The Growth Machine

Austin as a real estate play

The Big Lie: more people = lower tax burden
“The number of microorganisms in a culture will increase exponentially until an essential nutrient is exhausted.”
Is a 2% growth rate sustainable?

10,000 Years ago, Earth’s population was 5 million

What would be the population today?
Almost a google.

501,981,300,000,000,000,000,000,000,000,000
00,000,000,000,000,000,000,000,000,000,000
000,000,000,000,000,000,000,000,000,000,000.
people

At 2% annual growth rate, population today would be $5 \times 10^{92}$ power.
5 County Region
Travis, Williamson, Hays, Bastrop, Caldwell

2010 Census           1,716,289
2035 CAMPO Projected Population 3,250,600

------------

New Residents by 2035 1,534,311
## Costs (in billions)

<table>
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<tr>
<th>Category</th>
<th>Total</th>
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<tbody>
<tr>
<td>Freeways</td>
<td>$3.95</td>
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<tr>
<td>Arterials</td>
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<td>Rail</td>
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<td>Public Transportation</td>
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<tr>
<td>Maintenance / Roadway</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$26.78</strong></td>
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</tbody>
</table>

**Costs Distribution:**
- Freeways: 15%
- Arterials: 26%
- Operations/cl transit: 38%
- Public Transportation: 4%
- Maintenance/roadway: 6%
- Rail: 8%
- Bike/ped: 2%
- Other: 2%
2010 Population 1,716,289 Currently 15.6%
2035 Population 3,250,250 Spend $17 Billion 39.1%

What would be the population be to get to 39% w/o spending $?

2035 Population 2,608,842 Not Spend $17 Billion 39.1%
Officials predict Lake Travis will run dry by 2016

Posted: Oct 04, 2013 4:17 PM CDT
Updated: Oct 04, 2013 5:40 PM CDT

A troubling Dooms Day scenario was laid out during the Thursday night Austin City Council meeting. Lake Travis will run dry by 2016, but efforts are underway to keep that prediction from coming true.

To keep the prediction from coming true, some major water restrictions may have to be ordered as soon as this spring.

Lake Travis was designed to be a giant water bucket, but in order to get your attention about conservation we've been given a rock bottom count-down.

The last time Lake Travis was full, was in 2007. Since then staff members at St. Luke's on the lake have watched the water line behind them slide lower and lower out of view.
Graph 11: Poverty Rate for Individuals under 18 Years Old

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2007-2011
Rent prices

Austin rents have risen 50 percent from 2004 to 2013, while the median income rose just 9 percent.

Sources: Texas A&M Real Estate Center; Capitol Market Research
“an extraordinary market,”
said Charles Heimsath, the head of Austin-based Capitol Market Research
Commercial – higher rents, destruction of older buildings
Last Watering Hole of Affordable Commercial Rents
10
THE NEED FOR AGED BUILDINGS

CONDITION 3: The district must mingle buildings that vary in age and condition, including a good proportion of old ones.

Cities need old buildings so badly it is probably impossible for vigorous streets and districts to grow without them. By old buildings I mean not museum-piece old buildings, not old buildings in an excellent and expensive state of rehabilitation—although these make fine ingredients—but also a good lot of plain, ordinary, low-value old buildings, including some rundown old buildings.

If a city area has only new buildings, the enterprises that can exist there are automatically limited to those that can support the high costs of new construction. These high costs of occupying new buildings may be levied in the form of rent, or they may be levied in the form of an owner’s interest and amortization payments on the capital costs of the construction. However the costs are paid off, they have to be paid off. And for this reason, enterprises that support the cost of new construction must be capable of paying a relatively high overhead—high in comparison to that necessarily required by old buildings. To support such high overheads, the enterprises must be either (a) high profit or (b) well subsidized.

If you look about, you will see that only operations that are well established, high-turnover, standardized or heavily subsidized can afford, commonly, to carry the costs of new construction. Chain stores, chain restaurants and banks go into new construction. But neighborhood bars, foreign restaurants and pawn shops go into older buildings. Supermarkets and shoe stores often go into new buildings; good bookstores and antique dealers seldom do. Well-subsidized opera and art museums often go into new buildings. But the unformalized feeders of the arts—studios, galleries, stores for musical instruments and art supplies, backrooms where the low earning power of a seat and a table can absorb uneconomic discussions—these go into old buildings. Perhaps more significant, hundreds of ordinary enterprises, necessary to the safety and public life of streets and neighborhoods, and appreciated for their convenience and personal quality, can make out successfully in old buildings, but are inexorably slain by the high overhead of new construction.

