

City Council Special Called Meeting Transcript – 6/29/2016

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>> Mayor Adler: A quorum is present. I'm going to call to order today's special called meeting. Today is June 29, 2016. The time is 1:00. We have a quorum. We have one item on the agenda which is the homestead exemption extension. We have five people that are here to speak. I'm going to call the public testimony. Is Mr. Peña here? Gus Peña? Next speaker would be John Spence. Next speaker would be David King. On deck is Deborah White. Mr. King. >> Thank you, mayor, mayor pro tem and councilmembers, thank you for being here on a special called meeting to address this important issue. And you know, I understand the concern that some of you may have about providing a across-the-board additional 2% exemption. And I share that concern. I don't -- I mean the folks at the high end do not need this. So I agree with you completely, 100% and I which I could excise that part out of the law to allow us to target the moderate and low-income families with this exemption but we don't have that option. On the 2014 comprehensive housing market analysis found that 90% of the homes in Austin were valued below \$500,000. And that equates to about 133,200 households below \$500,000 in value. And 14,800 households were above \$500,000 in value. So I think this is going to help a lot of families in the middle and low-income range because there are a lot more of those families than there are on the high income range.

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I wish we could limit it to those but we can't. 79% of the homes in Austin were valued below \$300,000. That's 116,920 households. That's going to help those families so I think that's a big impact. We always say a dollar increase tax is relatively more impactful on low and moderate income families and I think a dollar decrease in property tax is -- has a larger impact relative to -- for lower and moderate income families compared to high-income families. I wish we could strike that part. And this will help us to absorb the increased costs from the transportation bonds if they were to be approved. I think that's important. And you know, those two things are connected because I think a lot of the reason that we need those bonds is because development has not paid for itself for decades. And I really appreciate and respect the council's initiatives to correct that problem. I really do. And I think we should move with all due haste in that direction so that we can help keep down the transfer of these cost to our low and middle income families. It's not fair. And the whole system that we operate in is unfair to low and middle income families. So we need to do all we can to make that right. So I ask that you to try to offset this reduction that you make developers pay their way. You know, they've got this special deal cut on the parkland dedication fees where they have 15% cap on the land dedication in urban core of Austin. That's unfair. They should pay their way. Let's fix that. Let's enact a traffic impact fee as soon as possible.

Let's stop dragging our feet and get that on the books as fast as possible. [Buzzer sounding] Lessen linkage fee as soon as possible. My main point is let's make development pay for itself so those costs are not

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transferred over to all the other taxpayers who are struggling to get by. Thank you very much. >> Mayor Adler: Next speaker is Deborah white. Susan Lipman on deck. >> Hello, mayor and councilmembers. My name is Deborah white and I'm speaking on behalf of Austin interfaith today. I am a member of Austin interfaith and [inaudible] Universal church. Austin interfaith is here today to make the same statement of caution about increasing the homestead exemption that Austin interfaith made last year in the budget process. Our understanding is the proposed homestead exemption increase for this year will cost \$3.8 million in lost revenue. Austin interfaith reiterates its 2015 statement on proposed homestead exemption in city budget priorities. Our religious and civic traditions teach us that the measure of any economic policy is how it treats its most vulnerable residents. Austin interfaith supports children and families, parks, library hours and services, prime time after-cool programs, summer youth employment, healthy food incentives, affordable housing housing investments, fair wages and services for the homeless. Austin interfaith calls on the mayor and council to support a homestead exemption change only if it does not negatively impact the most vulnerable of our residents. Thank you. >> Mayor Adler: Thank you.

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>> Debbie has spoken for me. >> Mayor Adler: Thank you. Those are all the speakers we have. Is there a motion to approve item number 1? Ms. Troxclair makes that motion. Is there a second? Miss Gallo. It's been moved and seconded. Any discussion on the dais? Ms. Garza. >> Garza: I just want to reiterate the Numbers and the effect of what this will do. The projected surplus I believe right now for our budget is \$2.000000. Make it the assumption of the 6%. If ed could verify that. >> You are correct. >> Garza: The additional 2% would be 3.8 million, which as of right now would put a hole in the budget of 1.8 million. >> At least upon our forecast back in April. >> Garza: So if we approve this 8%, we are in a hole \$1.8 million without adding any additional services so we're going to have to find \$1.8 million in our budget. That means cutting services. That means cutting something somewhere. I just hope we all understand the position we're putting ourselves in. I also want to point out, you know, the needs that we have throughout this community, with the current 6% is about 11.5 million cost to us. That could fund a couple fire stations that we need. That could fund aids has reached out and needs parent support specialists that add a great benefit to our community. That could fund that. And we can't do that if we approve this today. I also want to reit ate the city of Austin taxes are 1.4% of a typical family's spending. 1.4%. I know this is a tool and I

