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## “Great Cities Do Big Things” – State of Our City Feb. 16, 2016 Austin, Texas – Mayor Steve Adler

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**“Great cities do big things not because they are great. Cities become great because they do big things.”**

Thank you, President Fenves. I am grateful for your leadership at the University of Texas and for our growing working relationship and even friendship.

And with the conversations that need to be happening between UT and the City on issues like the development of the Innovation Zone around our new medical school, a replacement arena for the Drum, the future of the MUNY golf course site, as well as expanding opportunities for closer connection between Austin and the incredible intellectual resources of your faculty, there's a lot for you and me — and the community — to be talking about.

And by the way, I'm grateful to you for skipping the West Virginia game tonight. You get pretty good seats, so I know what kind of sacrifice this is.

President Fenves recounted the story of the Austin Dam. I love that story, because as the Mayor of Austin I'm often asked what the secret sauce is that makes us a magical city and a center for innovation and creativity. Most every other city wishes it could replicate our success. When I attended the climate change talks in Paris, the 100 Resilient Cities meeting in London, the Almedalen Political Rhetoric Festival in Norway, and the traffic control center in Dublin, Ireland, and people found out that I was the Mayor they'd get a big smile on their face and tell me how much they love Austin.

Cities from all over our country and the rest of the world send entire delegations here to troop through our offices in hopes of finding the magic formula written on a white board somewhere. These leaders from other cities ask me what makes Austin so special. I tell them about Barton Springs and how our commitment to our environment became perhaps our most important asset. I tell them about Willie Nelson and our live music, how by embracing diverse cultures we established an inclusive community where creativity thrives, about a community where it is okay to fail so long as you learn and grow. And I tell them about Michael Dell reinventing the assembly line in his dorm room and how coming up with radical new ideas here doesn't make you an outcast — it can make you rich and famous.

And then I tell them about the Austin Dam, and how when the dam burst we were set on a path that turned us into a boomtown of the Information Age. The lesson, I tell these visitors from other cities is clear. They need to leave Austin, return to their hometowns, and destroy all their dams and bridges, too.

But some cities just aren't willing to do the Big Things.

*Continue reading after the break.*

You know, back when the Austin Dam burst, only 22,000 people lived here. The flood that took down that dam may have receded, but the people kept coming. By the end of the 20th Century more than 656,000 lived here, and still they came. So great is the flow of people into Austin that we are, according to one headline, “[the Boomingest Big City of All](#).” Last summer, the population of our [five-county metro area went over 2 million](#). And lest anyone thinks that not building infrastructure is still a viable option to keep people from moving here, the Urban Institute predicts that by 2030 — when today's pre-schooler is a freshman at UT — Austin's metro population may well top 3 million.

It's easy to look downstream and see the outlines of a future that we could not have contemplated even a few years ago. [Forbes Magazine](#) just put Austin in first place on its list of “Cities of the Future” because of what it called “the nation's superlative economy” and the fact that so many people just want to live here. Forbes cited a fact that they found eye-popping but to us only confirms what we see around us: Our population grew 13.2 percent between 2010 and 2014, more than any other city they studied.

People keep moving here because, according to [Paper City Magazine](#), “Austin's just as cool as it thinks it is.”

And it'll stay that way — for a while anyway — even by doing just little stuff. Our community, cultural, environmental, business, and elected leaders have laid such a strong foundation that it is entirely possible that even if we spent some significant part of the next couple years having picnics in the sunshine on the riverbank, the state of our city will remain the envy of the world.

The very success that comes with such an economy is also exacerbating challenges because all too many in our community are struggling and not sharing in this good fortune, but, by many traditional measures of success, Austin is strong.

We are working.

Austin is the 6<sup>th</sup>-best city to look for a job. In fact, our unemployment rate in December was 3.1 percent. The last time it was that low, Bill Clinton was still President

We are prosperous.

For the second year in a row, the Urban Land Institute survey named Austin the second-best real estate market in the country.

We are safe.

When contrasting our crime rate to other big cities in Texas, there was such a stark difference that Texas Monthly called us “basically a fairy tale land populated by elves and hobbits.”

We are innovative.

