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Dear Client:

The leadership of UTAustin and the UTSsystem have weathered four tumultuous years. It spilled over into Legislative action, a grand jury investigation, and involved faculty, students, alumni and former university leaders. It had the potential to do great harm to one of the Austin area's most important economic engines, UTAustin. Now what? An influential alum who was deeply involved the past four years shared his insider assessment with us.

The basic battle involving UTSsystem Regents/Chancellor and UTAustin Bill Powers has been widely reported. No sense re-hashing that. **Let's look at where we it stands today through the eyes of one who was on the front lines of that battle.** This insider did not give us permission to use his name. But we will share with you direct quotes from his email.

Because of important new leadership at both the System and University level, he sees what he calls "the promise of an enviable future." He points to new regents **David Beck**, a Houston attorney and **Sara Martinez Tucker**, CEO of the National Math and Science Initiative ... new Chancellor **Bill McRaven** and newly-named President **Greg Fenves** (who takes over from Powers June 3, 2015).

"If a person less qualified than any of these four had been put in their position, the prospects for the future of UTAustin would have been far less secure," the influential insider alum noted. He also said "the reappointment of **Steve Hicks** to the Board of Regents (therefore not a 'new face') is a significant component of the optimistic prospects for the future."

He praised Powers citing the "firm and principled positions that he took in defense of the academic standing and reputation of UTAustin, its faculty, staff, students and alumni." And this insider also commented on "**how magnificently he and his team performed under the most trying and often bizarre circumstances.**"

He stopped short of proclaiming "mission *completely* accomplished" and issued a word of caution by pointing out "**too many of the disruptive forces are still in place, and their capacity and inclination for more mischief are unbounded and still being practiced by at least one incumbent regent.** Three regents have terms that continue for almost two years. But who's counting (besides me)?" He didn't name the three, but they are **Wallace Hall, Jr** (the "one" incumbent mentioned), **Brenda Pejovich** and **Alex Cranberg**.

The two major problems affecting most Austin area residents are traffic and housing affordability. While separate, they go hand-in-glove. Approaches to their solutions differ widely. But, at a minimum, those trying for solutions need to be well aware of what is happening to the other.

The Austin Board of Realtors (ABoR) this week proclaimed the Austin area housing market is the least affordable it has ever been. This isn't news. Home values have been rising for several years, causing continual concern over decreasing affordability -- especially in central Austin. **What was significant about this is it came from ABoR, whose members make more commissions as home sales prices ratchet upward. So those who have gained from rising prices are now realizing a threat to the goose that lays golden eggs.**

What was most significant of all was ABoR also reported that **more than half of all area homes sold during the record-breaking month of March 2015 were outside Austin's city limits.** Each of those homes probably has two cars. Many of the homeowners probably use those cars to go to work. And many, more than likely work *inside* Austin's city limits (not in the suburbs where they bought homes), clogging the existing roadways.

Many families would like to live near where they work and near schools for their kids (quality of schools inside Austin's city limits is another story). But **Austin home prices cause working families to sacrifice proximity and go where they can find affordable living units.** As one Realtor put it: "Drive till you qualify!"

ABoR's president **Paul Hilgers** suggests affordable housing changes in the city code (see our March 6, 2015 edition), to allow "**more duplexes and triplexes, and accessory dwelling units in single-family neighborhoods.**" "Accessory" includes **garage apartments and smaller detached units on an existing home site.**

Add it up and you have more commuters traveling greater distances, spending more time on Austin roadways. **The connection between housing affordability and traffic is clear.**

Someone remarked the other day that **traffic problems have replaced weather as the prime topic of conversation** when Central Texans gather. And the person further noted that, unlike weather where "everybody talks about it but no one does anything about it," **traffic is being tackled by a wide range of governmental bodies – local, regional and state – and by interested civic groups.**

The traffic solutions being posed are varied. And those involved generally acknowledge a **mix of solutions is desirable.** Some can be implemented quickly – like better synchronization of traffic signals. Others are more long-range – like expansion of roadways and some form of mass transit. But with a nation-leading rate of population growth, **congestion is going to be a factor of daily Austin area life for a long time to come. Plan accordingly.**

Austin boasted the strongest expansion in tech sector employment, among other findings, of any of the nation's 52 largest metro areas from 2004 to 2014. This was the result of an analysis by a California expert who tracks demographic, social and economic trends around the world. Another Texas metro, surprisingly, ranked near the top using the same metrics.

