

## Regional Affordability Committee Meeting Transcript – 5/18/2015

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>> Good afternoon. Well, obviously I'm not councilmember Garza but I am ISD trustee, Paul Saldana. Councilmember Garza is out on maternity leave so I'll be presiding over the meeting. We're meeting in boards and commission room here at city hall, it's now 3:10 and I'll call our second meeting of the regional affordability committee meeting to order. Our first item on the agenda is approval of the minutes, and we should all have hard copies behind your agenda. So if you want to take just a minute to review that or someone is ready to offer a motion? Okay. >> She's -- >> County commission Margaret Gomez makes the motion. Is there a second? Second by trustee Wegner. All those for? Aye? All right. Next item we have is general citizens communication and I don't have any cards so do we have anybody here to speak for citizens communication? >> I signed up by calling the city clerk this morning. >> If you'll go ahead and state your name for the record. >> Bill Oakey, and before you start the clock let me pass these out. >> If there's anybody else here who would like to speak for citizens' communication, if you can sign up real quick and get your card. >> Okay, thank you. I am bill Oakey with the blog [austinaffordability.com](http://austinaffordability.com) and at your last meeting I made a recommendation that you adopt a formal affordability strategic action plan, and I do see a number 5 item on today's agenda that speaks to a strategic plan, and I'm hoping I'll consider some of my proposals as part of that. What I've handed everyone is a two-part document it there's a part one and a part two. And the part one is really data

[3:10:31 PM]

gathering to assess where our region is right now in terms of affordability. And it would go much farther than the way things have been done in the past. Under my proposal, you would prepare this data by zip code so that we would see not just the supposed median home value of 188,000 or 224 or some low number like that but you would see the actually impact on the actual neighborhoods and city of Austin and what that means to them. And I will tell you that the details in part one are somewhat complicated, and I did the best I could with the knowledge that I have, but I also would like to make an appointment with Ryan Robinson to see if he can help me streamline that a little bit, but I think you'll be able to get the impression of where I'm headed on that. To make sure that we have a good picture of not only where the taxpayers stand today but also in part one I talk about making a list of all of the plans that the various tax entities have, everything from the campo plan, taxing anticipates and the authorities. So everything from the campo plan to the urban forestry plan to the corridor plans to the you name it plan, the downtown Austin plan, the Travis county downtown campus plan, put all those plans together, total them up, and then prioritize them. And that way we know before we go any further what that true big

picture of affordability looks like and how much of this can we afford and in what time frame can we afford it? That's what Amy's ice cream would, do that's what Google would do, that's what apple would do. They would not plan for their expansion without taking a very hard look at where they are today, where they needing to, how they can afford to pace that growth. In part two, I'll make this real quick,, I want a truth in taxation statement -- actually, I call it a taxpayer impact statement for each entity that tells the effective rate of the tax increase and then shows that

[3:12:32 PM]

on a chart among -- across various home values throughout the city. So that people can really see the dollar amount of how much their taxes are going up. This is modeled after house bill 328 passed in 1917 after my proposal to the Texas legislature and I was real proud of that. That was the same year that I took my old sears type writer and wrote a proposal for the over 65 school tax freeze. Although that was taken away from my representative and my senator, but it did pass and we do have that so I want to continue working with this committee, and I thank you so much for your time. >> Thank you, Mr. Oakey. Yes, sir, if you'd just come up. >> There are no cards yet but I'll be happy to sign up. >> Great, if you can state your name for the record, please. >> Thank you, my name is David king and I live in the zilker neighborhood. I'm sod southern California glad you have this committee formed. I'm glad this is a priority and I'm glad to see the contamination regionally because it's going to state regional, statewide and nationwide help to get these problems sod, particularly incoming incorporate. My message today basically is that, you know, there are folks who are doing well in this economy and good for them. There are folks who are not doing well. I know y'all understood that and I think our policies, whatever strategies we come up with really need to target those low income, moderate income families that are working hard but just can't make it. And the other group are those right above that, that anything goes wrong and they're in that group as well. And to help folks stay in their homes in the urban part of Austin, central part of Austin I think is really important so we need to look at policies that will help them stay in their homes and do it as quickly as possible because time is of the essence and I know y'all appreciate that and I really respect you for volunteering to work on this committee and doing all the hard work because I know it's not easy to solve these problems. And I just want to -- you know, there are lots of different

[3:14:34 PM]

things that can afford factor and I know you have a broad range of issues to look at here. One of those, the land development code rewrite that seems to be focused on trying to densify the central part of Austin and to help that -- attack affordability that way. Portland had some urban renewal policies back in the late 1900s, 1990s and early dids, they saw a drop in enrollment in schools in the urban part of their city because of those policies. I know that's not what they intended. They had good intentions, and so do we with our policies. I just hope we can learn from that situation there and not repeat those problems and not make things worse, you know, in the -- in attempt to go try to make things better. So, again, thank you for your service to our community and I really appreciate your work. >> Thank you, Mr. King. Before we go to our staff beating, pardon my manners, I do want to introduce two new members not present with us during our last meeting. First Dr. Thomas Coopwood. Do you want to say a few words? Turn on your mic there when the light turns red. There it is. >> Thomas Coopwood, retired surgeon appointed back in 2004 by the city and still on the central health board of managers and they appointed me to be a member of this commission. I'm also on the commission on seniors. >> Yeah, thank you for joining us. Dr. Ted Gordon. >> Yeah, well, hello to everybody, glad to be on the committee. I am a trustee of the aid and I represent district 1 where factor is a real problem squeezing folks out

particularly African-Americans so I'm real interested in the work of this committee. >> Thank you, good to have both of you here. We'll now move on to staff briefings. We've had a request to take up

[3:16:35 PM]

item 4 because the staff person has other obligations so if that's okay with everybody I'd like to go ahead and call up Myra quigler to come up and make a presentation. Welcome. >> Thank you very much. >> Thank you very much for having me today. I am the chief praiser of the Travis central appraisal district and I do have a powerpoint presentation. I don't know where you guys through -- okay. Thank you. So I just wanted to talk a little bit about what the appraisal district does, what our responsibilities are and how we play into the role of the property tax burden. First off, the constitution requires that all properties be taxed in a fair and equitable manner and in proportion to its value. And to get to that in proportion to its value, the standard that the legislature gave us was all properties should be appraised at market value, which means it's fair cash market value, so we're looking to get to market value on our properties as of assessment date of January one of each year. When we say market value we really mean the value of the property, what would it sell for on the open market between a willing buyer and seller, both being knowledgeable about all aspects of the property and not being under any duress or undue pressure. We do mass appraisal. You've got individual appraisal and mass appraisal. Individual appraisal is often sometimes called fee appraisals. In Travis county a typical residential fee appraisal is about \$400 so to praise all properties in Travis county our budget would be about \$149 million. What we do is we do mass appraisal well we take property characteristics and create models to praise a group or category of properties en masse and for 2015 we're appraising 46,800 parcels, as a cost per

[3:18:36 PM]

parcel of about \$41 per parcel. When we do our mass appraisal what's we go through is collect property character tis ticks on properties, correct location, type of improvement, the size, the age, the quality of construction, the condition, any amenities that there might be with the property. And then we're going to use a computer-assisted mass appraisal software system to help create models to appraise different categories or classes of property. We use sales pesach other market data from the previous year to help determine the market value of the properties as of our assessment date. For January 1, 2015 assessment date we're looking at January 1 through February 28 of 2015. When we do our mass appraisal models we've got a couple different kind of models we can use. There's an income approach, which looks and asks what would an investor pay in anticipation of future income, typically used on property that generate incomes, like offices, apartments, holds, retail centers. We'll use a cost approach, which is what would it cost to replace the property with one of equal utility, often used on unique properties, that aren't sold very often or currently under construction. And then we'll look at a sales approach, which is what are properties similar to this selling for. That's most often used to praise residential properties. All three approaches rely on sales data. Even with the income approach, even though we're looking at income, the capitalization rate we use to drive out what the value would be based on the income is derived based on sales prices of currently sold properties. In a cost approach we use sales data to determine what the market value of the land is, and in the sales approach, again, we're going to use what are recently sold properties. I make this point about the sales data being very upon because Texas is a nondisclosure state and we don't get all of the sales data in the state of Texas. So we ask for the public and anybody that can help us get