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know that it's readily available, but it's -- to me it's bad policy. It's bad policy to put this hole in our budget that has such a tiny impact. And you know, the mayor and I have disagreed on if it's regressive or not and we can continue to have that disagreement, but I hope we can agree that the most benefit of this goes to the wealthiest. The most benefit of this homestead exemption benefits the wealthiest in our community. So to frame this as we're helping struggling families, it's not helping struggling families. It's helping the wealthiest in our community. So again I won't support this. I don't think it's any coincidence that the people on this dais who represent the lowest income districts do not support this. There is no

coincidence. That's because we know it does not help the constituents that we represent. I'll just -- one time we had a prayer at every council meeting there's a prayer before our council meeting and I wrote this down because it rang true. He said help me to defend the poor even though it may anger the rich. That's what I feel like I was sent here to do is defend the people of my district and so I cannot support this because I do not believe it helps my district in any way. >> Mayor Adler: Mr. Casar. >> Casar: And in response to Austin interfaith's statement here I think that in our last budget cycle the level of homestead exemption adopted wasn't something I could support, but at least based on financial forecasts what that homestead exemption did was it created some missed opportunities for us in other things that I think would have been important to fund but that we couldn't fund. And this year I certainly cannot support this because it's much worse in that I think it absolutely will

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result in the negative impacts you have listed here. We know that, for example, some of these after-school programs that you've listed on this piece of paper are running out because the 21st century grants are running out at some of our schools. I think the city would be the appropriate person to take up funding some of those critical after-school programs, and with a potential \$1.8 million hole, then even if we did find a way to fund those programs most likely would be from cutting from some of the other items you've listed here from healthy food incentives, summer youth employment and fair wages. And so I'm not able to support this today and although you registered a neutral position, I think that with my analysis of how the budget will likely go, I don't think that we can pass the homestead exemption without -- and also meet these goals this coming year. >> Mayor Adler: Mayor pro tem. >> Tovo: And I just want to make it clear that I -- I represent district 9. I certainly have a lot of property owners who will benefit from -- from such an increase in the homestead exemption so it's not -- it's not just those of us on the dais who represent some with lower mfi, it's--"I also plan to vote against it for many of the same reasons. We have great needs within the city of Austin and this is going to be a tough budget cycle and I am really concerned about how some of those needs will get funded if we start the budget process almost \$2 million in the hole. I hope that we can continue to make it a legislative priority to encourage the state to allow us more options with

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regard to homestead exemptions. I believe a flat rate would be a much more equitable way to assist homeowners so that we're not giving the highest percentage -- the highest percentage breaks to those with the highest dollar house. So again for many of the same reasons I've articulated in the past I can't support today's homestead exemption and we need to start having a discussion about where collectively we can look to in the city budget to cut some programs and services so that we can fund some of the really incredible priorities that I believe we have before us including -- including sobriety center, services for the homeless as some of my colleagues have articulated and the many other needs within our social services arena. >> Mayor Adler: Mr. Renteria. >> Renteria: I'm also not going to be supporting this tax exempt. We've been working real hard, we hired a consultant to study community policing which I think is a very important need in our community to solve some of these crimes that are being committed and property crimes and burglaries. And I really feel like there's a big priority, there's a lot of need in this community, you know, to keep this community safe and I really feel uncomfortable deciding before I even know in the budget, what's in the budget and what it's going to be facing and what kind of need we're going to be facing so I'm not going to be supporting this. >> Mayor Adler: My thoughts real fast on this. I join with the mayor pro tem in urging the legislature to give us additional and better tools because I think a flat exemption would be much better and we don't have that option but

we should. There was an effort to get that done last legislative session, got alleges closer. Something that I worked on

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trying to get done in 1997. I hope that day comes. I wish also that we didn't have to decide this before our budget came into play so I concur with councilmember Renteria. But unfortunately the state doesn't give us that option either. Although I think the conversation we had about asking the manager to give us better information earlier next year will be something that will be useful and helpful and something that we need. I'm going to vote in favor of this in part because we asked the manager the question with respect to the budget that we haven't seen in his proposal, and his assessment that he gave us last week I think gives me the opportunity to be able to vote for this exemption in this situation. I think it is really unfair to cast this vote as a vote between rich and poor people in our community and I don't think that's right. I think that's wrong. The impact on low-income people is much greater than the impact on rich people, proxies, that's why it's a regressive tax. We won't go into that. We've debated that at length before. But I would like to say that, you know, we passed a good budget last year. We passed a budget that increased park spending, it increased health care spending, it increased health and human services and part of the reason why we can do that in this city with this council is because we recognize that this is a legislative process and it requires give and take and it requires building coalitions and it requires groups of people coming together, sometimes voting for the things that are most directly involved with what they are working on, sometimes not. But we have have an affordability issue in this city that impacts lots of people. And it's important for everyone in this community that is dealing with

