



REAL ESTATE COUNCIL
of Austin

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Combined Local Taxes Increase 10 Times Family Income

Real Estate Council Calls for an Affordability Impact Analysis

AUSTIN, TX (April 26, 2011)--The Real Estate Council of Austin's (RECA) latest Austin Combined Cost of Governments Index indicates that a typical Austin family's local tax burden grew 6.9 percent, an *order of magnitude* more than its income. When a number is an "order of magnitude" larger than another number, it is ten times the size. For many people who work with numbers--like engineers and financial analysts--an *order of magnitude* is a significant jump. As a result of this jump, RECA is calling for local officials to conduct an affordability impact analysis with respect to future actions taken by local governments.

"Clearly, this trend highlights the concern that Austin is becoming a less affordable place to live and do business. In response, we are urging local governments to begin requiring an affordability impact analysis for any new proposal that could add to the tax burden or increase the costs of living or doing business for ordinary families, employees, businesses and employers," said Jeff Howard, RECA's 2011 president. "It's just common sense for local governments to know what the impacts of their proposals will be."

The newly released numbers reveal a growing gap between Austin's median family income and the tax burden on families. Family income inched up 0.7 percent to \$73,800 in 2010, compared to a significant 6.9 percent increase in the annual tax burden per household, which is now at \$6,500 --- up from \$6,082 in 2009.

Included in the Austin Combined Cost of Governments Index are the City of Austin,

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Travis County, Austin Independent School District, Capital Metro, Austin Community College and Central Health, the hospital district. RECA's index is unique because it factors in their *combined* impact, not as solo silos.

Keeping Austin affordable for ordinary families, small businesses and employers has been a rallying cry of RECA since it began releasing its annual index. Since 1989, Austin's median family income has doubled, from \$36,325 to \$73,800, while the combined local tax burden for a typical family has tripled, from \$2,130 to \$6,500.

"Anyone can see that this trend, especially when combined with the increased costs of regulatory burdens coming from local governments, conflicts with the goal of keeping Austin an affordable, diverse community, where ordinary workers and their families can afford to live, small business owners can do business and employers will choose to locate," said Howard.

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Attachment – *Austin Combined Cost of Governments Index* (three pages)

For more information about property tax calculation and what citizens can do about the property taxes they pay, go to: http://www.recaonline.com/docs/arc/arc2011/property_tax_2011.html

ABOUT RECA:

The Real Estate Council of Austin is a member-based nonprofit organization that advocates for the interests of the real estate industry. RECA's membership of nearly 1,500 represents a broad spectrum of our economy, ranging from landowners and developers to the various service professions that facilitate the industry.

RECA members are responsible for building the houses, office buildings and shopping centers that provide property tax revenues used to fund our public schools. These properties also generate the property and sales taxes used to pay for basic city services, such as police and fire protection.

In 2006, RECA became the first community organization to reach \$500,000 in contributions to the Hill Country Conservancy, a nonprofit land trust committed to preserving the natural beauty and open spaces of the Texas Hill Country.