[3:20:38 PM]

additional information to assist news our efforts. We do a lot, but we know because it's a nondisclosure state we may not have it all. So we certainly ask as we're doing our appeals season any property owners that have any sales data they can bring to us to bring that information in, as we lead into our appeal season, as we do our valuation, any data we can get we send out a lot of sales questionnaires, fliers, data mining, a lot of public record requests, any information we can get that would assist us in doing our job in terms of aoperatessing data because the better data we have, the better model we can create. For residential property owners we get pretty good data saturation about 50% of the residential sales. But in the commercial portfolio, last year we got about 11%, we're closer to 18% this year because we've introduced new techniques to data mine, but there's still a long ways to go and we need assistance doing it. Some of it is going to require a legislative fix, but any other information we can get I throw myself on the mercy of anybody that might have it that can help us. So we are constitutionally required to appraise property at market value and to ensure that what happens is we are tested annually by the comp troller and they'll do a biannual study. Even years we get a property value study, in odd years they do a methods and procedures study. They're going to look at our level of values in the even years and then they will look at our appraisal practices and standards to make sure we're following generate accepted standards in the odd years. For the last three years for the comptroller's property value study these are the results we've gotten. The 2014 Numbers are preliminary values for Travis county, but we don't feel that this will change any for the 2014 values that will be the issue that gets finally reported out later in July. But we arrange between 98 and 97% on residential family, commercial we range between 96

[3:22:40 PM]

and 98%, and then commercial personal property between 98% and 102%. Overall in our comptroller study -- yes? >> I'm not tracking you. When you say 97%, what do you mean? >> When they do their study, they look at our level of appraisal so based on the sales data that the comptroller or the appraisals that the comptroller has done they say we're at 97% of market value on those properties. >> Kitchen: Where do they get their sales dismay. >> They get data from us and they'll do their own independent research for sales data, so their own independent research for data and own independent appraisals. >> Kitchen: That data available to you is this in other words do they have access to sales data that you don't have access to? >> Occasionally they can have data -- access to sales data that we don't have. Usually the study is done after our appeal season so the data that they do gather is not useful for us in the next season in a we've got coming up. >> We have another question. >> Yes. >> You'll probably answer this in the course of your presentation so -- thank you. I noticed that commercial property increased 35% this year. >> Correct. >> Will you be addressing that when you go through your presentation is this. >> Yes. >> I'll hold my question then. Thank you. >> Go ahead -- sorry, go ahead. >> Could you also address maybe later on but so what you're telling us with this -- you know, with this information is that the comptroller is stating that the values are in line with sales prices? >> Yes. This is what the comptroller's review is. >> Kitchen: Does that include -- is that commercial and residential lumped together. >> No. They do each category separately there's a category for f1 commercial real property separately from single family, which is category a. >> Kitchen: Okay. >> Other tests that we do is we ask iaao which is the

[3:24:41 PM]

international association of assessing offers, they do a peer review of our appraisal practice and standards in 2012. This year we've also -- we hired and got fee appraisals done to test the accuracy of our commercial appraisal models and those tests came out that based on the fee appraisals and our

current commercial models we were at 99% if you look at the mean, 96% if you look at the median level value. Those are just on independent. We hired fee appraisers to do a set of appraisals just so we could test our model. >> Kitchen: Again, is this average to cost residential and commercial? >> Strictly on commercial. Strike strictly on commercial. >> Kitchen: Okay. So a fee appraisal test of the model accuracy, what did that do exactly? Can you tell me? >> What we did, we developed our models based on the data and information that we had, and we selected 25 benchmark properties which we -- meant we tried to find properties that would be typical in a commercial category. We picked some office, some retail, we picked some medical centers, just tried to get a variety of typical commercial properties, and we asked a fee appraiser to do a fee appraisal on it. We developed our models and then we compared the results of our models to what the fee appraiser came up with in terms of their value report. >> Kitchen: Tell me a little bit more about what a fee appraisal's methodology is. >> In a fee appraisal they are going to do a little more in-depth study on the appraisal, they'll look at the individual property and determine what the market value of it is. They don't use a mass model like we do. They're going to do it an individual, just as if the property were going to sell, they're going to do a fee appraisal in that manner. Again, according to the standards for property tax valuation so they're going to use appeal season requirements standards. >> Kitchen: Do they have access to sales data? >> Whatever sales data they use they would use in their general profession as fee appraisers. >> Kitchen: Okay. My understanding is it's hard to get sales data on commercial property that's what I'm trying to find out.

[3:26:42 PM]

>> It is absolutely difficult for us as governmental agencies to get sales data on commercial property. Fee appraisers, they're in the business of dealing with these property transactions. They may have access to a little more data than we get access to. They will not sell us the data because we've asked to see if we could get some brokers do sell us data and they won't sell data district to the appraisal district but we hire them for specific properties to do fee appraisals for us, and that's what we did this year. >> Kitchen: Is this the first year y'all have done that. >> This is the first certify we have done that. That was part of our budget request last year when the talk of the challenging was we really wanted to go back, look at our practices, make sure we were being compliant with appraisal standards and then also have somebody else come in and test the work that we've done so that we could verify that we were being accurate when we created our appraisal models. >> Kitchen: Is that information that's public? >> Yes. >> Kitchen: Is there a reported on that that's public? >> Yes, I can provide it to the committee. >> Kitchen: I'm sure the others on the committee might be increased that. Is that something you can share? >> Absolutely, absolutely. >> Kitchen: Okay. >> Did you say that appraisal was done on 25 properties? >> Yes, we selected 25 commercial properties. >> Troxclair: And is that statistically relevant based on the number of commercial properties total that are in Travis county? >> We have a total of 10,000 commercial properties in Travis county. If we could afford to do more we would love to do more but we just tried to, as a pilot program this session, pick some of the ones we thought would be benchmark typical for property categories to test our models. Our goal intent is to continue to do these type of fee appraisal tests on our market values so we will in future years continue to do appraisals. We won't select the same 25 properties. Next year it will be a different pool of properties we're going to select and do appraisals on, but our cost for each appraisal was about \$5,000. >> Troxclair: Okay, thank you. >> Economist. >> You might repeat for us something that you told the commissioners court a while back, if I'll recalling it

[3:28:43 PM]

correctly, I'm offended by this. It was the experience that y'all had, that you were told by a broker that if

they shared sales price information from you, even if you hired the broker and paid them, this they would be black listed? >> Yes. We approached several brokers and asked if they would be sell us sales data, and they said that, no, they would not be willing to 81 us sales pesach they were afraid if it got out and it was known they were selling data to the appraisal district that they would be black listed and it would inhibit their ability to conduct their general business and do their jobs. >> I want to say for the record the real estate industry in general has been opposed to disclosure of sales price, which is the essential piece of information for making accurate appraisals, and I say to them publicly you can't have it both ways. If you don't support a policy change then you can't threaten people within your profession to black list them for making that data available to governmental entities which need it to establish fair appraisal prices. The other thing I was going to say is the -- all of the large taxing entities or many of them increase their budget allotment to you at your request last year so that you would have the ability to do these independent appraisals to have more tools and more data available to you when the Dell age of commercial property protests happen and it looks like this has been successful. >> Yeah, we have been successful opinion we've hired new staff, implemented some new data mining techniques to try to get to data, you know, when we say data mining it's not as easy as going to Google and suddenly it miraculously appears. You have to delve into the data, make sure you're interpreting it correctly so it takes some sophisticated techniques in order to data mine but we have started data mining, it's enabled us to get additional data that I think has helped improve our models. Again, we've only started the process. As we continue to move forward I

[3:30:44 PM]

think it will get better but we are working on it. >> Great, thank you. >> So the Travis county market just to give you an idea what have we see, because the appraisal district we're truly just to be a reflection of what's happening in the market and these are some state -- statistics, this is from the U.S. Consensus bureau on the supply and demand of residential housing and that's one of the things we see plays a large role in the values for residential properties. We have remained consistently at a low 2.8 months supply housing and whenever you have low supply and high demand it creates upward pressure on market values and sales prices. We've been in this state for at least three years and don't see much change or shift in this supply and demand curve. As long as we have very high demand and low supply in terms of housing we will continue to see upward pressure on the housing prices. This is from the real estate center at Texas Amy, it just shows what the sales prices and the average price has been trending through time and you can see we saw a little dip in 2009 but quickly recovered in 2011 and it has been continually appreciating since then. Next one shows -- I think this is one I really think is telling in terms of story, in terms of the affordability story, this is, again, from the Texas real estate center from Texas A&M and the blue lines are 2005 and red lines are 2015 and this shows what the average price of a property -- of a house was in 2005. You can see that the average range somewhere between 100 and 140. When you look at the chart now the average ranges between 200 and \$300 so in that ten hive year time frame there's been an almost doubling in the average price of residential export that's just from the real estate center as they track and trend what has happened in the real estate market. So in the last ten years we've seen a substantial change in the market and, again, our appraised values have increased to reflect that change in the market.