As for really new ideas of any kind—no matter how ultimately profitable or otherwise successful some of them might prove to be—there is no leeway for such chancy trial, error and experimentation in the high-overhead economy of new construction. Old ideas can sometimes use new buildings. New ideas must use old buildings.

Even the enterprises that can support new construction in cities need old construction in their immediate vicinity. Otherwise they are part of a total attraction and total environment that is economically too limited—and therefore functionally too limited to be lively, interesting and convenient. Flourishing diversity anywhere in a city
Austin's tattooed bellwethers of economic development

Shane and Shannon Howard got used to a skeptical reaction when they told others of their plan to set up their Mystery City Tattoo shop at the corner of 12th and Chicon streets.

... transitional areas with low rents

... pioneering spirit primes the area for later commercial and residential development.

... in 10 years from now it’s going to look even more different.

... undesirable sections of town

... apprehension turned into outright disbelief

... how much the area has stabilized in the past 18 months

... Austin’s harbingers of progress

... You see that the area is now on the precipice, because half a block north on Chicon there are lots ready for mixed-use development

... Stock’s up in East Austin. Who’s buying?
Austin should grow ‘up’ in many places, not just CBD

Austin isn’t the only Texas city experiencing fast growth; that’s a characteristic most of the state’s metro areas share. What does set Austin apart is the fine line it walks as its residents and business and civic leaders try to hold on to its small-town, quirky feel.

Much of the Austin’s most noticeable growth has taken place in its urban core and the Central Business District. Outside of downtown, environmental factors and strong neighborhood groups have helped Austin keep its small town identity. They also affect our urban infill development patterns.

The strongest neighborhood activity has traditionally taken place in Central Austin, where most of Austin’s City Council members live. As the city prepares to elect members representing 10 districts for the first time in its history, that influence is anticipated to shift.

Some of Austin’s new districts include neighborhoods like the Mueller development that epitomizes urban infill development. Those districts, and their representatives, may help make a push for more infill development to take shape not just on high-traffic corridors, but for dense growth to occur in and around neighborhoods as well.

Austin is also poised to rewrite its land development code, another factor that could impact the way infill development happens in the city. The current code was written 25 years ago, when Austin’s population was half what it is now.

The current code hasn’t impeded development in Austin, but it is known for its confusing structure. Rewriting the code will also give the city an opportunity to pair density with needed improvements and services. In exchange for density, developers will likely be asked to help improve road networks, dedicate parkland, or provide a certain number of affordable housing units, for example.

A new code may also help more dense growth take shape outside of the Central Business District. The city’s Imagine Austin plan calls for nodes of dense growth to take shape around the city. While infill development is happening around Austin, the city’s tallest buildings are still only allowed downtown.

One thing that’s always been sacred outside of the Central Business District is a hard 60-foot height limit. I’d love to see 15-story buildings on East Sixth Street or Airport Boulevard. Although it’s the antithesis of infilling downtown, it allows infill to occur around other nodes, which you see in the Imagine Austin plan.

Current zoning, as well as neighborhood sentiment, keeps vertical-mixed use and mixed-use buildings along larger corridors and out of neighborhoods. With the upcoming changes to city council representation, that could change.

Major urban roads such as Lamar Boulevard and Burnet Road are logical corridors for urban infill; vacant or underutilized sites get a denser mix of uses that serve more people, and neighborhoods around those roads maintain their single-family home makeup. But given Austin’s growth rate, there’s a need and an opportunity to bring more infill into the neighborhoods themselves.

We could see pocket neighborhoods that have their own infill patterns, their own sense of community and their own product types. One dense project can revitalize a neighborhood. So the opportunity to put mixed use zoning truly inside a neighborhood has got to be there.

We foresee an incredible amount of transit-oriented development poised to take shape at the rail stops. The market supports it, the city has pushed for it, the zoning is in place and the neighbors want infill mixed-use development at the commuter rail stops.

In the past decade, Austin has led the way as Texas cities have entered a new era of understanding that traditional, outward growth doesn’t help them achieve their best and brightest futures. Because of our civic leadership, there has been a concerted effort in the state’s – and nation’s – most vibrant urban areas to bring residents, jobs, and entertainment back into our urban cores. Aging infrastructure and environmental challenges are not issues that are going away, and we’ll continue to have to think more carefully about sustainable, smart growth patterns.

