

Department Initiated Change  
From Councilmember Troxclair

**RESOLUTION NO.**

**WHEREAS,** over the last decade median single family home prices in the City of Austin have continued to rise at rates that far outpace increases in family incomes; and

**WHEREAS,** property taxes have risen 38% since 2003 and yet median income, when adjusted for inflation, has remained flat; and

**WHEREAS,** the City Council has a strong commitment to exploring options for providing relief from soaring property taxes; and

**WHEREAS,** unlike income taxes, property taxes are not based on cash flow, meaning Austin homeowners, particularly the elderly, retirees, and others on fixed incomes, have consistently owed more in property taxes in recent years regardless of their ability to pay; and, in some cases forcing them to move out of homes they've lived in for years; and

**WHEREAS,** other major cities in the State of Texas, including Houston and Dallas, offer homeowners a 20% homestead exemption on city property taxes; and

**WHEREAS,** Travis County already currently offers homeowners a 20% homestead exemption on county property taxes; and

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**WHEREAS**, a form of relief can be found in providing homeowners with homestead exemptions, better enabling those owners to remain in their homes as home values continue to rise at a rate that outpaces income opportunities; and

**WHEREAS**, some companies have recently relocated outside of the Austin in part due to the rising cost of living that their employees were facing; and

**WHEREAS**, in March 2014, the Austin City Council acknowledged the need for property tax relief by voting to raise the property tax exemption for homeowners older than 65 or disabled from \$51,000 per year to \$70,000 per year; and

**WHEREAS**, all Austin homeowners are facing rapidly rising property tax bills; and

**WHEREAS**, State law currently requires a general homestead exemption to be set as a percent of value with a minimum exemption of \$5,000; and

**WHEREAS**, the City of Austin has adopted a homestead exemption allowing for a \$5,000 reduction in taxable valuation; and

**WHEREAS**, many Austin homeowners have urged the City to consider offering a higher general exemption for all homestead properties as an option for addressing rising property taxes and as an option for addressing the general issue of affordability; and

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**WHEREAS**, potential changes to the homestead exemption must take into account the majority of Austinites who rent; and

**WHEREAS**, it is necessary to understand the budget implications of offering a homestead exemption as well as the impact on the entire population, including the most vulnerable, in order to make informed policy decisions; **NOW**,

**THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Manager is directed to analyze the impact on homeowners and the City budget of implementing a 20% Homestead Tax Exemption over the terms of 1 year, 2 years, and 4 years and to present this information to the City Council no later than the March 24, 2015 work session, or as soon as possible

**ADOPTED:** \_\_\_\_\_, 2015

**ATTEST:** \_\_\_\_\_

Jannette S. Goodall  
City Clerk