[3:32:46 PM]

This shows the general property distribution in Travis county. So right now in terms of the number of parcels, residential parcels represent 74% of the total parcels in Travis county, but they represent 57% of the total value. Commercial parcels represent 4% of the total parcels but they now represent 29% of the

total value in Travis county. In the last year our increases per portfolio went up 31%, industrial. %, Office 37%, retail 29%, we went up 26% on land and then residential went up 16% based on what we saw in terms of our market daw for this last year. So some of the benefits that we have for home own tears would help alleviate the tax burden the appraisal district administers, we've gotted homestead exemptions, general homestead exemption and that is for school state mandated to be \$15,000, for the other taxing jurisdictions it is local option so they get to determine what that exemption amount is going to be. In order to qualify for the general homestead exemption the property owner must own and occupy the property as of January 1, it must be their principal claim of residence and they can't claim any other homestead in the state or outside the state. They don't have to renew or refile the application unless we have some reason we submit an audit. The other exemption we@administer is the over 65 exemption. If they qualify for the over 65 exemption they've got to be over the age of 65. The biggest benefit for this exemption is it implements the ceiling that limits the school tax increase. So the school taxes in the year that you first qualified for your over 65 exemption creates a ceiling. Your taxes may go below that ceiling amount but never above that ceiling amount. This is state mandated for all school districts, something

[3:34:46 PM]

local optioned for other taxing entities. >> I want to remind everybody 40% of your tax goes somewhere else outside of Travis county. >> That's important because when you taxing entities talk about property tax distribution 54% is school district taxes and 40% is going outside of the state. That's a pretty substantial amount of money going outside of our district. >> Right. >> The other exemption is for disability. So if you've got a disability or are disabled you can get an exemption. This also carries the ceiling for school taxes. Again, it's local optioned for other taxing entities. The difference between the disability and over 65 is if you claim the over 65, there's a surviving spouse component that your surviving spouse can continue with the feeling it's over 65. There's not that provision for the disability. So if we have property owners that qualify for both and over 65 or disability, you can only claim one of the two, we often recommend they claim the over 65 if they have a spouse so they can provide that benefit for their spouse moving forward. We also have the 100% disabled veterans exemption so if you are 100% disabled veteran with a service-connected disability at a rating of 100% disabled you're entitled to 100% abatement of all taxes. One of the things that changed in the law that property owners aren't familiar with is the requirements for homestead application. When they submit the application for a homestead exemption they must provide a copy of their state driver's license or their state-issued identification card and the address on the driver's license must match the address for the property they're requesting to get the exemption for. That's something that throws taxpayers a little off particularly if they've got their mailing going to a different address and want to submit an application and the addresses don't match we cannot grant the exemption. They have to go back and get an id card or change their driver's license make it match. We cannot accept any other form of identification, so concealed handgun license, we can't accept

[3:36:49 PM]

that or military id. Must be a state Texas driver's license or state issued identification card. The other thing we administer that gives benefit is the 10% cap and at praised value is different from the market value. Market value changes and reflects just what's happening in the market and it will change whatever percent the market is changing. The appraised value is the one that has the limitation. And the limitation for property owners it's only for homesteaded properties so you must have a residential general homestead on it is and the limitation is calculated as last year's value plus 10% plus any new

value that might be on the property. So that gives them some protection in terms of a 10% limit on the increases in their appraised value of their property. Then the appraised value minus any exemptions they're entitled to gives them their taxable value and then the taxable value times whatever tax rate gives them their tax burden. And the owner will get the lesser. So in declining market, when market value is less than last year's value plus 10 percent those get the lesser of the two. In Travis county in 2015 about 80 percent of the homeowners will benefit 37 so most property owners will benefit from that 10% cap this year. The other thing -- >> Sorry -- yes. >> Can you go back to the previous slide. So you said 80% of homeowners will benefit from appraised value limitation. So does that -- in other words mean that 80% of the homeowners that have homestead are getting taxed the maximum 10% increase this year? >> It doesn't necessarily mean that it's the whole 10% because if the market value only went up -- and we've had multiple years of value increases. So if market value went up 16%, they're going to have that 10% limitation. If market value went up in our -- on their property 8% this

[3:38:50 PM]

year but had gone up 12% last year they still have that 2% last year to catch up with so it the invoke and carry over, so even though market value didn't go up 10% there was still catch up to be done. So it can be both a blessing and curse. When the market is going up it's a great protection because they get that limitation. When the market starts going down unless the market value gets below that last year's plus they will still see their appraised value going up. It's a double-edged sword but in times like these when the value is appreciating raptly it's a benefit. >> Do you know what percentage of homeowners are reaching that 10% or more -- are reaching the cap this year? >> The total 10% cap? I'd have to get -- I can calculate that for and you get that to you. >> Troxclair: Okay. That would be helpful. I'm just curious. >> Sure, absolutely. The other thing that we administer in our office that helps taxpayers with the tax burden are there are residential deferrals. This offers tax relief to property owners. They can pay property taxes on 105% of the preceding year's appraised value of their home plus taxes on any new improvements and then the remaining taxes are not postponed and not canceled. They continue to accrue at 8% interest. We don't get many that takes this option. We also have an age over 65 deferral, which means if you're over age 65 you can defer payment of property taxes in total. As long as you continue to own and live in the property. The important thing to say about deferrals is that once your eligibility for the deferral ends, and that usually happens on the age over 65 if the property owner passes away, those taxes are due within 180 days so that can be a pretty substantial tax liability to the heirs of the property. The other caution if they opt to get a deferral is check with your mortgage company because

[3:40:51 PM]

mortgage companies always like to see their loan being first and having priority and if you get a deferral your tax lien now becomes first and they may consider you to be in violation of your mortgage contract so we always tell property owners to check with their mortgage company before they request does&do a deferral on property taxes. >> Quick question. The interest rate is fairly high on this old age deferral, isn't it? >> Yes, it's 8% as well. >> 8%. I know there were efforts in saluter to lower that amount and the slaughter has not seen fit to lower it. >> No. At this point, no. >> 8% interest. Thank you. >> After we do our appraisals, send out the notices of appraised value, property owners can file protests with the appraisal district. We will find on their notice of appraised value if they flip it over the back side is a protest form so we can file on the protest form. The deadline to file a protest is June 1 or 30 days after they receive the notice after praised value, whichever may be later. They can, again, protest on the form on the back of their notice of appraised value. There are forms available on the comptroller or praise

district's website. They can do it online or just by sending a written letter of protest. So there's a variety of ways. >> On that issue there was recently some controversy about what you have online versus the paper copy. Can you explain that, clarify? >> What we did, we have always had the ability to allow property owners to file their protest online, but the instruction sheets we had with it were very wordy two pages, very technical, and we changed our advertising in the notice of appraised value to be a very friendly one page and the intent for the online is we realize property owners who work have to take off work to come in and file their protest and we're trying to give them another option for filing so they don't have to take off work but rather they can do it online and file it online. When they file their protest online we're sending them

[3:42:52 PM]

evidence, if their comments indicate they have evidence we'd want to review we'll contact them and ask them to e-mail their evidence. We'll submit an offer to them electronically so they can accept the offer or if they choose not to they can come in for formal hearing. It was really trying to give property owners who work an opportunity to handle their business without taking off work and coming to the appraisal district office. >> Thank you. >> If they're protesting their property value, some of the evidence that they provide in terms of market value, if they've recently purchased their property we ask them to bring in a settlement statement on their property. If they've recently had a fee appraisal done we ask them to bring in a copy of their fee appraisal. If it is listed bring in the listing agreement or purchase offers. If they think the property has condition issues, again we can do only exterior issues, so termite damage, flood damage, water leakage, mold, foundation issues aren't always obvious from the exterior. If they've got issues or condition issues with the property we ask for pictures of their property. If it's in construction, bring their plans. If they've got contractor bids for renovations or repairs, to bring us that information. If they've got survey flood information, engineers reports, there's a variety of information they can bring this to help us get the correct value on their property. It's too early to know say what our protest volume is this year, based on last year, this is what it was last year. We see the majority of our commercial property, 90% of commercial value is protested on an annual basis so commercial property makes up 50% of the value we have under review every year. So it's a big component for our processes. In terms of litigation, the majority of the litigation that we have comes from commercial property owners. Last year our litigation went up to 666 cases based on the increases that we've done this year we expect that to double, possibly triple in terms of increases. One of the things that we're

[3:44:53 PM]

seeing in the market and they're telling us from the market is underwriters when they underwrite the taxes traditionally they used to underwrite at 70% in Travis county they're now underwriting at 90%, based on the values we've increased and the value -- the property values here in Travis county. >> Councilmember. >> Kitchen: Okay, so on the commercial, so did I hear you right to say that 90% -- by that do you mean 90% of the properties protest? >> 90% by value, 90% of our commercial -- >> By value. >> By value is protested every year. >> Kitchen: What% is successful in their protest? >> In terms of commercial, it's really hard to tell because we get so much that goes into litigation, and that really takes years for that to fall out. >> Yeah. >> On it. For residential owners we probably get about 70% of residential owners will get some sort of property reduction and that's, again, because we're going to get information we didn't have before, information about the characteristics of their property or condition of their specific property when they come in. Our appraisers are told to throw any evidence the taxpayer has. Not every property owner is going to get a reduction because that doesn't happen but we do listen intently to what the property owner has to tell us. >> Kitchen: What's your best estimate for

commercial? >> For commercial, I would say for commercial, most commercial will get a reduction of some sort, probably around 6% is the reduction amount off of value in terms of number, they probably are close to residential, maybe 70%, 80% will get destruction through the arb or litigation. >> Kitchen: Through -- you mean after they go all the way to litigation? >> Through arb or through litigation, yes. One of the changes we implemented last year on our commercial properties is on values above \$10 million I made it a requirement that they had to go before the appraiser review board. We're not doing informallial settlements on that property. It is going before the appraisal review board. >> You said earlier I think that