We have 7 percent of the state’s population but 30 percent of the new patents. Austin ranks 8<sup>th</sup> in the country in venture capital investments. A year ago Forbes put us on a list of five cities poised to be the next Silicon Valley Tech Hub. Whether it’s Google’s driver-less cars, the Pecan Street Project implementing energy-use technology out at Mueller, or our community’s seemingly limitless innovations in the field of breakfast tacos, Austin has become a city where good ideas become real.

We are green.

The American Council for an Efficient Economy ranked Austin as the 9th-most energy efficient city in the country. About 10 percent of all wind power in Texas is generated for Austin Energy. And because of decisions this Council made, our utility will soon become one of the biggest users of solar energy in Texas and in the world.

We’re also a pretty good-looking bunch.

According to no less than CNN, Austin is home to America’s 7th-most attractive residents, a ranking that, given this audience as a representative sample, is far too low. I mean, look at how great you look! Of course, we would have ranked higher, but CNN marked us down – I kid you not – because so many people here dress like hipsters. Now, I personally don’t look great in skinny jeans, and I think maybe we didn’t rank higher because your Mayor was getting a little too plump.

So, Diane has me on a diet now.

But here’s the thing that I want to make very clear tonight: The City would probably get along pretty well, at least for some period of time, without a City Council, or a Mayor for that matter. This river has been flowing for a long time before we showed up, and it’s going to keep flowing whether we show up to work tomorrow or not. People will keep moving here for great jobs, abundant sunshine and, lest I need to mention it again, because of how incredibly good-looking you all are.

This is the good fortune and daunting challenge of being Mayor of Austin: Barring an infestation of killer bees, a zombie apocalypse or, God forbid, a recession that hits Austin hard, this year when I wake up each morning, Austin will be America’s favorite boomtown whether I go into work or not.

**“I do not believe that I was elected to be a caretaker mayor. And I don’t intend to spend my time skipping stones across the river’s surface, having fun but not much effect on the river’s course.”**

But I do not believe that I was elected to be a caretaker mayor. And I don’t intend to spend my time skipping stones across the river’s surface, having fun but not much effect on the river’s course. Our long-term challenges are too great and they require long-term strategic thinking and action.

Do not mistake me for saying that timing the traffic lights, building sidewalks, and setting the tax rate are not necessary. They are good and proper functions of a local government. I’m just saying that these things would probably happen no matter who was in my job.

And, in fact, we have already done a lot on Council, and if you want to see a list of our accomplishments, I invite you to visit our new website at [mayoradler.com](http://mayoradler.com) for a list of the 50 items that come first to my mind.

But by way of example, there’s one thing on this list of accomplishments that I want to bring up, but not in the way you’d probably expect. I’m going to do something I’m probably not supposed to. I’m going to tell you that one of our big achievements from last year – helping to cut city property tax bills, saving the average homeowner \$14 a year – was a great thing to do, but really did not mean as much as some might think.

Sure, it was the first time in anyone’s memory that an Austin City Council lowered not only city property tax rates but also the average tax bill, which is great. This act began to bend the affordability cost curve. In that respect, it had great meaning. And it’s true that this is the only tool presently available for the City to address the equitable balance between commercial versus residential property

taxes.

But is this a fair measure of the job we are doing on affordability?

Normally, you can't get a politician to shut up about cutting taxes, but I haven't been an elected official for very long, so imagine with me for a second: It's 20 years from now, and we're at the unveiling of the Steve Adler Monument to Last-Minute Amendments and Innovative Abstractions. It's a perfect day, the blue sky open to all the ambition in the world. And with an approving smile, a prominent citizen is recounting my tenure as Mayor:

"Steve Adler" – she says: "He saved me \$14."

Wow. We have to do more than that.

**"I believe our goal is to do big things, to do that which would not occur if we did not do them."**

I believe our goal is to do big things, to do that which would not occur if we did not do them. And if you ask Austinites, I believe they'd say the same thing.

What good does it do to create all these jobs if you can't get to the one you have because you're stuck in traffic?

How does Austin's prosperity benefit us all if our real estate prices are [attractive to out-of-town investors](#) but increasingly unaffordable to the people who already live here?

The ETC Institute just released a survey about how Austinites perceive the job we're doing at City Hall. The results should not shock you in the slightest.

People like Austin as a place to live, work, and raise their children. No surprise there.

