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Dear Client:

About a week after you read this, one of the most important deadlines for Austin's economic future will have come and gone. But you won't know the results until next year. We're talking about the coveted site for Amazon's second headquarters location. Amazon claims it will invest \$5 billion in its HQ2, and that it will generate 50,000 new jobs over the next two decades. The deadline for site selection proposal submissions is October 19, 2017.

Based on multiple reports, more than 100 cities are scrambling to meet this deadline. **Talk about world-class competition. Talk about a world-class prize. It's hard to overestimate the impact on the winning city (or area).** No matter what you read about various cities and their chances, it's all speculation, some of it even well-reasoned. (We've also been a part of this speculation/analysis. To understand the process, check our September 22, 2017 edition in the Archives section of this newsletter.)

It's important to understand that, of all the submissions, **none will likely be the perfect location. I mean, after all, Amazon's wish list/criteria is such that no city/area can be a "perfect ten" on each item.** Add "incentives" that will be unique to each location and it further compounds the selection problem. And, much of the Amazon HQ2 site selection team will have a gut reaction to intangibles that are not mathematically quantifiable – such as how they "feel" after a city/area visit – and how they like specific sites within a high-ranking city/area.

It goes back to the old adage of **"if the solution is not perfect, then select the best of the options."** Think politics: "I don't like this candidate" until an opponent emerges that you perceive to be worse. Or, deciding which movie to watch. "This movie doesn't really appeal to me, but it's probably going to be better than what's currently available." They won't flip a coin, but **subjectivity will also play a role.**

Amazon already knows a lot about the Austin area. The company bought Whole Foods, and along with other operations, thousands of local employees already receive an Amazon check each pay period. **Heck, a recent Amazon distribution center in San Marcos – in just a year of operation – has about 3,000 employees, three times as many as promised.** Next step to watch: **whether Austin makes the Amazon HQ2 short list, after the 100 or so presentations are culled.** Amazon hasn't indicated when the short list will be announced.

Austin mayor Steve Adler this week reaffirmed the City of Austin’s goal to increase its reliance on solar and wind energy to provide electricity to customers of Austin Energy (AE). And in stating emphatically that “Austin will continue to raise our goals on renewable energy” he also added “electric cars” to that assertion.

As an example of one facet of this, the Austin City Council just approved a resolution directing Austin Energy to try to direct a **half-million dollars to help low-income homeowners and tenants install solar panels**. The Council asked AE for a progress report at the end of February, 2018.

No names under consideration for Austin City Manager have been officially released since the job became available a year ago. The search firm has indicated names will not be made public until the process ends. But, the city employees labor union proposed a familiar name this week for the Council to consider hiring – the interim city manager Elaine Hart.

You may recall when she was appointed as “interim,” Hart said she did not want to be considered for the permanent slot. **She has now changed her mind.**

“The longer I was in the (city manager) job the more fun I was having, and I really think we’re getting a lot of things done, but I held to what I said. I told Council I was not applying. **I didn’t apply because that’s what I said a year ago. But, if they want to have that conversation, I’d have that conversation with them.** I think we’re getting a lot done and I have a great team,” Hart told the *Austin Monitor*. And the city labor union appears in agreement.

“For the sake of continuity and stability, which this workforce and community desperately need, **we urge you to consider Ms. Hart for the permanent position of city manager,**” wrote the American Federation of State, County and Municipal Employees (AFSCME) Local 1624 in a letter to the mayor.

As to the costly search process, AFSCME says “Given the fact we have a qualified individual who has proven to be effective in this position already, **we do not believe that the expense of recruitment is the best use of city resources.**”

The search process is still ongoing and appears to be nearing an end. Closed interviews with the still-secret list of finalists are planned to take place in just a few weeks. **So what about Hart, who said no one has asked her to apply for the job? She said she would be honored to be selected.** However, with the secretive search process, whether she is included is still not known. In fact, a spokesman for the executive search firm, Russell Reynolds Associates, would not discuss whether Hart will be included in the process. This is the firm that has been adamant throughout the process about not revealing names of its finalists.

