

## **RESOLUTION NO.**

**WHEREAS**, the affordability of Austin is a growing concern among much of the population; and

**WHEREAS**, the City of Austin is able to address one important part of the affordability challenge through the successful passage of the \$65 million in Affordable Housing Bonds in November of 2013, but a broader approach is also needed; and

**WHEREAS**, while the Affordable Housing Bonds are an important tool that will provide affordable housing to a part of the population, there is still a larger population that has affordability concerns and challenges, and

**WHEREAS**, the City of Austin has indirect impacts on many aspects of affordability, but one of the few direct tools the City has is the property tax rate; and

**WHEREAS**, since 1999, the income of Austin residents has increased by 107%, but general fund spending has increased by 158%. Therefore, citizens are spending a larger share of their income on general fund services than they did 15 years ago; and

**WHEREAS**, in 1999, the average Austinite spent about 1.24% of their income on general fund services. In 2014, the average Austinite will spend about 1.55%; and

**WHEREAS**, multiple taxing entities make up a homeowners' property tax bill and the City of Austin portion makes up approximately 20% of the total; and

**WHEREAS**, using the annual change in residents' income as a benchmark for future decision making provides one tool that can have an effect on affordability; and

**WHEREAS**, this benchmark would not create a spending cap because there may be reasonable new expenses such as unfunded mandates, important new services, contractual obligations, or unforeseeable emergencies which can affect spending; and

**WHEREAS**, using the procedure below, the five-year moving average (5MA) estimate of the City of Austin total income is \$34.805 billion and the most recent percentage change in this average is 5.09%; **NOW, THEREFORE,**

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

The City Manager is directed to create a benchmark, tied to the annual change in residents' income, which measures residents' ability to pay for general fund services. The formula for creating the benchmark is as follows:

1. Combine estimates of City and Travis County population (from the city demographer) with the latest figures on Travis County income (from the United States Department of Commerce) to obtain an estimate of total City income.

2. Convert the annual total income time-series to a 5MA. This will smooth out and delay the effects of anomalies.
3. Calculate the most recent percentage change in the 5MA.
4. Adopt this figure as an objective to assist in preparation and consideration of the current general fund budget.

This procedure will create a benchmark tied to the annual change in residents' income that can guide both council and management in the annual budget process.

**ADOPTED:** \_\_\_\_\_, 2014

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

Jannette S. Goodall  
City Clerk