[3:46:54 PM]

the commercial property represents is it 57% of the total. >> Of the value under protest. >> No, no. Environmental I think the distribution by property -- >> Residential property is 57% of total value, and commercial property is now 29% of total value. >> Thank you. So some of the things that we've been working on in terms of legislative fixes for some of the issues we've had, the legislative budget board did a pretty comprehensive report on equal and uniform prior to the legislative session and they made four specific recommendations to amend the state unite to use a deviation from median appraised value ratio, for the basis of determining a equal and uniform appraisal. The second to amend the constitute, establish standards for what defines comparable properties, limit comparable properties to those in the same appraisal districts, require aadjustments to be based on general appraisal standards and establish which appraised value is used at each stage of the process in the protest and appeal, amend the statute to require the comptroller for industrial petrochemical, refinery processing, utility properties and other unique properties and do amend the statute to require the protester owner who loses the appeal to pay the fees. So far this legislative session of those four, what we've gotten is the requirement that adjustments be based on generally accepted appraisal stod it's a step in the right direction, but it is not all of the recommendations that the legislative budget board recommended. We would like to see all of them. We will continue to work on this measure. It's so late in the legislative session right now I don't know that we'll get more but we will continue to work on those issues. The other thing we would like to see in future legislation is, again, sales price disclosure. It really hampers our ability to do appraisals when we don't have all the data necessary to determine market value and with he would really like to see that

[3:48:54 PM]

information. We did not get anybody to carry a bill for sales price disclosure this year. >> Councilmember. >> Kitchen: The one change did you that, could you say that again? >> One change we did get is there's a bill that will require that adjustments be based on generally accepted appraisal standards. We have always been held to using generally accepted appraisal standards, but the opposing plaintiff has never been held to that standard so the bill would hold both sides to that same standard, and that's the one change we did get. >> What do you think the impact of that is? >> You know, I think the impact will help us get more accuracy in the adjustments that get made. It will make sure that we're all following use pap, be in compliance with all laws required, help us ensure that we get better values through litigation in the future. >> Kitchen: Okay. >> And that is it. I'll answer any questions if you have any other questions. >> Committee members, do we have any questions? I know we asked quite a bit. >> Councilmember. >> Let someone else go first. >> Commissioner. >> I've heard her presentation before. >> Councilmember. >> Kitchen: Can you just give us an idea of how many taxing bodies there are that have set their tax rates using the information from tcad? >> We have 121 taxing entities that we appraise for. We appraise for all taxing entities in Travis county. >> So those 121, they all set tax rates

based on -- >> Based on data from Travis -- yes, based on the -- >> I imagine they're mostly what? School districts and -- >> No. Most of our taxing entities are going to be your esds, muds, water control districts are going to be the majority. I think we've got 14 school districts and 16 cities and towns. >> Kitchen: All within Travis county. >> All within Travis county, yes. >> Kitchen: Okay. >> Other questions? >> This is a question and a

[3:50:55 PM]

comment. The american-statesman has done a multipart series looking at this pattern of -- particularly in the commercial property and apartment and industrial challenging and threatening litigation over appraisals, and using that pressure to essentially negotiate for a lower appraised value. And they -- the headline from the first statesman article in the series was "You pay more, they pay less, how the Texas property tax benefits commercial property shifting a growing burden on to homeowners," and I think that's an important context for the conversation, about why we need sales tax disclosure, so you can have accurate information and so that you're not at such a disadvantage in a litigation setting where commercial properties have a lot of motivation to bring a lot of attorneys and spend a lot of non-make their case. Can you just explain to the group, probably everybody knows this but I think it's worth repeating -- what happens if you are off by even a small dollar amount in your appraisal in a court case? How much you have to pay versus if you prevail in a court case and you've had to hire all the experts and bring in all the, you know, specialists and you prevail, can you just explain how unequal the playing field is there? >> In litigation, if the appraisal district loses in litigation, we are going to be responsible for paying for attorneys' fees for the other side. It's a complicated formula on how it can be. The maximum it can be, we are liable for up to \$100,000, but it has two tests, one test is \$15,000 or 20% of the tax saving that would be realized or \$100,000 or the total tax savings that they would realize. So the cap is going to fall somewhere in that range.

[3:52:57 PM]

Now, for most properties that protest it's not going to cost \$100,000 if we go to litigation but on the higher valued properties if we do go litigation and we lose, depending upon how much the value gets reduced, our right now would be to pay their attorneys' fees up to \$100,000. So one of the examples we have is for litigation that we had with amd back in 2000 -- I think it's '10-'11, we were responsible for attorneys' fees and it's \$100,000 per year per property account, we were responsible for about \$298,000 in the plaintiffs' attorneys fees we had to pay, that did not include any attorneys' fees. The appraisal district is always responsible for its fees in any litigation we move forward on so even if we prevail. We just went to litigation on the renaissance Austin hotel and we won that one. They got awarded no attorneys' fees but the appraisal district is still having to pay all of our attorneys' fees and all of our expert witness costs. We are still out of pocket that money. >> So I just think it's important for people to understand that context because you're sort of fighting with your hands tied behind your back in a lot of these situations and it does shift the burden on to residential taxpayers because that's the largest category of taxpayer. So I think that's an important thing for people to understand in this whole process because we're hearing from lots and lots of people that they are -- they're frightened by how much their appraisals have gone up and are worried by what they prime will be a much higher tax bill as a result of it. And I think it's really important that we do everything we can to try and make these mortgage equitable across all the categories of taxpayers, and I just want to put a plug in we are doing a property tax appraisal form tomorrow night at unitarian church, mayor Adler, dick Levine, and real values from Texas so we invite everybody to come, 6:00 to 8:00 tomorrow night at first

[3:54:57 PM]

unitarian church. >> Councilmember. >> Troxclair: Can you help me understand how the sales tax -- not - actual sales -- >> Sales price? >> Kitchen: Sales price. How the sales price plays in litigation. >> You know -- >> Kitchen: Commercial property. >> What we're seeing is as we go into litigation, we're seeing that there is a divorcing of market value as determined by sales price and an equal and uniform argument that gets presented in litigation. And most of the litigation that we have moving forward is no longer litigating on the basis of market value, but, rather, on the basis of equal and uniform. And it really comes down to the issues that we saw in the lbb report, what are comparable properties, what comparable properties do they select. When we appraise we have a population of maybe 30 properties that we're appraising. Those are our population that we compare to. But when they litigate they pick whatever comparables they want to use and we've seen them pull comparables from out of state. I've had come frazzle from Boise, id, being played into our whole discussion on equal and uniform. That's part of the reason we're really supporting the changes the lbb recommended, the comparables need to be comparables within the county you're dealing with, even when they pull them out of our district comparable properties in Travis county are going to be a lot different than a property in El Paso, where the values are much less. So trying to make it equal and uniform argument when the adjustments aren't being made according to appropriate standards or maybe no adjustments are being made will result in a reduction in our values under the basis of equal and uniform even though we may know the sales price of the property was this much. We are not able to sustain that value in litigation under equal and uniform because of the comparables and how hotly disputed that tonic can be. >> Kitchen: If I'm understanding correctly even though you may have access -- I thought that one of the issues that was not having access to

[3:56:58 PM]

sales data -- >> That's one part. >> So going the process, you may not have access to sales data? >> Yes. >> Kitchen: But then you may get access as part of litigation? >> Mm-hmm. >> Kitchen: What you're saying is that can be outweighed by other information. >> That can be outweighed by other information and if they come in on an equal and uniform argument, even if we have sales information we're prohibited from presenting that in court. >> Why? >> Because that was not the basis of the appeal filed by the taxpayer. So their appeal was based on equal and uniform, not market sprawl we get prohibited from introducing market value information. >> That's where the gaming has been taking place, in that definition of equal and uniform. They can still go outside the county and local area to get comparables incomplete that legislative change did not surface. >> Yeah, the way that the bill got reframed was it made it permissive to go outside of the county, and we highly objected to that. We felt that it really strongly that comparables should be within the district boundaries so the language got removed, we going to on that. >> Kitchen: So you're prohibited in all cases by the rules from bringing in the sales value? >> Yeah, it's dependent upon the rulings from the judge. >> Kitchen: Isn't it dependent upon the judge? >> Yes. >> It's not a flat out blank cigarette but we find >> Thank you. Obviously, a lot of interest on this particular topic. Can you e-mail this presentation presentation to Mr. Canally so we can get it on our website. I think there was a reference from Ms. Kitchen about the study on the properties. If we could have that as well. Thank you. Have a great afternoon. All right. We're going to move on to our next briefing. It's a presentation by housing works on the state of housing within the city of Austin, and fuse focus studies on the surrounding areas, which is a presentation Mandy de mayo here