Austin area apartment rents are rising. Stories abound about the difficulty of finding affordable housing, including apartments, in the Austin area. So how hard is it for potential renters to be approved after they have made an application? And how does Austin compare with other Texas markets? The percentages are interesting.

Landlords routinely run credit checks on apartment applicants. **In addition to income factors, about a third of the applications statewide are rejected because of accounts in default, collection, or charged off from minor to severe levels.** Also, approvals are less rosy for renters where demand is strong and available rental stock is limited.

No doubt with Austin's massive daily influx of folks moving here, there is a strong demand for apartment rentals. Well then, what percentage of those seeking to rent an apartment in the Austin area are actually approved? **GlobeSt.com reports 88.6% of Austin applicants are approved in 2017 to move into their apartment of choice. Or another way to look at it is, the rejection rate is 11.4%.**

Is this good or bad? And how does it compare with other Texas metros? Let's start with comparisons. **Nationally, the 2017 approval rate is 83.2%.** Austin's approval rate is not the highest in Texas, but it is close. Two other fast-growing Texas metros lead the state. **Plano is the best bet with 89.4% of applicants getting approved, followed Irving with 88.8%. Austin is #3.**

We mentioned Austin's apartment applicant *rejection* rate is 11.4%. **Rejection rates in Arlington (26.8%) and Garland (25%)** are among the most worrisome in the nation. But at the other end of the scale, these Texas cities follow #3 Austin, in order: Dallas, Houston, Fort Worth, San Antonio and Corpus Christi.

Now to the question of whether a high acceptance rate is good or bad – it's good. It speaks to the reasonably-solid financial status of those apartment seekers, especially in areas like Austin where the population increase is among the highest in the nation.

Years ago, as Austin was considering what to do about overcrowded and outdated Robert Mueller Airport, some suggested building an impressive airport (such as D-FW) between San Antonio and Austin, to be shared by the two metros. Why didn't the idea get off the ground?

The Air Force soon abandoned Bergstrom Air Force Base (BAFB) and, **because Austin owned the land under the Air Force base, it made more economic sense to convert BAFB to ABIA (Austin-Bergstrom International Airport).** Besides it was much more convenient.

Now, San Antonio is discussing what to do with its outdated airport. It acknowledges it needs to expand air services, pointing to the success of ABIA. It'll be interesting to watch.

Okay, you've got a week to plan for this. The Formula One (F-1) US Grand Prix will impact the Austin area the weekend of October 20-22. This weekend also includes the Texas Longhorns playing what could be their biggest home game of the year Saturday October 21st, cramming about 100,000 fans into DKR Memorial Stadium. This will not only will strain air travel, but downtown/UT roadways will be packed tighter than sardines in a tin. Here's what you need to know.

If you have air travel plans Friday through Monday, **plan to be in the airport terminal two hours before departure.** To help make the crowded conditions more palatable, the airport has booked special music performances and added customer service reps. Busiest times are expected Sunday evening October 22nd and Monday October 23rd as F-1 and football fans leave Austin, with F-1 fans reliving the fast cars roaring around the track, high-dollar parties and performances Sat night by **Justin Timberlake** and Sunday night by **Stevie Wonder**.

Wanna know just how popular the F-I race weekend is? In addition to the additional flights and bigger jets added for the weekend, **charter flights from the Japanese F-I the week prior and to the Mexico City F-I the following week** will crowd the airport's tarmac. Remember, a second South Terminal is home to Allegiant, Sun Country and Via Air airlines.

Helpful links: for **security wait lines and speeds**, go to <http://aus.tsa.iinside.com>, and for **real-time flight status** before arriving at the airport, www.abia.org. And for **real-time 24/7 parking updates**, call 512-530-3300. The first passenger screening checkpoint opens at 3:30 am in the Barbara Jordan Terminal.

Oh yeah, the football game. As of our deadline, **TV had not yet announced the Saturday start time for UT vs Oklahoma State.** Of course, the kickoff time will make a big difference in the overall congestion picture – especially if the game starts at either 2:30 pm or in the evening around 6 pm, 6:30 pm or 7 pm. As they say, check your local listing.

Dr. Louis Overholster on UT playing so many freshmen: “Their biggest concern is diaper rash!”

Sincerely,



Editor/Publisher