Will Schnier is the CEO of Big Red Dog Engineering and Consulting, serves on the board of the Real Estate Council of Austin, and is a member of the Austin Board of Adjustment.
How do you think the quality of life will be affected if the population doubles to 2.5 million people during the next 20 to 40 years?

 Asked in 2003:

![Quality of Life if Population Doubles](image)
Quality of Life if Population Doubles

Percentage of Responses

Worse
Much Worse

Counties

Bastrop
Caldwell
Hays
Travis
Williamson

1-Much better
2
3
4
5-Much worse
No Response
Is there a conspiracy afoot?
About the Opportunity Austin Initiative

"The business of economic development is keenly competitive on a global basis. Opportunity Austin articulates a game plan for regional success."

— Gary Farmer, Chair, Greater Austin Economic Development Corporation

2009 Opportunity Austin Officers

Chairman: Gary Farmer, Heritage Title Company
Vice Chair: Kerry Hall, Texas Capital Bank
Treasurer: Tim Hendricks, Cousins Properties
General Counsel/Assistant Secretary: Tim Taylor, Jackson Walker
President/Secretary: Mike Rollins, Austin Chamber of Commerce
Austin Chamber Chair: Paul Bury, Bury+Partners
Immediate Past Chair: Joe Holt, JPMorgan Chase & Co

Background

In the years 2001–2003, metro Austin experienced massive job losses, unemployment rates rising to record levels, plunging regional population growth and almost no net in-migration. Income dropped for the first time since 1987.

To turn things around, the Austin Chamber of Commerce launched Opportunity Austin. This ambitious, five-year regional economic development strategy aimed to create 72,000 regional jobs and increase regional payroll by $2.9 billion. To implement the strategy, the regional business community committed to invest $14.4 million.

MORE INFORMATION

Opportunity Austin 2.0 brochure
Also see detailed documents on development of the OA2.0 strategy: Competitive Realities, Target Business Review, Economic Development Marketing Assessment, and Opportunity Austin 2.0 Strategy

To learn more about Opportunity Austin, contact Mike Rollins, President, Austin Chamber of Commerce, at 512.322.5615 / mrollins@austinchamber.com or Dave Porter, Sr. Vice President, Economic Development, at 512.322.5650 / dporter@austinchamber.com

$20 million Jobs Jobs Altruistic?
## Real Estate Companies

- Aspen Growth Properties
- Baldwin Interests, Inc.
- Barshop & Oles Co.
- Byram Properties
- Capital City Partners Inc.
- Catellus Development Corporation
- CB Richard Ellis, Inc.
- CCIM Central Texas
- Cencor Realty Services/Weitzman Group
- Commercial Property Consultants, Inc.
- Cousins Properties, Inc.
- Crescent Real Estate Equities, Ltd.
- David Petrick Company, Inc.
- Development 2000, Inc.
- Duncan Commercial, L.L.C.
- Endeavor Real Estate Group
- Four Points Centre/Thomas Properties Group
- The Gottesman Company
- Henry S. Miller Commercial Austin, Inc.
- The Historic Norwood Tower
- Holliday Fenoglio Fowler, L.P.

## Real Estate Services & Investments

- HPI Real Estate Services & Investments
- Kennedy Wilson, Inc. - Austin La Frontera
- Landry Commercial, Inc.
- Lincoln Property Company
- Live Oak-Gottesman
- Llano Partners, Ltd.
- Matt Mathias & Co.
- NAI Austin
- Oxford Commercial
- Schlosser Development
- Simmons Vedder Partners
- Steve Hall Commercial Real Estate

## Real Estate Construction/Suppliers

- ABC Pest & Lawn Services
- American Constructors, Inc.
- Austin Chapter/Ass. General Contractors
- Austin Commercial, L.P.
- Beek Group
- Bill Clawson & Associates, Inc.
- Braun & Butler Construction
- CB Hardware, Inc.
- CC Carlton Industries, Ltd.
- Chaos Contracting, Inc.
- Christianson Air Conditioning & Plumbing
- Constructors & Associates, Inc.
- D & H Roofing
- D. R. Horton Homes, Inc.
- David Weekley Homes
- DPR Construction, Inc.
- Dynamic Systems, Inc.
- Faulkner USA
- Flynn Construction, Inc.
- Fox Service Company
- Gehan Homes, Ltd.
- J.C. Evans Construction
- Jimmy Evans Company
- Joe Bland Construction, L.P.
- Lennar Family of Builders
- Main Street Homes, Inc.
- Raba-Kistner Consultants, Inc.
- Rangel Concrete Company
- RANGER Excavating
- Rodman Construction Company, Inc.
- TDIndustries
- White Construction Company
- Workplace Resource
- AGUIRREcorporation
- Bury + Partners, Inc.
Steve T. Matthews Company
Stratus Properties, Inc.
Taylor Commercial
Trammell Crow Company
Transwestern Commercial Services
Trinity Real Estate Finance
Walters Southwest