[3:59:01 PM]

from housing works. >> That is me. I'm Mandy de mayo, executive director of housing works. Well, I'll just start here and give a brief intro into housing works. We're a non-profit organization. We've been around since 2006, and we are dedicated to research, education and advocacy around the topic of affordability in Austin and the surrounding area. We're very fortunate to have Terry Mitchell on our board. So nice to see you, Terry. The previous presentation actually kind of T's up a lot of the things that -- the trends, the issues and trends that we're currently facing here in Austin that everybody is familiar with. Probably the biggest issue is growth. Also changing demographics, which is something that's really impacting our housing choices and our housing options, as well as our housing supply. In terms of changing demographics and increasing the elderly population, you all have heard of the tsunami, it's something hitting Austin, Travis county, and the surrounding area. We're also seeing smaller households and later formations of households, and particularly to the city of Austin, those of you, the board of trustees from AISD know the loss of families in the city of Austin, which is a huge impact to AISD, as well as to our urban core. The other huge trend that we're seeing is rising housing costs, and that's something that the chief appraiser just touched on, both from a rental perspective and a homeowner perspective. Huge pressures, decreasing supply, increasing demand. Two of the biggest, two big issues, one the suburbanization of poverty, we were rated, and recently Ryan Robbins did a presentation to city council where he showed a decrease in the poverty rate in the city of Austin, but he said don't

[4:01:02 PM]

celebrate just yet because the truth is, it's not that we're -- people are getting less poor, it's just we're pushing them out to the periphery of the city and beyond. It's something to keep our eye on and develop strategies to counteract that. The final trend, which is incredibly depressing issue, the economic disparity and segregation, water ranked -- I saw most of you saw, the Austin region is the number one most segregated city. When we think of segregation, we think of racial and ethnic segregation. This, though, was based on income, education, and occupation. So it's really an intractable -- seemingly intractable problem that we need to get our hands on -- around. You all are probably familiar with the Commuted Advancement Network, and they do a great job of looking at a variety of indicators. The one indicator we're interested in, from a household observant perspective, is cost burden. And the U.S. Department of Housing and Urban Development considers a U.S. Cost Burden if they're spending more than 33 percent of their income on household rent and utilities. What you see is from the 2013 ACS, American Community Survey, that was recently released. It showed both a nationwide trend, then the state of Texas as well. The city of Austin, we have the highest percentage of cost-burden households, we're the blue line at the top. Then below that we have Travis County, and below that we have the MSA. So the important take-aways with that is, the trend -- we're trending in the right direction, but we're still significantly higher than the United States or Texas as a whole. And that's really something that we've got to get a better handle on and figure out policies to combat those trends. >> Kitchen: Mandy, can I ask, the reason the Austin MSA is quite a bit lower than Austin is because the

[4:03:04 PM]

MSA includes Burnet County, Hays, Williamson -- >> It's a five-county area so that would take into consideration. >> Kitchen: And that's what brings it down. >> That brings it down. What's interesting, this includes all the renter and owner households. If you take out the renter households, significantly higher. Renters are significantly more burdened than homeowners are. I didn't bring this because we didn't have time, looking at Fox with severe cost burden, that's another census metric that looks at folks paying more than 50 percent of their income in rent and utilities or mortgage and utilities, and that's significant because of course the more you're paying for housing, the less you have to pay for anything

else. So status at that time this is something I'm

[4:13:48 PM]

projects 99 years for opener. -- Back to the preservation, previous city council adopted a preservation strategy of preserving 20000 of these units. Again, these are privately held market rate affordable units, but we find that they are quickly being redeveloped and becoming uncomfortable, either through demolition or I think between January 2013 and January 2014, we lost almost 7000 units, and these were units that were previously affordable, then a private developer comes in and either does minimal upgrades or sometimes demolishes and starts all over, and you end up with a class a apartment complex that serves a different population. A lot of these V complexes were complexes serving families. A lot of them were aid families, and they were three-bedroom apartment complexes. It's hard to find a three -- almost nonexistent to find a four-bedroom unit anymore. So what we're seeing being replaced are efficiency and one bedrooms, smaller apartment complexes that aren't serving families. Leverage in terms of leveraging local dollars, we do a really good job in the city of Austin with leveraging our local dollars, our bond dollars are leveraged in access of four to one. I think we can do better, working on that with our housing bonds partner. I was so thrilled when councilmember Garza told me about the regional affordability committee because it's really affordability, it doesn't top at the etj, it's in the a jurisdictional issue, it's a regional issue, around we really need to look at our housing and transit policy so they are aligned regional. And one thing I think is really important is to think about what our current -- at each of the taxing entities

[4:15:48 PM]

has assets. Some of them, public land is a big one. We've talked to the city over the years, and we've done -- and cap metro, I'll use plays saltillo as an example. We were able to get affordability through the capital metro tract through a series of conversations, I think that's critical. If we want to have affordability spread throughout town, we need to figure out how we can best use our current assets so leverage and to require affordability. So we are hopeful that we will be able to do some demonstration projects with any of the taxing entities that have either underutilized or vacant land that they're trying to figure out what to do with. And the final one is include, which is someone that's incredibly important to us as a non-profit organization. While technically, the state legislature has prohibited us from doing what's called inclusionary zoning, in most cases, and inclusionary zoning would require on site affordability for every development that occurs. We've had to be a little more creative here locally. So what we've done is we have policies that they have beenize affordability. We have the smart housing program, which we're hoping to revamp this year, an incredibly important program that provided the -- the developer degrees to provide safe, mixed income, reasonably priced housing, he will get expedited review, fee waivers and incentives to get that affordability. The program has been disincentivized over the years but we're hoping to revamp that program. It's critical for private investors and non-profit developers. We have a variety of density bonus programs through our land development code that I think are really important. We're starting to see the value in those, and offering developers relaxed standards, may be a reduction in parking requirements, may be increased floor to area ratio, maybe they can provide a little bigger but

[4:17:48 PM]

if we're going to let them do that, we want to see community benefits, and for us one of the most important benefits is that affordability. Right now with our vertical mixed use program, which is a lot of

the complexes you'll see up and down burnet road, south Lamar, I think we're up to 333 units that are either permitted or on the ground. Those are primarily units that rent at 60% median family income or below. So while I know \$865 a month doesn't seem cheap, to be right on south Lamar, right on bus transit, that really ace benefit, and those -- that affordability is required for a minimum of 40 years. So it's an investment that is not technically an investment because it didn't cost us anything in terms of dollars, but it is long-term investment from a community perspective. So we're very excited to start to see the fruits of our labor in he remembers the of the density bonus programs. So I will -- if there are any questions, I'm happy to answer. >> Yes. >> Could you explain more slowly the -- what marshallable affordability is, or -- >> So I usually describe it as affordable with a capital a, it's subsidized housing. That could include properties that are the housing authority, the housing authority of the city of Austin, haca, or housing authority of Travis county, or something that we as the public have subsidized. It could include what we've called section 8 properties. Hud, the federal government, has provided a subsidy to reduce the rents. There's a contract. It's contractually required to be affordable for a period of time. It's also the low income housing tax properties. We have a whole slew, an alphabet soup of different subsidies that come locally, state, and federally, for affordability. But that only gets us 18,500 units across the city of Austin. So the market affordable is what I say affordable with a

[4:19:49 PM]

little a. It's typically class C and D apartment complexes. You'll see them sprinkled. We mapped them all last summer in our preservation report. Typically well located because a lot of them were developed in the 1960s, '70s, sometimes into the 80's, and just over the years they've become less entirely as new class a apartment complexes am come on line, they're charging more rent. Some of them are in disrepair. But what we recommended in our report was developing a preservation strategy to identify those properties that should be preserved and then pull them into a preservation portfolio where we could layer subsidy over time, not immediately, but over time, to have long-term affordability required. Bought, otherwise, what we're finding is that these units are getting torn down or rehabilitated, and we're losing that affordability. And that was 65,000 units that were identified. >> So what's the 60%? >> 60% median family income. So affordability levels are all pegged to median family income, which hud, the U.S. Department of housing and urban development, releases. They haven't released -- oh, yes, they just released their mf-is this year, median family income for every region, then based on your household size you can plug in your income and figure what level of median family income you are. So 60% median family income is the upper level for a lot of different subsidy programs, including the low income housing tax credit. Locally, for rental housing, we only go up to 50% median family income. So it depends on your household size. It's scaled based on your household size then what median family income you are. >> Does it depend what part of town you're in. In? >> No, it's the same for the whole region. Our median family income for the city -- with the Austin msa is 775,400 for -- 75,400