On the other side of the ledger, fewer than one in four Austinites thinks we're doing a good job of planning for growth, and frankly I don't know why that number is so high.

We have an affordability crisis. The Brookings Institute says we have the 2<sup>nd</sup>-fastest growing suburban poverty rate in the country. We live in the most economically segregated metropolitan area in the country. A family making the median income can now no longer qualify for a loan to buy a median-priced home here.

**"The price of growth cannot be that the cost of living is growing so much that people can't afford to live in Austin."**

If you're just treading water, you're going to get washed away. This is the result of years of not preparing for growth, and it's unacceptable. The price of growth cannot be that the cost of living is growing so much that people can't afford to live in Austin. We'll never go back to the days when Austin could accurately be described as a retirement community for twenty-somethings. But it should not be a radical notion to say that Austinites should be able to afford to live in Austin. In fact, this should be our policy.

But here is an important question. How do we get there? Should our ultimate goal and measure for success be that we save the average homeowner \$14 a year? Or even \$50? It may be a part of making our city more affordable, but does it matter so much that it should be the ultimate measure of our success?

What if we slashed spending on fire, police, and social services enough to cut city property taxes in half? Since the City portion of your total tax bill is only 20%, would that make living here affordable?

**"That's why tonight I announcing this year we will have an "Affordability Audit" of city government. When it comes to affordability, we need to get smarter, more deliberate, and more focused. This will be a first-ever audit of its kind in Austin."**

We talk a lot about affordability, but we don't know exactly and we certainly don't agree on what that means. That's why tonight I announcing this year we will have an "Affordability Audit" of city government. Your City Council has appropriated the money, and in the next few weeks we will order the City Auditor to undertake such a government system-wide audit. When it comes to affordability, we need to get smarter, more deliberate, and more focused. This will be a first-ever audit of its kind in Austin. We desperately need it, and we're going to do it. It should tell us what your government is doing that makes this City more affordable? What are we doing that makes it less affordable? What's working and what is not?

**"Traffic congestion on I-35 has gotten so bad, people in Houston feel sorry for us."**

Inextricably linked to affordability is the [second-biggest expense](#) for most families, and that's transportation. And if time is money, then we're spending an awful lot of money stuck in traffic every year. The news late last year that [I-35 had become the most congested road in Texas](#) surprised no one living here. Traffic congestion on I-

35 has gotten so bad, people in Houston feel sorry for us.

Our mobility problems are bigger than I-35, of course. We all relate to it in our own way, whether it's having to sit in rush hour traffic every day to get home from work, to live in a neighborhood without sidewalks, riding a bike in traffic, to stewing in resentment as you sit at an intersection as the light turns green. And then red. And then green. And then, if you're lucky, you get to the next intersection where you watch the light turn green — but you don't go.

That ETC survey that told us Austinites think we're doing a bad job planning for growth also found that fewer one in five of us — 17% — is satisfied with traffic flow on major streets. Really, people in Austin are so fed up with traffic that almost half of us are dissatisfied with the enforcement of traffic laws, partly because we now see how "blocking the box" at intersections slows everyone else down, and also because Austin had [102 traffic fatalities](#) in 2015, well over the previous record of 81. Our city is so congested and dangerous that we wish the police wrote more tickets. *That's* how bad traffic is.

For all the real good news about Austin, we have big problems. The river has risen way past flood stage.

**"We have the problems of a great town that is suddenly becoming a great city. So we have to learn to do big things."**

We have the problems of a great town that is suddenly becoming a great city.

So we have to learn to do big things. The scale of what faces us as a city is forcing us to adjust the scale of how we address our problems. For a long time, we have acted as if incremental fixes were enough. Growth brought money and jobs and acclaim. It wasn't too broke, so we never fixed it. Doing just OK was good enough for government.

But is your city government doing anything on affordability? Every budget year, the scorecard we use is the average property tax bill and utility bill. That's easy to understand, but it tells us so little about affordability in Austin. Yes, last year, we cut property taxes by \$14 and even lowered the average residential Austin Energy bill by \$3.33 a month. But none of that is as important as the impact on affordability caused by the combined impact of housing, transportation, healthcare, incomes, and even child-care costs.

The danger of using the wrong metric to measure whether your government is helping with affordability is not that we're just measuring the wrong thing — it's that measuring the wrong thing means we're not working on what will really have an impact on affordability. This has to change.