Zydeco Development
Amelia Bullock Realtors, Inc.
Austin Apartment Association
Austin Board of Realtors
AvenueOne Properties, Inc.
Gables Residential
Gottesman Residential Real Estate
Mary Nell Garrison Realtors
Masonwood Properties, Inc.
Momark Development LLC
Moreland Properties, Inc.
Teple Partners, Inc.
Wilson & Goldrick Realtors

Jon C. Aune
Jim Boles
Ford Alexander
Janis & William Burrow
Jim Cotton
Diann Cowling

Peter Lamy
Michael Tipps
John C. Lewis Company
Gold Eagle Investment

Real Estate Law & Accounting
Cooper Graci & Company
Deloitte, LLP
Ernst & Young, LLP
Flieller, Kruger & Skelton, LLP

Real Estate Banking/Finance
A + Federal Credit Union
ABC Bank
American Bank
AMPLIFY
Glass & Company, P.C.
KPMG, LLP
Maxwell Locke & Ritter LLP
Powell, Ebert & Smolik, P.C.
Akin Gump Strauss Hauer & Feld LLP
Andrews Kurth LLP
Armbrust & Brown, L.L.P.
Baker Botts L.L.P.
Brown McCarroll, L.L.P.
DLA Piper US LLP
Drenner & Golden Stuart Wolff, LLP
Fulbright & Jaworski L.L.P.
Haynes and Boone, L.L.P.
Graves, Dougherty, Hearon & Moody, P.C.
Hughes & Luce, LLP
Jackson Walker L.L.P.
Locke Lord Bissell & Liddell LLP
McGinnis, Lochridge, Kilgore, L.L.P.
Morrison & Head, L.P.
Thompson & Knight, L.L.P.
Vinson & Elkins LLP
Winstead PC

Real Estate Economic Development
Bastrop Economic Dev. Corp
Capital Metropolitan Trans. Authority
Cedar Park Economic Dev. Corporation

City of Austin/Austin Energy
City of Georgetown
Georgetown Chamber of Commerce
Home Builders Assn of Greater Austin
Hutto Economic Dev. Corp
Pflugerville Community Dev. Corp
Real Estate Council of Austin
Round Rock Economic Dev. Partnership
Taylor Economic Development Corporation

Atlantic Trust
Austin Ventures
Bank of America, Austin Region
Bank of Texas
Citibank, N.A.
Colonial Bank, N.A.
Comerica Bank
Community State Bank
Compass Bank
First National Bank
First State Bank Central Texas
Focus Strategies, LLC
Franklin Bank
Frost Bank
Hester Capital Management, L.L.C.
Hoisington Investment Management Comp
International Bank of Commerce
IronStone Bank
Jones Asset Management Ltd.
JPMorgan Chase & Co.
Merrill Lynch Pierce Fenner & Smith, Inc.
PlainsCapital Bank
Prosperity Bank
Raymond James & Associates, Inc.
Regions Bank/Morgan-Keegan
Sovereign Bank
Terry McDaniel & Company
Texas Capital Bank
Texas DPS Credit Union
Treaty Oak Bank
University Federal Credit Union
ydeo, Inc.
Wachovia Bank, N.A.
Wells Fargo Bank, Greater Austin Region
John Morran
Robert Wynn
Real Estate Marketing

Elizabeth Christian & Associates
Engelking Communications LLC
Group Solutions RJW
Martin & Salinas Public Affairs, Inc.
Public Strategies, Inc.
Staats Falkenberg & Partners, Inc.