Several aspects of employment were the ingredients for this analysis by **Joel Kotkin**, printed in the 4.14.15 edition of *Forbes*, under the heading “**Reinventing America.**” He teamed with researcher **Mark Schill** to compile the data. It was heavy on statistics. But we will, mercifully, use only a few of the numbers to illustrate the impressive conclusions.

Kotkin & Schill reported that the **Austin metro's tech sector employment expanded by 73.9% during the 2004-2014 timeframe to lead the nation.** Then they cast a wider net and found a **36.4% growth in STEM jobs (science, technology, engineering and mathematics).** Setting aside the percentage increases, the *actual number* of tech jobs in Austin in 2014 was 53,118 and the number of STEM jobs was 86,189.

Coming in at #2 was North Carolina's Research Triangle **Raleigh** and the Silicon Valley's **San Jose** ranked #3. The #4 metro, **Houston, was a surprise because it is seldom thought of as a hotbed of tech jobs.** Using the same parameters, **Houston enjoyed a 42.3% expansion of jobs in tech industries and a big 37.8% boost in STEM jobs from 2004-2014.** One of the reasons Houston beat Austin in STEM job growth is the changing nature of business and industry using technology. Take medical-related facilities. They are now driven to an overwhelming extent by technological advances.

“**Houston is the home of the Texas Medical Center, the world's largest concentration of medical facilities,**” noted Kopkin and Schill. Add this to the energy industry's concentration in Houston and you find Houston ranks second in the nation to San Jose in engineers per capita, they reported.

Other US areas are making grandiose claims about tech superiority. Did you know a **part of Los Angeles refers to itself as “Silicon Beach?”** Even New York is climbing aboard the tech brag bandwagon. But it ranks 35th in growth, according to Kopkin and Schill. So, not to worry. **The Silicon Hills of Austin can point to actual numbers – not to hype and hope.**

Underscoring Austin's tech job dominance was the recently released unemployment report.

In March 2015, the Austin area's overall unemployment was an impressive 3.3%, compared to 4.4% a year ago. This is the sixth time in seven months Austin's unemployment dipped below 4%. This compares to the US average of 5.6% and the Texas average of 4.2%.

An upcoming decision in West Lake Hills (WLH) has major – maybe even life-and-death – implications for much of West Austin and parts of western Travis County outside city limits. WLH voters will decide whether to spend about \$46 million to improve the capacity to fight wildfires. In this heavily-wooded area, a wildfire can quickly spread miles.

The devastation caused by raging wildfires in Bastrop, Oak Hill and western Travis County in 2011 could easily be replicated. **Those wildfires were massive and spread quickly as the wind carried embers for miles.** And the damage could be much worse today: think about the new homes that have been built in the western part of Austin and the County since that time.

West Lake Hills is not a new suburb. Over the years, it has grown from a somewhat rural “cedar chopper” community to a burgeoning luxury real estate market. Because of its proximity to downtown Austin, its hills-and-city views the beauty of the area and one of the state’s best school districts, **West Lake Hills’ growth outstripped much of the infrastructure needed to support a growing population.** And that is the problem WLH voters will be asked to address.

You see, **the water system infrastructure is not adequate to provide enough water pressure and volume to its fire hydrants to fight a fire in many areas of the West Lake Hills community.** So, Travis County Water Control and Improvement District 10 will hold a bond election May 9, 2015 seeking approval to spend about \$46 million dollars to expand and upgrade the system.

Areas of Los Angeles and its suburbs, with terrain similar to here, have had life and property impacted to a devastating degree in recent years – and it has a massive fire-fighting capability. This part of Texas is especially vulnerable because the juniper trees (some call them cedar trees) are highly combustible. **On a hot, dry, windy day, the western hills of the Austin area could act as wind tunnels to carry a wildfire for miles at a rapid rate.** Again, the vote is May 9.

Dr. Louis Overholster marvels that one careless match can start a wildfire, but it takes a whole box to start a campfire!

Sincerely,



Editor/Publisher