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Dear Client:

**For years, Austin Neighborhood Organizations have been a powerful force at City Hall, many times taking a NIMBY (Not In My Back Yard) position against various development proposals, including building new housing/apartment units. Now, because some NIMBY efforts have led to rising housing costs – creating even fewer available living units – a new counter-movement is emerging nationwide to combat resultant rising housing costs. It’s called YIMBY (Yes In My Back Yard). Can Austin be far behind?**

YIMBY groups are springing up to battle long-established neighborhood groups and local elected officials. **They are demanding an end to strict zoning and planning regulations. They want to prevent housing construction proposals from being delayed or even derailed.** YIMBY’s view is that rising costs are forcing residents to move further away to find less expensive housing, thereby damaging the environment as people get pushed into longer commutes. Right now, YIMBY’s efforts are expanding in Colorado and California.

Take California. The *New York Times* reported this week “a full-fledged housing crisis has gripped California, marked by a severe lack of affordable homes and apartments for middle-class families. **The median cost of a home (in California) is now a staggering \$500,000, twice the national cost.** Homelessness is surging across the state.”

YIMBY groups have organized in many California communities, with full-time staff. As a testament to their growing influence, the California legislature, controlled by Democrats, is now considering **measures that will override local zoning laws, much to the chagrin of neighborhood groups.**

Take Colorado. YIMBY’s first gathering was organized by a group that included Boulder’s former mayor **Will Toor who said “... tackling the lack of housing in thriving urban areas, caused largely by local zoning restrictions, is key.”** YIMBY conferences (called “Yimbytowns”) attract several hundred attendees.

We know of no YIMBY group in this area, though **Austin is beset with many of the same concerns (high cost of housing, lack of available living units, homelessness, sprawl, local development restrictions, etc.)** that have given rise to action in other cities. But Austin has its own controversial process tackling these issues. See the next item about CodeNEXT.

**Austin's CodeNEXT is a complicated five-year effort charged with revisiting the City's 30-year-old Land Development Code. CodeNext is diving into every nook and cranny of the rules and processes regulating where and what type development may occur in Austin. It's a complex challenge, considering Austin's population has more than doubled over the last three decades. CodeNEXT is as controversial as it is far-reaching -- and it is far from the finish line.**

When you consider the information in the preceding article about the price crisis engulfing California, Austin's CodeNEXT becomes even more important. **After all, much of what led to California's crisis is occurring in Austin.** And, the NIMBY (Not In My Back Yard) philosophy is alive and well in Austin.

Forward-thinking Austin leaders should be concerned that a trend, like the one engulfing California, may be in the making. The problems are the same: **residents "forced" by high prices to leave the city limits ... lack of local affordable available living units ... high cost of housing units ... longer commutes leading to crowded roadways and environmental problems ... homelessness ... local development restrictions and delays in approvals, etc.**

As mentioned in our previous story, these problems have given rise in other states to a growing, counter power force called YIMBY (Yes In My Back Yard). **This movement is striving to relax/override/change local zoning restrictions** to help offset the problems caused by fast growth.

**Interestingly, YIMBY is being pushed by left-leaning leaders against left-leaning city governments that enacted very restrictive ordinances.** And, in California, they are pursuing remedies in the left-leaning State Legislature. Sure, developers and builders are part of YIMBY. But, they have been reluctantly brought in because they are viewed as essential to solving their housing crisis. (This also has brought out opposition to YIMBY.)

So, what about Austin? Well, even as Austin wrangles with growing California-type problems, it continues to benefit from that state's dilemma. Want a very real example? *The Wall Street Journal* this week reported one "vibrant Los Angeles precinct is the **toughest place in America to build housing.**" It noted home **prices in Venice Beach have more than tripled in 15 years "rising 246% compared with the national average of 52%."**

The *Dow Jones Newswires* reported this week that a woman who has lived in Venice Beach since 1990 and earns a six-figure income from her textile/décor shop could not afford to buy a house. **So Victoria Taylor is moving to Austin. "It's stupid," she says. "You can't get a two-bedroom house here for under \$1 million. It's just not worth it for me when I can get something bigger for less."** But, her situation raises some real questions. Is Austin hurling headlong toward a California-type crisis? Will a YIMBY force surface here? Will CodeNEXT provide a solution to what some say is already trending in the wrong direction? Stay tuned.

