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Dear Client:

More than 6,000 parcels of land in Travis County, appraised at more than \$15 billion, are not paying property taxes. They are publicly-owned. Plus they “offer one of the Austin area’s most promising strategies to meet our fiscal, affordability, and even mobility challenges.” A report just issued calls on various local governmental and public entities to take action.

This huge amount of land is owned by school districts, universities, the City of Austin (and other cities like Pflugerville), Travis County, Austin Community College, postal operations, federal facilities (including military), health entities, housing authorities, etc. **This is quite a list. Each entity controls land inside the county.** And, the value of the land parcels becomes even more significant, as the county faces staggering population growth that has led to fierce competition in development of land resources.

Recently-released research by the Real Estate Council of Austin (RECA) recommends a carefully-planned, comprehensive effort to **better utilize some of the surplus properties by returning them to the private market.** Some benefits: sale of various parcels would help cash-strapped local governments while adding valuable property to the tax rolls.

But there’s more. For instance, the need for housing. Previously RECA reported **“the local housing market will likely require building 15,000 new units per year for the next decade.”** That’s a whopping need, especially with a dearth of available lots.

“If the community took a good look at all publicly owned properties in the county, it could likely identify sites that could be **better used as places for people to work or to live,** while still preserving the necessary facilities to **deliver the public services we need and maintain the public safety** we should expect,” noted RECA.

RECA is obviously offering an ambitious and difficult plan. And, to be sure, this is already occurring, albeit piecemeal. For instance, the Austin School District just this month voted to put some surplus properties on the market. But, RECA is suggesting a *widespread* effort, even to the point of **creating a “land bank” into which surplus public parcels could be lumped,** making it more efficient and easier to accomplish reuse and redevelopment. A Big Idea.

Property taxes are a big bone of contention, especially in Austin where much of the major structures are publicly owned and therefore tax exempt. Texas ranks among the highest property tax states (47th, as a matter of fact). And *school* property taxes are the highest of them all. However, it's not necessarily the fault of school districts. Let's explain.

Remember, schools are funded by the state, the feds and local residents. **But, the “shift” in funding is what is interesting.**

“Some of that shift in cost can be attributed to rising property values during a prosperous time,” Ramsey points out. **“When more money comes in from local school property taxes, the state gets a break and doesn't have to pay as much to keep the schoolrooms open.”**

“That means, in turn, the state lawmakers don't have to sweat rising costs like the locals do,” Ramsey reported. **“And it frees some of those state lawmakers to holler at the locals for rising taxes even as those higher local revenues help the state skate through a tough budget.”**

Without going into details of the complex and lumbering system, Ramsey notes the Texas Education Agency's proposed budget for the next two years calls for \$3.35 billion *less* than the state is spending in the current budget. He further points out that **ten years ago, the state and local share of the cost of public education was virtually even, now the locals pay 51.5%, while the state's tab is about 43.6%.** The feds' funds make up the remainder.

State lawmakers are increasingly reliant on locally-raised taxes to pay for education – and property owners shoulder that burden, Ramsey points out. **“Blaming school districts for raising taxes is in fashion in state politics,”** he says. **“It addresses the pain many voters are feeling.”**

“Blame the folks in charge of the system,” he suggests. **“The school districts didn't make public education dependent on property taxes – legislators did.”**

Speaking of your Texas legislators coming to (invade?) Austin in less than 90 days: they do not anticipate an easy job on their most important constitutional responsibility – adopting a budget to run the state for two years.

Unlike the last session two years ago, there will probably not be a carry-over budget surplus to squabble about. **State Comptroller Glenn Hegar will soon come forth with an official revenue estimate prior to the January 10, 2017 start of the 140-day session.** His estimate cannot by law be exceeded, though Hegar reserves the right to change it. Because of lower oil and gas revenue, many state agencies are gearing up for budget cuts. It'll be interesting.

The buzz is growing about the fate of Longhorn football coach Charlie Strong, whose team is struggling with a losing record. UT Austin officials have given no indication a change is going to happen. But. If a change did take place, here is one way it could go down. In fact, if past history is any indication several of these steps may already be underway.

Make no mistake. This is about more than just football. It is about big time athletics at a big time university. It is about the most high profile aspect of Austin's economic engine. **The ripple effects if a change takes place might have widespread repercussions**, not the least of which is replacing the first Black football head coach in UT Austin's history. Let's examine how this could take place, emphasis on "could."

First of all, some say the post is the best college football coaching job in the US, certainly among the Top Five. So ambitious head coaches are licking their chops at such a prize and its multi-million dollar contract, if it becomes available. For descriptive purposes, a typical top tier coach **would have already made known to his agent he really wants to be considered. The coach's agent, who gets a percentage of the huge contract amount, is also carefully plotting how to make this happen.** Believe me, this is happening as we speak.

What about the UT Austin side of things? No official at the university ever says anything publicly at this stage of such a process. But, in the past, **someone like an influential alum is making moves -- reaching out to well-known agents to determine if their client may have an interest** (see previous paragraph). This person also could be reaching out to like-minded, wealthy alums, **to raise a boatload of money to buy out the existing contract**, no matter how much time is left on the contract. All this is below the radar. But, it is entirely likely this hypothetical alum has quietly let university officials know what he is doing.

Under this scenario, **the university can rightly claim it is not yet doing anything about replacing its coach. And, an intended potential replacement can rightly claim he has had no contact from the university.** If this process is successful, it has the added benefit of having a replacement buttoned down and avoiding embarrassing "refusals" to take the job.

This process can continue to the next step without information surfacing, and might even include **surreptitious private jet trips to effectively seal a deal.**

Or it can move to a more public phase, such as **appointing a committee** to screen candidates and conduct interviews, as was done when **Mack Brown** was hired. This is more problematic now with social media erupting over every rumor.

At this point in the season, each week becomes critical. And back to our original point. If such a move is made, it will be as delicate as it is important. Talk about high profile. **It is much more than a sports story. And the university will no doubt treat it as such.**

Last week we shared our perspective with you that Austin Congressman Michael McCaul was making moves possibly signaling a run against USSenator Ted Cruz next time around. Then, just a few days later, McCaul more-or-less confirmed his thinking out loud. The basis for our conjecture: instead of asking to be re-elected as an Austin Congressman, his campaign sign read simply: “Michael McCaul. For Texas.”

This week, referencing Cruz publicly, McCaul was quoted as saying “I think he’s spent a lot of time since Day One running for president. **I think we deserve somebody in the Senate who is going to be representing the interests of the state of Texas.**” Bingo. So, McCaul has erected campaign signs that, instead of pushing for re-election as a Congressman from Austin, the signs read only “Michael McCaul. For Texas.” Sure makes it easy to recycle those signs if he decides to run statewide to challenge Cruz.

Do you want to know how many parking spaces are downtown? Are you curious about what other fast-growing cities are doing to tackle downtown parking problems? What about possible parking solution plans for Austin? These questions – and more – have been researched. And you can find out the results.

The Downtown Austin Alliance is hosting a free, open-to-anyone meeting from **5:30-7:30 pm, Wednesday November 9th, at 800 Congress Avenue** to reveal results of a study designed to improve parking in the downtown area. Presentation begins at 6:00 pm. This is Phase One of a project that is expected to conclude in early 2017.

Speaking of downtown, the 50th annual lighting of the Zilker Park Christmas Tree (the city calls it a “holiday tree”) will have a lighting celebration at 6 pm, Sunday, November 27th.

Bad pun alert: **Dr. Louis Overholster** calls Santa’s helpers subordinate clauses (groan!).

Sincerely,



Editor/Publisher