**"We are the city of the future, but what future will it be? If we do not do big things now, we'll end up with the housing costs of San Francisco and the traffic congestion of Los Angeles."**

So now here we are, and the water is at our door. We are the city of the future, but what future will it be? If we do not do big things now, we'll end up with the housing costs of San Francisco and the traffic congestion of Los Angeles. We'll be immobilized, crippled by growth, isolated from each other, stuck in our neighborhoods.

It doesn't have to be this way. There is no law of cities that says as Austin grows we will become unaffordable and immobile. Our future is still in our hands. Austin is still at a place where we can do something about it.

**If Austin is going to become a better version of itself instead of a cautionary tale, we need to learn to scale our thinking. Our problems are out of proportion to the old way of doing things. Learning to scale our solutions is as much of a challenge as the intertwined crises of affordability and mobility...**

But we need to do big things. If Austin is going to become a better version of itself instead of a cautionary tale, we need to learn to scale our thinking. Our problems are out of proportion to the old way of doing things. Learning to scale our solutions is as much of a challenge as the intertwined crises of affordability and mobility, but this is where the good news comes in.

Because inherent in our challenges is the promise of transformative change. Great cities do big things not because they are great. Cities become great because they do big things.

And in these rapids, the old paradigms of political leadership do not serve us well. In Austin, we are often too quick to go to extremes. We need to learn that not everything is a zero-sum game. By now you know that I do not believe our city or our Council are well served by leadership that stakes out firm positions on ideological grounds and seeks dominance over its opposite ideological pole, resulting in time-consuming and expensive conflict.

I believe that the best way forward can most often be found by taking the best of

both positions and creating consensus around a new position. This starts by showing respect to both sides and seeing the validity in how they see themselves. Too often this is called compromise, but finding the right answer is not the same as finding a compromise. I don't believe taking the best of both worlds is a compromise any more than water is a compromise between two hydrogen atoms and one oxygen atom.

We can do big things if we as a City Council take a lesson from the startup culture and adopt an iterative leadership style. That means we try things and we learn. Then we try better things and we get better. It's the culture and lesson of our tech startup ecosystem.

I believe that to best address the new challenges of mobility and affordability, we must become comfortable with trying new things and adjusting when we receive new information. I want us to creatively and innovatively deal with the problems that fast-growing cities are facing even if other cities have never figured out the answers.

This is how we learn and get better. This is how we do big things.

It has been suggested that this is not the way government works, that government cannot innovate. This idea that government cannot innovate would have come to a great shock to Alan Turing, who invented computers while working for the British military. A couple of decades later, these computers were connected in a government program called [ARPANET](#). We now call it the Internet.

We are only as small as we see ourselves, and the scale of our achievements is limited only by our perspective. To paraphrase a government employee proposing a rather innovative government program, we choose to do big things at this point in our city's history not because they are easy but because they are hard.

Inherent in seeking solutions that are big enough for our problems is increased risk. Put another way, some rockets are going to blow up on the launching pad. We cannot be afraid to fail so long as we learn quickly. In our first year, while we have pursued big things, we have certainly learned lessons.

When we picked up the Housing Heroes challenge to find permanent housing for our homeless veterans, first accepted by my predecessor Mayor Leffingwell, we didn't know how we were going to do it. We did know what had been tried wasn't working fast enough. So we had to resort to the only thing that would work, and that's what hadn't been done before. And yes, there were false starts, mid-stream adjustments, and missed deadlines, to be sure.

But we learned that by bringing the Austin Apartment Association, the Real Estate Council of Austin, the Austin Board of Realtors to the table with the Ending Community Homelessness Coalition, or ECHO, we could, for the first time, partner the people who had the homes with the people who were trying to find the homes. Add in the efforts of the Greater Chamber of Commerce and the fortuitous fact that so many people were happy to contribute to help homeless veterans, and we hit upon the innovation – the Risk Fund – that created a solution big enough to address the problem.

I am proud that we were able to help these community heroes find permanent housing for homeless veterans. We erased the backlog of veterans waiting for homes, and now ECHO is able to immediately help homeless veterans as soon as they encounter them. A solution to scale can bring a problem into focus and then make it small enough to manage, even one that was once thought hopeless.

