

RESOLUTION NO. 20140626-074

WHEREAS, over the last 10 years median housing costs have risen by 85 percent, while household incomes have grown at a much lower rate; and

WHEREAS, City officials have heard concerns from many Austin homeowners that large increases in their property valuations are causing their property taxes to rise; and

WHEREAS, rapidly escalating property taxes are driving an increasing number of homeowners out of Austin's neighborhoods; and

WHEREAS, the City Council strives to adopt policies that help preserve a wide range of household affordability and ensure that long-time residents of Austin are better able to remain in their homes; and

WHEREAS, homestead exemptions are one tool available to assist homeowners in being able to remain in their homes as home values increase; and

WHEREAS, the City currently provides homestead exemptions to owners older than 65 and individuals with disabilities as allowed by state law and recently (March 20, 2014), increased the exemption for the first time since 1986 from \$51,000 to \$70,000, which impacts the General Fund by \$3 million for Fiscal Year 2015; and

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

WHEREAS, exemptions based on a percentage of value provide a higher absolute benefit to owners of the City's most costly housing; and

WHEREAS, Resolution 20130321-042 added a flat-rate tax exemption option to the City's legislative agenda, but measures in the state legislature related to this issue were not successful during the last session; and

WHEREAS, Austin homeowners have urged the City to consider offering a general exemption for all homesteaded properties; and

WHEREAS, the full budget impact of offering a general homestead exemption is unknown; and

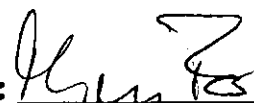
WHEREAS, City staff have begun to analyze the costs of providing a general homestead exemption, and the Council and the public would benefit from more information and a full discussion about this issue; **NOW, THEREFORE,**

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

That the City Manager is directed to analyze the impact on homeowners and the City budget of providing a general homestead exemption as a percentage of appraised value and to present this information to Council at the earliest possible budget or Council work session.

ADOPTED: June 26, 2014

ATTEST:

 For

Jannette S. Goodall
City Clerk