



Volume 35, Number 19

August 2, 2013

Dear Client:

Is the Austin area a magnet of opportunity, providing an inventory of the possible? Two experts not only think so, but they rank Austin as the *best* “aspirational” city in the nation.

Joel Kotkin and **Wendell Cox** define aspirational cities as those places **where people go to change their circumstances and improve their lives**, claiming aspirational cities have existed throughout American history. They point to **Boston** in the 17th century, **Philadelphia** in the 18th, **New York City** in the 19th, **Chicago** in the early 20th, **Detroit** in the 1920s and 1930s, followed by midcentury **Los Angeles** and **San Jose** in the 1980s.

“Yet,” they say, **“the great rule of aspirational cities is that they change over time**, becoming sometimes less entrepreneurial, more expensive and demographically stagnant. In the meantime, other cities, often once obscure, **suddenly become the new magnets of opportunity.” Austin leads this pack.**

What makes an aspirational city? Demographer/researchers Kotkin and Cox analyze three categories – **economy, quality of life and demographic factors**. They focused in large part on economic indicators, such as employment growth, per capita income and unemployment. They “weighted” the economy 50%.

Demographic factors, such as the growth of **domestic migration and the movement of college-educated people and the foreign born**, were given a weight of 25%. “Finally, we considered *quality-of-life* factors such as **traffic congestion, housing affordability, and crowding** – which are keenly relevant to young families hunting for the places with the best ‘inventory of the possible’.”

“In a sense, we believe aspirational cities reflect a kind of urban arbitrage, where people look for those **places that provide not just economic and cultural opportunity but a cost structure that allows them to enjoy their success to the fullest extent**,” they said. “Our top two cities, #1 Austin and #2 New Orleans, are places where **people can enjoy the cultural amenities and attitudes of ‘progressive’ blue states but in a distinctly red state environment of low costs, less regulation and lower taxes**. These places have lured companies and people from more expensive regions, notably California and the Northeast, by being not only culturally rich but also amenable to **building a career, buying a home and, ultimately, raising a family in relative comfort**.” For more detail, check the next item.

Most of the big winners in the aspiration sweepstakes – right behind Austin – rank among the best in the nation in such areas as employment growth, per capita income, college-educated migration, crowding, traffic congestion ... Wait a minute -- traffic congestion?

Okay, okay. While stacking up #1 overall by the measure of the **Joel Kotkin/Wendell Cox Aspirational Cities study, Austin came in an embarrassing #49 in the category of traffic congestion** (just behind the honking-cars, kamikaze-cabs, screaming-sirens of #48 New York City!). This is a serious problem, no doubt. But, in a way, to receive this horribly-low measurement against the Top 51 cities, yet still be able to rank #1 overall, speaks to **Austin's solid strengths in other key areas.**

In this new ranking of **cities where people go to change their circumstances and improve their lives**, three other Texas cities showed up in the Top Eleven – **Houston, #3 ... San Antonio, #9 ... Dallas, #11.** This reinforces the fact that Austin's #1 ranking is enhanced by what is happening in Texas.

Kotkin and Cox point out that “since the recession, **the Lone Star State has created 1 million new jobs, five times as many as New York state.** In contrast, Florida and California have lost a half-million positions.”

In fact, the author's said no **big economic region outperforms Houston**, a metro area of more than 5-million people “that boasts arguably the strongest big-city economy in the nation.” They continued: “Not only the **global hub of the energy industry**, it also boasts the **nation's largest medical center** and has dethroned New York City as the **nation's leading export center.**”

Because economic measures make up half of the author's analysis, **Austin's #1 ranking in the jobs category** (significantly ahead of #2 Houston and #3 San Antonio) gave it a major boost in the ranking of cities to which people aspire. But it didn't stop there. In the other categories, though admittedly carrying less weight, **Austin came in #1 in increase in domestic migration and #1 in the increase in the college grad population.**

This is now. What about the future? “As the younger generation, as well as newly-arrived immigrants, begins to look for places to settle, raise families, and start businesses, they will **flock increasingly to these affordable and demographically, economically dynamic regions.**” In other words, it looks as if these trends will continue.