And as much as the Pilot Knob PUD represents an achievement in creating opportunities for affordable housing, it also represents an incredible teaching moment for my administration. No one had figured out how to achieve permanent affordable housing at this scale, and we found a way within existing city policy. The prices were in line with other land trust deals the city had done. It created future options for the Council, not obligations.

To be clear about Pilot Knob – every penny the developer was originally going to pay to the City the developer continues to pay to the City. The recent work of Council did not change by one dime the financial deal for the developer. Rather, we asked the developer to work with the City to find a mechanism the City could use to provide permanent affordability, and the developer worked with us to find a solution at no benefit to himself.

It's safe to say we could have done a better job of anticipating the reaction of many in our community. One of the big lessons we have drawn from this is that it doesn't matter how good an idea is if we don't do a good job of explaining it and creating consensus.

Big changes can cause so much discomfort that maybe they should come with a disclaimer of possible side effects. It is not unusual for the city to do SMART Housing projects without ever causing a newspaper to spill ink. I suspect the confusion from our lack of communication compounded the fear caused by the numbers being bandied about. Big change causes discomfort. Our challenges may inspire us to do big things, but our emotions are regular human size.

If the way we used Pilot Knob to give the City the choice, but not the obligation, to invest more in permanent affordable housing in any given year was not the best one to use or if it doesn't work, then we need to adjust it. But Austin needs to build

a firebreak that will stop the gentrification or forced displacement of our neighbors in a way that will actually achieve opportunities for permanent affordability or we will lose people and communities all together. Pilot Knob – by creating permanent affordability – is such a firebreak.

**“Over the last year I have also learned that, as a Council, we must be diligent about guarding our time and purposeful in how we spend it. As clear as our priorities have been, it is not always so clear how to prioritize them.”**

Over the last year I have also learned that, as a Council, we must be diligent about guarding our time and purposeful in how we spend it. As clear as our priorities have been, it is not always so clear how to prioritize them. Nowhere has this been more evident than in our fight over ridesharing companies.

I am proud that a team of community volunteers, city staff, and council members collaborated to create the first cross-platform safety badge in the sharing economy, one demonstration project of the concept that we call “Thumb’s Up!”

I am proud that we got Uber and Lyft to show unprecedented flexibility and to agree, for what I believe is the first time, to offer their passengers a real and physical choice between fingerprinted drivers and non-fingerprinted drivers.

But I am not proud of the hours and hours of expended time that could have been spent looking for innovative solutions to mobility and affordability. And now we are going to spend more time, not to mention a lot of money, having an election that I fear will not ultimately achieve our goal of people in Austin being able to have a meaningful choice of a fingerprinted TNC driver regardless of the vote’s outcome.

I know that we will always have events that happen that require the Council’s immediate attention. The recent death of David Joseph is one such event. Regardless of what happens next, the loss of a 17-year-old boy is terrible. There should be and will be a quick and thorough investigation of this tragedy.

But I, as Mayor, together with my colleagues on the Council, need to learn from what we’ve experienced. We — the Council — are in this together. And I think, together, we have done good work:

Don Zimmerman is a constant voice about the impacts of government spending and joining with me to find options for the biomass energy plant.

Ora Houston has been a leader on the Spirit of East Austin Initiative and was instrumental in initiating body cameras for public safety officers.

Kathie Tovo, who brings us institutional knowledge, has brought us closer to a sobriety center and helps protect much of what we treasure about the city we love.

Sherri Gallo has shown us all what it means to reach out to our districts and helped secure the senior homestead exemption.

Ellen Troxclair is a conservative voice on a generally liberal Council who, at her best, is able to find the common ground to bridge differences.

Delia Garza does great work on affordable housing, health and social services, and renewable energy.

Pio Renteria is my partner on housing initiatives including combating gentrification in Homestead Preservation Districts and in helping to get the affordable housing strike fund off the ground.

Greg Casar has worked to reform development rules to promote housing integration, and identified affordable housing funding to fight back against economic segregation and gentrification.

Leslie Pool, who traveled with me to Paris to sign the Under MOU 2 climate treaty with local governments all over the world, led us with good-government resolutions, including lobby reform and electronic campaign filings.