[4:21:56 PM]

for a family of four. While we would love to see scaled rents because clearly, if you're involved in real estate, you know that it costs more to rent in certain areas of town and less to rent in other areas of town. The way it works, there's a maximum rent just based on a regional approach. >> Thanks. >> Uh-huh. >> Thank you. >> Other questions, committee members? Trustee Gordon? >> What I gather -- are we going to be able to have access to the powerpoint at some point? >> Yes. Absolutely. >> I have further questions about this market affordability. So it seems like at least in the near term, affordable housing is going to rest largely on the ability to keep the \$65,000 -- 65,000 units of how market affordability affordable. Did I understand -- how does that work, is that mandatory? >> What we're

looking at -- and this came out of our preservation report last year, we're looking at the development of what we call a strike fund. And that would be outside of city subsidy, it would be privately financed through layering of banks, foundations, social investors, creating this fund to fund non-profit Oranges to be able to chase those housing developments that have been identified that are well located, ripe for preservation. We've been working with professor Elizabeth Mueller at the UT community regional planning, school for community and regional planning, to help develop a metrics around which of these apartment -- not every apartment complex should be preserved. Some of them are in bad shape. And so how do we identify which ones are well located in good shape, essentially have the bones that can be

[4:23:57 PM]

preserved for long-term affordability, because what we want to see eventually is 40-plus years of affordability. And then layering in, so it wouldn't be required of affordability up front, it would actually probably be mixed income. Some living there would be 60% median family income, some 80, some are 30%, maybe they use a housing choice voucher or formally known as a section 8 voucher. A lot of these apartment complexes, when we surveyed them, they have a wide range of affordability within the apartment complex. And the goal is to preserve that. And then layer in subsidy over time which will keep the rents low. And also provide the cash for energy efficiency upgrades, which are huge. Most of the time 90-plus percent of the time, tenants are paying the utilities, which are a huge expense, and owners really have no incentive for energy efficiency upgrades because they're not paying it. So one of our goals would be to make this housing green, healthy, affordable, and ensure that it's also transit located us what when we talk in the imagine Austin plan, what we know is household affordability is more than just what you pay for rent or what you pay in your mortgage. It includes your transportation costs and your utilities and all of those things. So we're really looking at it from a much more holistic perspective. >> So just to understand the basics of it, so you're planning to taking the units that you deem as being appropriate for this program, you're going to pass them over to the non-profits, and then you're going to phase in subsidies from -- from the city to those -- >> And let me say, it has not been structured yet. The goal that was adopted by city council in the fall was 20,000 units over the next 20 years. So our goal, as an organization, we're spear-heading kind of a cross-sector steering committee that's looking at this issue, so we've got bankers on the steering committee, we've got non-profits, we've got real

[4:25:57 PM]

estate people, we've got folks in the health care industry, because they're very interested in this, creating healthy communities. And that means well located and that means people not paying so much for their housing that they can't afford health care. We've got folks in education, a real cross-sector of folks who are looking at, how would we actually structure this? We have not structured the fund yet. We don't know if non-profits are applying to us, and who the "Us" is. These are all issues that are currently being worked out and we are anticipating that we'll have a lot most of answers in the next six to nine months, as the details get hammered out. But we're anticipating a private fund. This would not be a city. The city needs to continuewisely investing as it has done, it's federal funds, as well as its local funds. We're incredibly fortunate to have other geobonds, as well as housing trust fund to sources for affordable housing. >> Mr. Mitchell, then commissioner Shea. >> If you guys don't know Mandy, she's a walking psych Peed. -->> January '13 to engine 14th. >> What I wanted the committee to understand, that doesn't surprise me. There are funds out in the marketplace, south Lamar where rents average \$200 a square foot, then an older complex, 30 years old, at least a few years ago they were going for 70, 80, 90 cents a square foot, and groups are spending four to ten thousand dollars a unit, refurbishing it, doing whatever, then the rents come out at a dollar 20, 30, or 40, less than the new stuff, but there's

such an affordable issue, the 60% people are getting pushed out and the 80% people and

[4:27:58 PM]

maybe even the hundred percent people are saying, wow, what a deal, and they're moving in. It's a -- it's a thing that has been picking up momentum. Now, the other thing that -- that is, I guess, a factor, most housing is designed to last 30 to 50 years, and so when they start getting toward the end of their life, even if you want to keep it affordable, it's going to need some upgrades, energy, you know, electricity, windows, you know. 20 years ago, everything was a single-pane wind oh. There's lots of things that make them need some sort of repair, but it's -- you'll hear the argument back, well, we're upgrading. It has to be done. There's some truth in that, but there's also, you know, a fairly large profit motive in upgrading those. So it's a big force. They're institutional dollars oftentimes, following and pursuing that strategy. >> Mr. Shea. >> One of the the -- one of the things that I'd be really interested in, and it's probably an additional study from the appraisal district, is how many of these big apartment complexes are also protesting their appraisals. And I suspect it's a very large number of them. And there's a discrepancy between commercial tenants and residential tenants that I find very interesting. Commercial tenants get the benefit of a lowered property tax appraisal. It's in the triple net lease. Renters don't. >> No. >> And I think that is contributing to the higher cost. The rental market is high because that's the market. They can -- they can ask for more money because there's less of it available. There's less housing available. And on the upgrades, the energy efficiency upgrades, the county, Travis county just passed the first

[4:30:00 PM]

program in the state of Texas called pace, which is property assessed clean energy, and it's in existence in California and Connecticut, and I think maybe [inaudible], and it allows the commercial property owners and apartment property owners to put the cost of the energy efficiency upgrade and the water conservation upgrade, essentially as a lien on the property taxes. For for commercial property, that means they can pass the cost of that on to the tenants. We presume they're also passing on the cost of the energy savings and the water savings to the tenants, but there's not a -- there's not a guarantee of that. But it's mechanism for making it financially worthwhile for commercial property owners to do energy and water upgrades. And we know that this can result in enormous water savings, which should result in lower cost for all tenants, commercial and residential. At the county, too, we're also looking at how we can use surplus county property or underutilized county property for affordable housing. And that's been a big discussion that commissioner Gomez has been championing for a long time. I think we're all on board with that one, looking to see how we can make best use of that property. Then my final thought is just, I really think this community benefit conversation is worth having very broadly. Upzoning or increasing zoning density is a completely discretionary act of a city council, or at least Austin city council. I don't know if there's a home rule city distinction there. But there's no obligation to increase the zoning density. It seems to me as part of the community benefit that it's worthwhile to have a conversation, if we can't, by law, do inclusionary zoning, which they do in many other places, where if you upzone above a certain density, there's a requirement for so much affordable housing to be included, if we can't do that by law, then I think,

[4:32:02 PM]

you know, the affordable housing community has been really creative about density bonuses and working with developers, and I just think we really need to elevate this conversation in the community.

>> Forced creativity. >> Yes. Exactly right. Because we haven't had the tools to do it by the legislature. >> We haven't had all the tools, so we have been forced to get kind of creative, and we've done a pretty good job. We have a alphabet soup of density bonus programs. I'd like to see them a little more uniform and easier to access. And maybe that's something that we can accomplish through the land development code rewrite. But the bottom line is, we are getting some units. The vast majority of those are on-site units, which I'm particularly interested in, with the vertical mixed use, because those are in high opportunity areas. So we're getting units that are affordable to a certain -- to a certain affordability level, that we wouldn't otherwise have. >> One other thing, there's a new housing down payment assistance program through the county, the hill country home with down payment assistance. >> Okay. >> I've forgotten if it's 60 or 80% mf-l, but it's a great program that basically helps provide the down payment money for homeowners to be able to buy a home. So people should check it out at Travis county, the hill country home down payment assistance program. Then we were just briefed last week on a housing voucher program that I think was relatively new. And I can't remember the source of it, so I have to go back to the Thursday work assisting briefing to find out more -- >> [Inaudible] Housing authority? I can go back and look. >> It would be logical through the housing authority, but it was -- I can't dredge it up, but it was a new program that was available. >> Okay. >> Councilmember kitchen. >> Kitchen: Well, this is probably a much longer discussion, but I just wanted to see if you cared to comment. I understand that there is

[4:34:03 PM]

some thinking that the inclusionary zoning is actually limited and is not a blanket prohibition, and that it actually applies to owners, or residents that are owned rather than renters, so I don't know if you care to comment on that. >> I'm happy to. It's been referred to as the Baxter bill, which we generally say it's the prohibition on inclusionary zoning. >> That Todd Baxter? >> I believe so. >> Yes. >> Which, the way it was crafted, it prohibits a limited sales price, so it prohibits inclusionary zoning in for-sale property. It's silent on the rental inclusionary zoning in rental properties. We haven't ventured down that road yet. But I will say also in the Baxter bill, there's a prohibit -- explicit -- they took out homestead preservation districts, which are something that we are currently considering, city council is currently considering, which is going to be an important tool. We currently have one designated homestead preservation district, and four more that are currently contemplated, central east, and it would provide an opportunity for certainly inclusionary zoning within those homestead preservation districts. So, yes, there are important nuances. We've just generally said inclusionary zoning is prohibited because, honestly, we're not sure what would happen if we started down that road. >> Yeah. >> But without a doubt, homestead preservation districts were excluded from the Baxter bill legislation. >> Another thing I paid to share, at the school district, we're seeing a number of teachers unfortunately who are now qualifying for subsidized housing and public housing, because of the affordability issue. We had a speaker a couple weeks ago come, who's 63,