Is there a qualifier to these observations? Of course, there is usually an “on the other hand” comment. So, here's what Kotkin and Cox had to say: “It's always possible that unpredictable and major shifts could topple today's aspirational cities from the top of the list. However, **given current conditions and the most likely accrual of current trends, we can expect most of the cities at the top of the aspirational rankings will remain there for some time to come.**”

Water conservation is a mantra being repeated over and over as Central Texas continues in the midst of one of the worst droughts in the region's history. And one group is suggesting the entity that manages the area water supply make a dramatic change in the way it prices water.

The *group* calls itself the Central Texas Water Coalition (CTWC). The *managing entity* is the Lower Colorado River Authority (LCRA). **The LCRA just last week strongly encouraged “everyone to conserve water wherever possible.” Now, CTWC is putting the onus back on the LCRA** and suggests LCRA update its Water Management Plan and increase conservation by changing the price it charges “a handful of LCRA irrigation customers,” in other words, to downstream farmers. Here's the position of CTWC Board Member, Dr. **Kevin Klein**.

Inflows of water in 2011 to lakes Buchanan and Travis, the reservoirs that provide water for much of Central Texas, were the lowest in history. So far, 2013 inflows are tracking the all-time low set in 2011. The CTWC's Klein said that in 2011 **“just four farming companies used as much water as the cities of Pflugerville, Leander, Cedar Park, Lakeway, Lago Vista, Horseshoe Bay, Marble Falls and Burnet combined.”**

“It might be possible to defend this massive water use if it was being used to provide a necessary food supply, but this **water is being used primarily to grow rice for export to places like Japan, Turkey, Venezuela, and Iraq and, somewhat ironically, to grow turf grass,**” Klein continued.

One suggestion by CTWC is to fix water pricing. “An economist will tell you that **something that is underpriced will be overused,**” said Klein. “This is what is happening today. Much of the raw water provided for irrigation is literally free. The rest is priced too low.” His example:

“The four users above paid about \$70,000 for the raw water they used in 2011. The cities paid \$6,000,000 for the same amount of raw water. At these prices,” Klein asked, “what incentive is there for irrigators to use water wisely. **Water pricing needs to be changed** to encourage conservation and prudent use of this precious resource,” said Klein.

Klein praises the City of Austin for its conservation efforts that decreased per capita water use from 2006-2012 by 25%, despite these last 5 years being the driest in memory. He said the city uses less than half the total water it is entitled to. He went on to point out the “city is spending about \$6 million a year to promote conservation.”

“Every drop of water saved by Austin residents just becomes a drop of water a farm operation can add to their use,” said Klein. **“Austin may spend hundreds of dollars to save an acre foot of water, just to have that acre foot go to irrigate a turf farm for free.”** He suggests “everyone drawing on the Colorado River do their part for conservation ... to position ourselves to ride out any future drought cycles.”

If you overlay an aerial photo of today's Austin area with an aerial photo from say, 1950, you will be amazed at the proliferation of trees, in spite of all the development from a population that has more than doubled in size.

In fact, you could go back in time even longer and the contrast is more pronounced. Back then, what few trees abounded were more than likely juniper. **And think how much concrete has been poured, dirt scraped, rooftops built and expansive commercial projects have occurred with the passage of time.** What gives? Why more trees?

It didn't just happen willy-nilly. **It has long been part of the Austin area psyche to save and plant trees.** Many cities in the metro have established policies that **encourage tree planting, and in some cases, penalize those who remove or destroy trees.** Some developers have chafed under the regs, while others prided themselves on planting more trees than were present when they started developing.

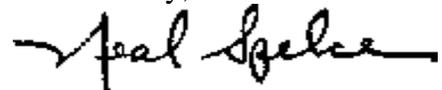
A local non-profit, TreeFolks, has been part of an effort since 2002 that has **provided more than 36,000 free trees to Austin neighborhoods.** In partnership with Austin Energy and the City of Austin's Urban Forestry Program, the program is called NeighborWoods. It works like this.

Neighborhoods are identified that have front yards that could benefit from additional trees. They slap a flag in the yard and leave an order form on the door of the home. If the homeowner agrees to plant and water the tree(s) for at least two years to ensure they become well established, **the free trees, usually 4-6 feet tall, will be delivered between October and March.**

A benefit: as you may know, **mature trees along streets lower temperatures and reduce energy bills** during these hot summer months (did it hit a hundred degrees again today?).

Dr. Louis Overholster observes that people can be divided into three groups: those who make things happen, those who watch things happen, and those who wonder what happened.

Sincerely,



Editor/Publisher