And Ann Kitchen. Only a few people will truly understand this, but there’s no one I enjoy disagreeing with more. The work Ann is doing on the Mobility Committee will serve this City for generations to come. Ann is an asset to this City, and I am grateful for her partnership.

Speaking of partners, and there’s no good place in a speech to say perhaps the most important thing, I want to thank Diane Land, my first lady, my partner in crime, my Valentine. I am so damn proud of you. This is a hard gig for you, whether it’s putting your career to the side, finding ways to continue to lead on community goals, or spending a lot less time with me. Remember our trip to Dublin where we spent the day at their traffic control center? Do I know how to show a girl a good time or what? A blessing of this job is that more people in Austin and around the world are getting to know the woman I love. I am well aware of the sacrifices you are making for me and for your city, and I am determined to make this time worth your sacrifice.

And to the City Manager, Marc Ott, I apologize for all the eggs the Council and I

have broken and the hundreds more we will continue to break. We continue to tackle monumental challenges together, whether it's putting together a City budget of which we are all so very proud or partnering with me on the Spirit of East Austin Initiative, (which I'll talk about later). And the measures of this City's success and the supporting foundation that I addressed at the beginning of this speech reflect your work and the work of your team.

**“Ultimately, we will be evaluated and judged – you, me, and the Council – on how we each do to achieve greater affordability and increased mobility.”**

Ultimately, we will be evaluated and judged – you, me, and the Council – on how we each do to achieve greater affordability and increased mobility. Those, I think, are the significant yardsticks for each of us individually and collectively. I believe you and I can do great things together.

I want to thank the 13,000 city employees who get up every day in the selfless pursuit of public service. These folks are among the best and brightest in our community, and their commitment to the general welfare is a gift to us all.

And finally, I want to thank my appointees to boards and commissions. You are my representatives in the community. Your ability to extend the reach of our office is invaluable to me, and I am grateful for all you do.

And I remain honored to work with this first 10-1 Council. With hiccups here and there, the 10-1 system is working extremely well. We have not devolved into ward politics. We support one another even when we disagree. We're doing the right thing with the committee system, and by that I mean we've tried it and are adjusting it.

**“We must find space to be more deliberative with each other, to think through issues as a Council and find our center when there's less pressure to decide. If we can create this space for ourselves, we can finally lift Austin out of the either/or politics of the past and move toward a more iterative leadership model that allows us to try new things, to adjust when we learn new information, and to try find new ways forward.”**

This adjustment to the committee system is an opportunity for us: We must find space to be more deliberative with each other, to think through issues as a Council and find our center when there's less pressure to decide. If we can create this space for ourselves, we can finally lift Austin out of the either/or politics of the past and move toward a more iterative leadership model that allows us to try new things, to adjust when we learn new information, and to try find new ways forward.

It is my hope that in doing so that we can be more deliberative about how we use our time. We spend a lot of time on three-letter emergencies — STRs, TNCs, ADUs — that seem to catch us flat-footed. These are important issues that might be best sorted in a calm fashion at successive work sessions. We can and we must, together, work through these issues in a way that does not eat up so much of our time.

We can't pretend that these are aberrations. There will always be issues demanding time. There will be flash floods and wildfires. There will always be pockets of super-heated interest. But the greater community needs us to spend time on doing big things, and it's hard to imagine the big ideas that will get us there if we spend so much of our time on the emergency d'jour.

We only have so much time before either time or circumstance takes us out of our chairs. This is the only time we will have to do this work to make Austin more mobile and more affordable. And when we stand for judgment, and our jurors are sitting in traffic and worrying about how they can afford to keep living in Austin, do you really want them to think, “At least they saved me \$14?” We must do more.

We must do big things on affordability.

Here is our challenge: We have more than 21,000 subsidized housing units locally, and we also have more than 65,000 unsubsidized units that rent at below market levels. We are losing those units – to redevelopment and demolition – every day. To call these “housing units” ignores that these are homes to about 200,000 of our fellow Austinites. And if we do not aggressively preserve our existing affordable housing stock while building new affordable housing, then we are effectively saying goodbye to a population the size of Amarillo.

**“These people are a part of who we are, and we cannot lose them without losing something we value about this city. And if we do nothing, the river will wash them away downstream. But if we harness growth, we can use it to power the solution.”**

These people are a part of who we are, and we cannot lose them without losing something we value about this city. And if we do nothing, the river will wash them away downstream. But if we harness growth, we can use it to power the solution.