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affordability to know this council hears them. And I think that that is something that this vote enables us to be able to do. Not every tool we do will help everybody, but we should use the tools that we do have to do the best job we can and I think this is part of that. Any further discussion? Mr. Zimmerman. >> Zimmerman: Thank you, Mr. Mayor. I thought we might get through this vote quickly without any pontificating but we passed that point. I'm strongly in support of the 2%ment I'm disappointed we didn't do 4% to keep on track with our commitment to reach the 20% within four years. I guess in theory we could still do that with a bigger increase in the next two years. But I do want to address a difference in political ideology in the city. I am a very strong opponent of marksism. This idea that people that have more expensive homes don't deserve to get a homestead exemption, that's not a Texas value, it's not a constitutional value, it is a marxist value based on two premises of violating two hebrew commandments, thou shall not envy and thou shall not steal. Look at that rich person with all the money in that house, there's the envy. Let's not allow that person to have a homestead exemption. There's the theft. Let's steal that person's right to get some tax relief the same as everybody else has a right to tax relief. Those are my comments and I hope we can get to 20% as quickly as possible and curb the terrible spending problem we have at city government. >> Mayor Adler: Any further comment? We'll take a vote. I'm sorry, miss Gallo. >> Gallo: Thank you. And I appreciate the support of this. I think last year seven of the

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councilmembers made a commitment to reach 20% homestead exemption in four years. I would have supported and did support the 4% increase because it would get us to the 10% which would be the halfway mark. I'm concerned that as we diminish that percentage and that commitment this year that

we won't be doing that again next year and I hope to be proven wrong because I do think the majority of the council did make a commitment last year to get to the 20% and I hope we will honor that and get there in four years. I do support the 2%. I think that we have -- we spend hundreds of millions of dollars on services for our poor in this community and I think the whole community embraces that spending and we embrace it from the tax dollars that we all spend, and depending on the value of your home, some people will spend more to make that commitment than others. But there is a strong commitment in this community to help the poor in our community and I think that comes from citywide. Just last Thursday when we were talking about Thissen a voting on it, we did some quick Numbers and found that just on Thursday night, just at one council meeting, granted, it was a 17-hour council meeting, but just in one council meeting we authorized the spending of \$29 million. One council meeting. So I think we are able and I think we can be able to fund the resources to be able to fund this and I look forward to the support of the other councilmembers and working together to figure out how to make this happen. >> Mayor Adler: Anyone else? Ms. Troxclair. >> Troxclair: I want to thank the mayor for making sure that this issue was taken up in a timely manner in accordance with Texas state law and councilmember Casar for voting temporarily for it last week even though it's something that I know you don't agree with in order to prevent us from having two

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meetings this week. Homestead exemption is something that is really important to me and to my district and I think to our city. The idea that this is something that benefits the rich more than the poor just doesn't make any sense to me because the people who are coming to me on a consistent basis begging for some kind of relief from the constant cost of living increases that they see in Austin, they are not rich people. They are people who are struggling to stay in their homes. They are people who have lived in Austin for years, for decades. They are seniors. They are people -- I had someone in my office the other day who bought her house for \$54,000 and is now paying taxes on somewhere close to 400,000. She can't -- she can't afford it anymore. And I just want to reiterate the statistic that one of our speakers said, that according to 2014 report, over 90% of homes in Austin are valued at less than \$500,000. Those are the people that we're helping with this. The vast majority of austinites live in homes that are worth less than \$500,000. And again, some of them bought their houses for significantly less than that. So I think this is one tool in the toolbox. I think it's a really important one and I think it's one that our community is really depending on us to deliver to them as one way to help them continue to live in the city that we all love. So thank you to the councilmembers who are supporting this and I hope we can work together not only during this budget but in future budgets to ensure we can get to the full 20% exemption over the next two years. >> Mayor Adler: Further comment? Those in favor of item number 1 please raise your hand. Six. Those opposed? Houston voting no, Garcia voting no, Casar no, Renteria and the mayor pro tem voting

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no. This prevails on a 6-5 vote. That's the third and final reading. That's all the business that we had today so I'm going to adjourn this meeting, urging everyone a very safe July until we're next back together. The meeting stands adjourned.