[4:36:07 PM]

and that's a significant issue we're seeing across the board for the district. The other issue as relates to codenext, I think the other thing we need to look at is to ensure that codenext is familiar with that process, that it continues and evolves, that we take into consideration and accommodate the existing intergenerational housing situations. That's particularly true of our low income minority communities in particular. And right now, there's some challenges that -- that the code limits. And then the other issue which Mr. Mitchell brought up, and you've alluded to, is, have you guys conducted an inventory of apartment housing or multiple family housing that we have in the city that dates back to the 1980s? One

of the things I heard was that tdhc made an administrative decision that multifamily housing units that were built -- I think it was either 1980 or '85, before then would no longer qualify for tax credit consideration under the redevelopment or rehab versus new construction. >> I do not know that, and I will look into that. Before 1980 -- >> I don't remember the exact years. It's either '85 or 1980. It's going to be interesting to find out how many multifamily units we have in our city. That would impede our situation. >> I actually have all that data and I'm going to forward to you all for your reading pleasure our preservation report. We do break down all the multifamily units by age of when they were placed in service, essentially. So we have a break down, you know, from the 1980s, '70s, and -- but I do know we had recently oak creek village, which was -- I think that was built in the '70s, that's a nine percent deal that recently went through, a preservation deal. I would hate to hear that so I will look into it. I really want to make sure that's one of our big sources of subsidy, would

[4:38:08 PM]

certainly be the four percent, the non-competitive tax credit, combined with bonds. >> I just want to ask one more. With the increased density and the affordable units, does it also have the size of the units? I mean as far as the number? Like two-bedroom or three-bedroom, or is it just -- can they all be one-bedroom? >> That's one of the challenges that we've had, is in different density bonus programs, there are different rules. Some of them are based on ten percent of your units have to be affordable, in which case typically we find them to be the smaller units. Sometimes it is ten percent of the square footage, and sometimes we have in the rainy street district, we have a program that says your affordable should mirror your market breakdown in terms of efficiency one, two, three. So we really -- we really have an alphabet soup of density bonus programs. >> Thanks. >> As a former are not of Rainey street, we all worked very hard to try and include affordable housing in the upzoning, and I recently heard that it was only intended -- or it was only applied to one-year intervals? >> That as changed. >> I'm glad to hear that because I was disturbed and that was not the intention of all the residents there. >> Absolutely not, and that was an administrative oversight that didn't explicitly require that minimum of 40-year. The city has gone to any consistent rental housing, minimum of 40 years, that's critical. And with home ownership as well, I mean that's critical. Otherwise, you own the home for a year, sell it, and you've lost that affordability. This is the public's investment. We own that affordability, and we want it for the long-term. That has changed. >> Speaking of Rainey street, there was -- the council last year, year before, created a cultural historic preservation district in rainy that includes a lot of that area around waller creek all the way to lady bird lake. And so the development fees

[4:40:08 PM]

that developers pay for the use of right of way are development fees, instead of those going to the general fund, they are set aside specifically for that area. And I know one of the priorities is affordable housing, so perhaps some of those dollars could be used to help us reach some of that goal. >> And I believe, if I'm not mistaken, some of those dollars were used for guadalupe-saldana subdivision, I think maybe, for mark Rogers, the Guadalupe neighborhood corporation, they moved some of the historic homes. >> Yes, a couple of houses were moved, but as you know, it's very expensive to move those houses. >> Incredibly expensive. But it's a gorgeous subdivision. I think there are five homes they're putting into a land trusts then turning around and selling them. It's a the non-profit owns the land underneath, but the households own the improvements. They're able to each households, they've lived in the neighborhood forever, and they're able to reach folks at 60%, 80% median family income, living in central east Austin. It's a huge thing to celebrate. We just need to scale it. I'm glad they're doing five houses. We need 5000. >> Thank you, Mandy, very much, we appreciate your presentation today. >>

That's fabulous. >> All right. Committee members, now we're moving on to item number 5, we're posted today for discussion and possible action regarding a committee strategic plan for the year. So I will open it up for any comments. I have some -- maybe some ideas as well, too, but I'll open it up to the committee members first. Anybody? So at our first meeting, I believe we had talked about that one of the potential priorities for our committee would be to develop a strategic plan, and so I know we're all overloaded and have a lot of work to do, a lot of things on our plate, so we probably want

[4:42:08 PM]

to give some thought as to what that strategic plan specifically might look like. I think we're unique from the perspective of, you know, trying to find similar regional affordability committees and the development of a strategic plan, so I think we're trend-setting from the perspective we're probably one of the first to create such a committee. So my conversations with councilmember Garza, one idea potentially could be that we all sort of bring forward the type of data or information that we're seeking, specifically, that could help us then perhaps craft a strategic plan moving forward. So let me just throw that idea out there and see if anybody has any ideas or responses to that. >> Could we also request it as part of the committee? For instance, one of the things that I'm curious to know about, and I assume, although this may not be a correct assumption, that it might be relatively easy to get it from the appraisal district, is information about the initial appraised value for apartment complexes, and then the final appraised value, so we'd understand how much of a reduction in the appraised value has taken place; and then use that to have a conversation about the opportunity for apartment rents to be commensurately lowered in the same way tenants get a lowering of property tax appraisals. So I think it's useful to have that information. I could be really wrong about this, but I think it would be useful to get that information from the appraisal district so we at least have some idea of the delta and how much savings occurs there so there's an opportunity for conversation. >> Okay. Sounds good. Any other suggestions, committee members?

[4:44:11 PM]

One other idea, obviously the issue of affordability and fresh off the conversation with the data we just received from tcad and from Mandy is the issue of affordable housing, and I know at our first meeting we talked about the fact that -- and I'll use the school district as an example. Obviously, why we have no formal role in the development of affordable housing, we do have potential surplus properties and assets that we own that potentially could help us in providing affordable housing opportunities for our teachers, for employees, more affordable workforce housing, if you will. So one idea could be that we bring that inventory list forward and ask all the taxing entities that are part of this committee to request that same information from staff. The other issue would be to look at the existing interlocal agreements. I was telling councilmember Garza's office, I think we have at the school district about 700 interlocal agreements between the city, the county, ACC, and other entities. So perhaps if we make -- all make that request and bring that data forward, that could also help us craft potential ideas in how to proceed. >> And we could potentially do that in concert with the joint use committee. I know they've done some tallying of cooperative agreements. I've just joined that committee. And you've been on it for a while, commissioner, so you may have a better sense of what kind of data collection is done there. But we could cooperate with that committee, if they've already gathered some of that information. But I think the inventory of publicly owned land is really, really valuable, and we're starting to do that at the county to look for opportunities for county-owned land. >> You know, when we're talking about affordability, are we going to -- would we be thinking about different areas that are either not affordable or affordable, I mean like we know housing,

[4:46:12 PM]

maybe transportation, I don't know, and other areas, health care, you know, we're trying to make -- keep that affordable, or have it paid for affordably. But are there other areas that -- you know, whether the taxes are maybe unaffordable -- [inaudible] Goes to housing, but rent and all that -- >> Absolutely. I think our goal as a committee is to look at the opportunities for there to be collaborative partnerships that could address the issues of affordability in a wide range of issues and topics. Quality of life indicators, certainly, and obviously health care, transportation, all those things I think certainly help define the quality of life and more important affordability here in Austin. So I think we need to certainly take into consideration all of those issues. >> Councilmember. >> Kitchen: I'm just trying to think about how we get -- I think these are grit ideas that have been thrown out. And so I'm trying to think through whether we should be working towards like a plan, a strategic affordability plan, or maybe a set of principles, or maybe we start with particular projects. So I don't know what the answer is. I'm just kind of throwing that out for discussion. >> Well, councilmember, I actually like your idea of maybe first starting off with a set of principles, which would then help us define and, you know, dictate what the strategic plan might be, and then how to move forward from that. The next item we were going to talk about is whether we want to do subcommittees. But, again, I know that we're all spread pretty thin, and in an effort to ensure that this process moves forward and evolves, it could be that we all decide, rather than -- or we could assign -- we could

[4:48:14 PM]

certainly assign potential, either subcommittees or working groups. It might be easier for us to have working groups because of the issues of forum and what have you. It could be that we identify our personal priorities, if you will, and express what those interests may be. We assign them accordingly, and then perhaps we take the initiative to go out and identify community organizations or others who specialize in those particular areas, and they could serve as a resource to that working group. And then each of the working groups then come back and report to the full committee as we move forward. That's just one idea. Again, in the effort to ensure that we don't have issues with meeting quorum, with subcommittees, they could just be sort of an informal working group. But that ultimately all of those things would be reported to this committee moving forward. Any thoughts, ideas on that? >> Why don't we do that after we come back with the list that we've made so that we've [inaudible] The other principles, and the list -- of the land, that we each have available, and then that list [inaudible] And see where we go from there. Then we'll bring that to the large group and then talk about subcommittees if that's what we want to do. >> Okay. So then to reiterate, what we're going to do, I think what I heard, we're going to request the tcad data that commissioner Shea mentioned, and that we would also all bring forward an inventory list of all the publicly owned and each of our taxing entities, manage and own, then along with that, perhaps we give some additional thought to other things that perhaps we didn't think of today, any ideas, if you could forward those to Mr. Canally, and Laura Williams in Mr. Garza's office, then perhaps think about drafting a set of principles so that we consider all of these things at our next committee meeting?

