Changthong's food trailer Thai-Kun.** (Hmmm, food trailer?)

The reason **Dr. Louis Overholster** doesn't like to go to a really fancy restaurant: "it does something to me to use a napkin that has better material than my suit!"

Sincerely,



Editor/Publisher