Other

Centex Beverage, Inc.
H-E-B
The Driskill
Four Seasons Hotel
Hyatt Regency Austin
Omni Austin Hotel Downtown
Maxwell Auto Group
Hewlett Family of Dealerships
Chuck Nash Chevrolet
Capitol Chevrolet

Huston-Tillotson University
The University of Texas at Austin

The Austin Business Journal
KXAN - TV

Individuals

David R. Adam
Kirk Watson

Healthcare Companies

UnitedHealthCare of Texas, Inc
Wortham Insurance & Risk Management
Austin Regional Clinic
Esoterix, Inc.
Harden Healthcare
HealthTronics, Inc.
Hospital at Westlake Medical Center
Seton Family of Hospitals
St. David's HealthCare Partnership

Tech Companies

3M
Activant Solutions, Inc.
Advanced Micro Devices, Inc.
Applied Materials, Inc.
Athens Group
Balcones Resources, Inc.
Dell Inc.
Freescale Semiconductor
Multimedia Games, Inc.
Perficient, Inc.
Samsung Austin Semiconductor LP
Temple-Inland Inc.
Tokyo Electron America, Inc.
Zebra Imaging, Inc.
Premier Global Services of Austin
Amendment No. 12
to
Contract No. S050367
For
Opportunity Austin Program
between
Greater Austin Economic Development Corporation
and the
City of Austin

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<th>Term</th>
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Invoice for Public and Investor Relations Services for the Quarter Ended December 31, 2008

Retainer for the Quarter Ending March 31, 2009 $30,000.00

Total Amount Due $30,000.00

TOTAL DUE $30,000.00

Note: Expenses for the Quarter Ended December 31, 2008 have been applied towards the retainer (see attached).

Payment Terms: Due Upon Receipt
Please remit to Joele Frank, Wilkinson Brimmer Katcher at the above address or wire to:

Wire / ACH Instructions:
Sovereign Bank
Fairfield, NJ 07004
ABA # 231372691

Beneficiary: Joele Frank, Wilkinson Brimmer Katcher
Account # 1161069054

Joele Frank, Wilkinson Brimmer Katcher qualifies as a New York State Minority and Women Owned Business.
Opportunity Austin Public Relations Summary

1st Quarter 2009

In-Market

- Continued to work with the Economic Development department to use media inquiries on companies closing or laying off employees to promote the importance of Opportunity Austin, and its strength through this economy
- Created Spring edition of *Business in the Human Capital* business retention newsletter
- Created marketing collateral for Financial Aid Saturdays
- Developed radio ad and plan for Financial Aid Saturdays including more than 250 radio spots and six remote events
- In January and February, worked with the Economic Development department to use media inquiries on companies closing or laying off employees to promote the importance of Opportunity Austin, and its strength through this economy
- Announced relocations of RedOxygen and Cyrus One in March
- Announced CenTex RCIC ETF recipient Analogix in March

Out of Market Public Relations

- In January, worked with BR&E to promote the One Med Forum, including stories about BioTech, Venture Capital, and government funding for emerging technology. Interviews took place with ABJ, Reuters, and Wall Street Journal
- In February, created news release about Gary Farmer being named “Top 10 People Who Make a Difference” by *Southern Business Development*
- In March, wrote article for *Tech&Jobs* magazine on the wireless and digital media industries in Austin
- In February, worked with *Wall Street Journal* Real Estate reporter doing a special section on luxury real estate including Austin
- Drew Scheberle worked with *NY Times* on an education story in February
- In March, worked with *Forbes* on data for articles and rankings

Website Development

Launched www.CollegeReadyAustin.com as a resource for students, parents and volunteers for the Chamber’s 20,010 by 2010 initiatives including Financial Aid Saturdays.

Investor Relations

The 2008 Opportunity Austin Annual Report was completed and distributed to investors.
1,500,000 new residents / 2.6 persons/housing unit
= 590,000 new housing units needed

590,000 housing units x $150,000 average each

= $88 billion of new housing
$88 billion of new housing construction
$58 billion of new commercial construction
$17 billion for CAMPO 2035 Transportation
billions more for constructing public infrastructure like schools, water/wastewater treatment plants, power plants, government buildings

$200 billion in new real estate development
Title Company means Heritage Title Company of Austin, Inc., its successors and assigns, or any other title company approved by the City and Catellus. Catellus and the City acknowledge and agree that an agreement has been reached between Heritage Title Company of Austin, Inc. and Stewart Title Guaranty Company with respect to the title insurance work and title insurance policy issuances under this Agreement.
Population
In-Migration = Big $$
Resting on our ‘cool’ laurels won’t keep Austin booming

Twelve years ago, people were moving out of Austin, unemployment was on the rise, nonprof- its were closing and local government was faced with less revenue and declining services. Austin, in short, was losing out to other cities and there was no plan to address the competitive threats facing our community. Civic leaders, working with the business community, stepped up with a plan to strengthen our competitive advantage by investing in strategic opportunities to attract new companies, create new jobs and expand existing local businesses. And it worked. Today, Austin is a leader among cities. But staying on top requires more than pride and confidence. Austin is now the 11th largest city in America, and we must compete at a whole new level against cities such as Raleigh, Denver and Charlotte, as well as larger cities such as Boston, San Jose and San Diego.