[4:50:15 PM]

>> So each of us take a crack at some principles? >> Sure. >> When is our next meeting? Is it in a month? >> It's in June, so we meet the third Monday of every month, so what's the date for that? >> Kitchen: The reason I ask that is because another area that -- I'm just throwing it out as subject matter, I don't

have an idea of how we pursue this, but that has to do with our property taxes, obviously. I mean, there's been a lot of discussion in the public about -- ranging from transparency to some level of collaboration. So I don't know what the answer to that is, but maybe this is the body where we could have some discussion around this. And this is -- we're coming into the time period when each of the entities will be setting tax rates, and looking at those types of issues. I mean, for example, we have a suggestion from Mr. Oakey about truth in taxation, where he's talking about a taxpayer impact statement. So it might be worthwhile for us to talk about those kinds of ideas as we start to go into the budget season. >> So perhaps, councilmember, that could be an item, future item agenda, we consider at our June 15th meeting? >> Yeah. Another thing, this is just an informational item. I'm not prepared to speak to it, but I think that everyone knows that -- I hope you do -- that the city of Austin has on our agenda, upcoming agenda, to consider and look at filing a protest on commercial values. So we are just beginning the discussion process. But I want to bring that to everyone's attention because, obviously, that impacts other taxing bodies in the -- in tcad. So we've got the next -- next two council meetings and work sessions where we'll be discussing that because I believe that June 1st is the deadline for doing that. >> Then obviously it's going to have an impact. We were talking about it this morning, with our pbo office -- oh, I always

[4:52:15 PM]

forget about that. In our discussion with our planning and budget office this morning about the impact of a challenge by any entity, it's going to affect all the other 120 entities. One of the things -- one of the things that it'll impact is when we set our tax rate, and when we get our tax roll, on which the base the tax rate. So that's going to be a tough decision. >> And we are having that conversation, too, at the school district. I know that our cfo and general counsel have been in impact with city staff, so we also are contemplating and looking at the potential impacts associated with what we do as well. >> And then it kind of -- one of the main issues is that it's going to back up when we -- when taxpayers pay their taxes. So it's going to back everything up, back, and so -- using it. So yikes. We could have less money to work with. >> Some of this is a hypothetical discussion, too. >> Well, it's also -- purely hypothetical, I mean, the issue before council is, is there a value to it from the standpoint of the taxpayer. In other words, are we -- would it move us all in a direction as a community towards -- towards looking at a valuation that might be more equitable. I mean, that would be the only reason to do it. >> And we kind of went through that practice last year in trying to determine all of that. And whether we would wind up in court, kind of like the school finance issue. And it's like, yikes, what do we get out of that? >> Exactly. >> So, you know, that's why we decided to just go ahead and give the appraisal district the additional resources that they needed

[4:54:16 PM]

so they would have extra people to do appraisals. We gave them extra money for -- to deal with the lawsuits, if there were some. And so we thought that that was the better deal to do. >> But I understand you all are going to have to go through the discussion and see what you all -- it's one of those things where we're all connected. >> Right. >> It's the domino effect, and what you all do is going to affect everybody else. >> Absolutely. >> It's all about the public. >> Oh, absolutely. >> This is really -- this is about, we all serve different aspects of the public. >> And we share the same taxpayers. >> What's in the interest of the taxpayers. >> Uh-huh. >> Absolutely. >> Well, I guess I just wanted to get some clarification about the guiding principles for our strategic plan, and I apologize that I had to step out for a minute, but I wanted to understand -- I mean I -- what kind of guiding principles -- does anybody have an idea of something that they would throw out there just to give me an idea of the direction? Because I

feel like the affordability issue is such a -- such a pressing one, and we do have a lot of ideas, the communities members like bill Oakey have put in front of us, so I'm kind of itching to get started and to see what we can do. So -- but I know that we want to be well thought out. But I'm just wondering, are we delaying any action by coming up with the guiding principles, or what kind of clarity do we hope to get from guiding principles? >> Well, I think that was the challenge in itself, in that we are posted to adopt a strategic plan, but we don't necessarily know what that strategic plan is, what information we would be looking to gather, request of our staff, and so the thought would be that we would request -- councilmember Shea -- school of medicine, commissioner Shea -- former

[4:56:19 PM]

councilmember -- knowledge she had requested getting tcad data, then publicly owned land inventory list, then councilmember kitchen had suggested that perhaps it would be important for us to create this set of principles moving forward to help develop the framework or the strategic plan itself, then figure out how we move forward. But I don't think we're post -- I don't think we're prepared to adopt any type of a strategic plan, but, obviously, I agree with you, I think it's real important for us to stay on task and keep the project moving forward so at the very latest, we should come back at our June 15th meeting, between now and then, each of us as individual committee members, could basically bring forward or contact, e-mail, Greg canally, sort of our priorities, then we have -- sort of all of that comes together as a presentation, and we be prepared to vote on that on June 15th. >> Okay. >> So that's our homework between now and then, is to take a crack at what we think would be the principles for the affordability committee to guide some of our work? >> Well, maybe the other way to look at it, too, is what can we impact immediately on the city council, on commissioners court, on the aid, and maybe that's the approach to take because June 15th is going to be after they make their decision. June 1st is their deadline. >> Right. >> And I don't know what impact our strategic plan would have on that. >> Absolutely. >> So yeah, I've got to give it some thought as to where -- >> That's a good point. >> Another thing that I think will be useful for this body is to understand where we are as a community on the levels of exemptions that can be granted. I know there's a big discussion in front of the city about homestead exemption and what level to set it at. We're going to be getting a briefing tomorrow in commissioners court about a range of options for indexing the over-65 homestead exemption.

[4:58:20 PM]

It hasn't been -- we haven't really done a cpi index, and so we're going to be looking at that, and we'll get a couple of scenarios to see the impact, the revenue impact to the county of different levels of exemption and phasing them in. And I think that will be useful information for the group to have as well, again, compiled from the you. >> Yes. I do want to say I was looking at the jurisdiction by property type from Mario's report. It's hard to look at because it's so tiny. I'm not clear exactly what the Numbers mean, but the litigation by property type for commercial apartment doubled from 2011 to 2014. So it will be interesting to see what that data is just in terms of the discrepancy between the original appraised value and [indiscernible] After either litigation or protests or appeals. >> We're going to try to look at the cost of the amenities that we have in Austin and how it affects the affordability. I mean, I know we want quality of life issues, but all these things cost money T. >> Like healthcare? >> Well, healthcare -- >> Housing. >> The balcones canyonlands, the purchases, keeping up the swimming pools and all this. I mean, we don't want to do without them, but they do cost. And electric and water, all that. >> Absolutely. I think it's all of those things, certainly looking at all those things. Okay. So future items, our next meeting will be June the 15th. So I think based on our conversation then we will have some information associated with our strategic plan to look at.

[5:00:24 PM]

Councilmember kitchen also suggested to look at the issue -- of the taxpayer impact statement that Mr. Oakley spoke to us about today. And then in July, of course, we'll be on break. And then in August there was a suggestion by councilmember Garza that we look at zoning regulations and land use policies associated with housing issues. Obviously we started the conversation today about affordable housing, but perhaps we can bring that conversation back again in August and look at zoning regulations and land use policies to see how that impacts the development of affordable housing. And I guess looking at the wide variety of issues associated with affordable housing. Any other requests for future agenda items for June or August? >> I don't know if many of the jurisdictions will have a good sense of their budget in June, so maybe in August. But I think it would be valuable to have some attempt to begin to see what that impact would be from various budgets and tax rates. >> I think that's what we heard, July or August we'll have a better layout of what we're going to -- >> So maybe August. >> Yeah, August. >> Presently the other jurisdictions are on a somewhat similar taxing cycle. >> Yeah. And at the school district we're actually contemplating moving our fiscal year to June instead of -- yeah. So definitely will have an impact on that. Okay. Any further comments, questions, business? All right. We stand adjourned.