Here's what we're doing:



Since taking office in January, this new Council has approved an estimated [5,342 affordable housing units](#) for construction that are now in the pipeline.

This Council has created also the first Homestead Preservation Districts in the entire state. Now, growth in these rapidly changing areas will fund efforts to mitigate the symptoms of gentrification. In this way, growth will pay to keep Austin affordable for those who already live here.

And as the recent groundbreaking for The Independent – which you probably know as the Jenga Tower – reminded us, giant residential towers are not making Austin more unaffordable. In fact, because of a change this Council passed, downtown towers will pour tens of millions of dollars into the city's affordable housing trust fund.

**“Over the next 10 years, it is projected that this Council will have put a combined \$68.2 million dollars into the Housing Trust Fund and \$5.6 million into the Homestead Preservation District, not including Pilot Knob. Making growth pay for the burdens it creates is possible, it's happening, and it's working.”**

Over the next 10 years, it is projected that this Council will have put a combined \$68.2 million dollars into the Housing Trust Fund and \$5.6 million into the Homestead Preservation District, not including Pilot Knob. Making growth pay for the burdens it creates is possible, it's happening, and it's working.

This is all good news.

But this is also nothing more than a good start.

The City of Austin has the capacity to bend the affordability cost curve, but it doesn't have the capacity to achieve the scale needed to disrupt it. We're going to need to harness the power of the private market to achieve the scale we need.

Last year I called for a strike fund to do just that, and tonight I'm pleased to let you know that we are making great and real progress. We have assembled private, public and nonprofit sector professionals who are in the final stages of creating a funding mechanism to buy and preserve our affordable housing stock. We studied models from across the country. We studied local demographic and market data. We are now working to “Austinize” this idea.

By the end of 2016, we will officially launch the Austin Affordable Community Trust. This strike fund will leverage private investment dollars, and we intend to also include opportunities for Austin residents to participate through crowdfunding and minibonds (I still want to see something like an “Austin Bond”), to secure affordability now and into the future. This will, quite simply, give affordability a profit motive on a scale that no other city has imagined.

The good news is that we are tackling this problem at an earlier point in time than other large cities. Today, the median home price in Austin is about \$322,500. Meanwhile, the median home price in San Francisco is about \$1 million. If this works, we will not turn into another San Francisco. The Austin Affordable Community Trust, as well as everything we're doing at the city with the affordable housing trust fund and homestead preservation districts, will help us become the Austin that we imagine by remaining an Austin that we recognize.

But using growth to fund affordable housing is only part of the solution. Affordability is something we all feel, albeit differently, and one thing that we as a city can do to touch the most people to lower your property taxes in a way that makes a real difference to you. We have begun to do this by increasing the senior and disabled property tax exemption, saving those taxpayers a total of \$1.6 million.

And we created, for the first time, a meaningful general homestead exemption for city taxpayers of 6 percent, saving Austin homeowners a total of \$3.5 million. I want to increase the city homestead exemption this year with a goal of reaching the 20-percent threshold in 2018.

But the City's portion of the overall property tax bill is only a small part of your tax bill. If we are going to do big things for you, we need to think creatively and innovatively. And I'm pleased to tell you tonight that we've recently taken steps to do this.

For too long, Austin has suffered from a broken school finance system. Because of this, AISD last year sent \$270 million to other school districts, which works out to about [\\$1,000](#) for every homeowner in Austin.

So when AISD taxes you a dollar on your tax bill, a big chunk of it leaves and isn't available to be spent here for services. But if the City taxed you for that same dollar, all your money does stay here. Austin taxpayers could save money or get more for the taxes we pay by having the city and the school district engage in a “tax swap.” What if the city paid from some small part of the social services now being paid for by the district? If the City were to raise its taxes only to the extent necessary to pay for something that AISD already does but which the City takes over, AISD could lower their taxes by even more and our community would get the same value. Last week the Council asked the City Manager to explore this option to see if we can get it done. This, alone, could result in a difference on your tax bill



that you'd actually notice. (And we'd make it equitable for taxpayers and students in other school districts.)