Retaining our competitive advantage is crucial if we are going to address our greatest challenges – mobility and congestion, education and training, job diversity and affordable housing. The best way to tackle our challenges is to continue to have a robust economy, which means continued prosperity, jobs for residents and an expanding tax base to ensure city and region- al services can meet the growing demands. Incen- tives, too, are a crucial strategy if we are going to remain competitive. Our incentive program is performance-based. These agreements are not giveaways. Rather, companies who receive incentives are playing by our rules – they must meet deadlines for job creation and capital in- vestment before receiving any benefits from us. This is the right way to do business. It puts us in control and enables us to set our own priorities. But incentives give us the power to negotiate and ensure that our vi- sion for Austin is shared by the companies that relocate here. Over the long term, the city will collect more tax revenue when companies relocate to Austin. In many cases, we are import- ing revenue and shifting money from Silicon Val- ley to Austin. The net re- sult is more revenue that can be used to reduce the tax burden on Aus- tin families. We current- ly have 15 active agree- ments, and those companies continue to meet our standards and goals for job diversity and in- vestment. Moreover, the new inflow of jobs cre- ates a network effect for locally owned businesses, enabling us to create new homegrown restaur- ants, hotels and related services.

In recent weeks, some politicians have suggest- ed that the incentive pro- gram is no longer need- ed. Austin, after all, is just “too successful and too cool.” And if companies don’t recognize that, they can go somewhere else. The problem is, they likely will. If we let pride drive our decision, we will likely repeat the mis- takes of the past, leaving us with rising unem- ployment, budget defi- cits and the inability to address the pressing is- sues we already face as one of the largest cities in America.

For those of us who re- member the “tech bust” in 2000, some of the voices may sound familiar. Some Austin lead- ers are telling us that we don’t need to compete. We can just sit back and the world will come to us. That’s like saying, “If we don’t build roads, we will not have traffic.” That thinking was wrong then, and it is wrong now.

Abandoning the in- centive program simply makes us powerless to negotiate with those who would relocate here. We must protect our pow- er to negotiate. And we must never let pride be- come a substitute for a plan. Lifestyle and culture are important but not the deciding factor for relocation. The number one factor for relocation, according to economists and sociologists, is eco- nomic – low taxes, a vi- brant business climate and a positive long-term outlook for jobs.

We owe Austin families no less. We cannot let arrogance distract us from the 40,000-plus unem- ployed who are still look- ing for work. We cannot let blind faith drive our policies.

Austin is one of the most successful cities in the country. Staying on top requires more than vanity. It requires a re- newed commitment to the policies that have worked and the vision to build an even stronger and cooler Austin. We can remain the leader we are. But declaring “Mis- sion Accomplished” is not always a good strat- egy.

Winstead is chairman of Opportunity Austin and founder of Winstead FC.
Titans of Free Enterprise or Welfare Queens?

It’s not unusual if a real estate investor:

- Receives the benefit of $4 trillion in quantitative easing for low interest rates – crushing the earnings of senior citizens who relied on earnings from savings accounts
- Pays no federal taxes because of the enormous deductions from rehab and development
- Pays no social security taxes because it’s passive income
- Avoids capital gains through a 1031 exchange
- Pays a small fraction of the cost of public infrastructure and dumps the rest on residents
- Gets 100% reimbursement for utility extensions from city. W/WW/Electrical
- Underpays property tax in general – commercial undervalued at TCAD
- Games the system with agricultural appraisals and wildlife exemptions
- Sells property to local governments at inflated prices
- Benefits greatly from city projects like Waller Creek flood control with city asking nothing asked in return
- Gets favorable treatment in public/private partnerships
- Receives property tax abatements or sales tax rebates for doing what they would be doing anyway
- Zoning changes given which create value with little to nothing in return to city.
- Variances from regulations or adopted plans add value with nothing asked in return.
Austin is a collection of very different economies but the real estate economy hijacks your local governments for its own purpose.

"You ever get the feeling that this economy benefits some people more than others?"
THE END