**When Texas Governor Greg Abbott announced this week that Merck is locating its newest IT hub in Austin, did you get the feeling you've seen this movie before? Well, you were right. It had already played out in the local media (and in this newsletter). So, why the replay? Turns out this was the "official" announcement of the move. The governor also officially announced the Texas Enterprise Fund was granting \$6 million to Merck to sweeten the deal.**

It was weeks ago when word got out that Merck, a leading global biopharmaceutical company, was opening a new IT hub near UT Austin's Dell Medical School. It became public *at that time*, because the City of Austin stepped up with incentives allowing Merck to build a **\$28 million facility that would generate at least 600 jobs with a median pay scale of \$79,000**. State funding was in the works, but was not official until the governor announced it this week.

**Heads up! Driving in downtown Austin is getting ready to change in a coupla weeks. So what else is new, you ask. Change seems to be the order of the day in the downtown area for years now. Well, this time, another one-way street will be partially converted to two-way traffic.**

The Austin Transportation Department plans to convert **East 5<sup>th</sup> Street between Brazos Street and the IH-35 Southbound Frontage Road** from one-way traffic to two-way. But, there's a twist: there will be *one* westbound lane and *two* eastbound lanes.

City of Austin staff says this will improve mobility and traffic flow -- pointing out this will lead to **"significant improvements when 6<sup>th</sup> Street is closed for traffic during entertainment hours."** The project is scheduled to begin in August.

**Just when you thought Kay Bailey Hutchison had stepped out of the public spotlight, following her 20-year stint as Texas US Senator, she appears to be emerging as a US foreign policy force. Hutchison, a past president of UT Austin Texas Exes and former candidate for governor, started her "return" following a quiet role assisting a fellow Texan and friend, Rex Tillerson, in his US Secretary of State confirmation hearings.**

It was not widely known, but Hutchison helped prep Tillerson to become Secretary of State. Before Tillerson faced tough confirmation questions by the US Senate, **Hutchison prepared him by grilling him with tough questions ultimately faced during Senate hearings.** While in the US Senate, she served on the Armed Services and Intelligence committees.

**Now Hutchison appears to have a "lock" on confirmation as the US Ambassador to NATO.** If so, Secretary Tillerson will be her boss. By the way, long before President **Donald Trump** made it a priority, **Senator Hutchison strongly supported that all NATO members contribute more to the organization.** Now she will be dealing directly with those nations.

**Not many Austin business categories have as many closures as restaurants. Or, at least it seems that way. (Maybe because eateries are so visible.) But, to give support to this impression, Culture Map Austin reported that “with 30 high-profile restaurant closures, 2016 was a tumultuous year for the Austin dining scene.” Well then, what about 2017?**

At mid-point of this year, Culture Map came up with a list of 13 restaurants closed so far. **Some are big names, names of establishments that have operated for years in the Austin area.** Others may elicit quizzical looks and a “haven’t even heard of them” response.

Some long-time favorites closed after decades of catering to Austin palates, and each was known for different types of food. For example, family-run **El Gallo** closed after six decades of cranking out #1 combo plates of Tex-Mex. After 32 years of serving Italian food in Austin, **Carmelo’s Ristorante** closed. And, the 30-year-old **Hudson’s on the Bend** closed a few months after chef/owner **Jeff Blank** sold it to new operators.

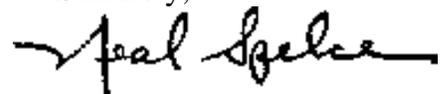
Other restaurants associated with well-known eatery operators/chefs closed this year: **Dine**, in the Radisson Hotel (**David Garrido**, who followed **Shawn Cirkiel**, who operated Chavez in the same location), and **Cantine Italian Café & Bar** (operated by **Emmett** and **Lisa Fox** who had previously been with Asti Trattoria, as well as Fino).

Some other closures in 2017 on the Culture Map rundown: **Sputnik ... Pizzeria Vetri ... Symon’s Burger Joint ... Trackside ... Gour dough’s Public House** (downtown) ... **Tres Amigos** (the one on Slaughter Lane) ... **Isla ... Apothecary Café & Wine Bar** and **No Va Kitchen & Bar**.

Wonder how many more will join this list prior to year-end. Interesting to watch.

**Dr. Louis Overholster** says if there’s a hardship greater than putting queso on a chip, and having it break or drip before it goes into your mouth, he’s not heard of it!

Sincerely,



Editor/Publisher