#### We must do big things in Austin's Eastern Crescent.

I want us to focus on this year on the Spirit of East Austin Initiative, a strategic partnership between communities, my office, the Council, and the City Manager. The Spirit of East Austin seeks to combat the effects of historical and intentional inequitable policies and practices, as well as the results of benign neglect.

Inherent in addressing inequities is the promise of transformative change. We will never reach our full greatness if we don't face east. Just as the sun rises in the east, so does the future of our city.

In the last half-year, the Mayor's office and City staff, along with community leaders, have met with community groups to see what they want. Past Mayors and Councils have tried top-down efforts. We want this to be a ground-up, community-driven initiative in which we at City Hall are not the generators of change but the accelerators, removing barriers to success and connecting the projects people want with the people who can make them happen.

The projects being discussed include affordable housing, anti-displacement policies, and targeted workforce training. There are mobility projects driven by local needs, infrastructure projects lead by area residents and businesses, and site-based education and STEM training tied to living-wage paying jobs.

We must press forward faster, taking our best assets and leveraging them to bring unprecedented focus, energy, investment and opportunity to East Austin.

As we Face East, we do not excuse or dismiss the parts of our past that are, at best, ugly and unjust. Rather, we can use this history as fuel for the kind of determination to shape a more equitable and prosperous future in our City's East Austin. Just because we were not the ones who originally did wrong does not absolve us of responsibility now for doing what is right.

**“For too long, this city has not served everyone who lives here or taken into account the long-term effects of what we do. Having an Office of Equity will help us change this by making equity a part of everything we are doing.”**

Affordability is not the only lens through which we need to analyze our actions at City Hall, which is why we are creating an Office of Equity at the City of Austin. Your Council put funding for this in the current budget, and soon the Manager has indicated you'll see a public process to hire the first Director of Equity at City Hall. For too long, this city has not served everyone who lives here or taken into account the long-term effects of what we do. Having an Office of Equity will help us change this by making equity a part of everything we are doing.

#### We must think and act big on mobility.

This must be the year of mobility; it is time, Austin. We have to go to work to help you get to work.

Your Council has now launched a three-month community conversation to set priorities on what mobility projects we want and need to do next and then to decide how we're going to pay for them. We have to move past planning and talking and do big things.

This means actually taking the corridor plans off the shelf and doing the work on Lamar, Burnet Rd., Airport, MLK and Riverside. It means taking concrete steps to get traffic moving on Loop 360 and RR 620. It means creating more transit lanes so that buses can travel to and from Park N' Rides located at the perimeter of congestion and travel at no less than 45 mph, passing cars caught in rush-hour traffic jams. We need to work with our mobility partners to build out a network of express lanes on 183-North, MoPac North and South, and IH35, connecting Park & Ride facilities to Austin's employment centers. Even those of us that don't want to get out of our cars want those around us to do so; some folks will get out of their cars to get into those faster moving buses.

The Council has wisely acted to direct the City Manager to identify mobility projects that we could consider bringing to the voters in a bond election as early as this fall.

**“We must also turn to the highway that has divided our community for so long but that now unites us in frustration: I-35. The road we all avoid is the one we must now face. It's time, Austin, to finally do something about I-35 and help fix the most-congested road in Texas.”**

Importantly, we must also turn to the highway that has divided our community for so long but that now unites us in frustration: I-35. The road we all avoid is the one we must now face. It's time, Austin, to finally do something about I-35 and help fix the most-congested road in Texas.

We are getting into position for a win. This began five years ago in 2011 when the

legislature passed Budget Rider 42, appropriating \$300 million to look at relieving congestion around Texas. Our very own mobility champion, Senator Kirk Watson, set up a local community stakeholder group and has shepherded the process. He brought in the Texas Transportation Institute at Texas A&M and, working with TxDOT and other transportation experts and advocates, created a focus on the most congested roads in the region, I-35 being the biggest offender. The City of Austin added some money and expertise of our own to help with the process of looking at I-35.

And when it was far enough along, that work transitioned into an additional, more specific and facilitated focus on I-35 as it runs through downtown.

From the start, it was detailed, smart work, led by experts on how to improve our situation. And to have us ready to get to work on projects, instead of just talking about them.

I have never seen a TxDOT community and public engagement process that was as robust as the one they have taken over the last few years. TxDOT did a great job focusing attention, energy and expertise on I-35 in this region and, in particular, our downtown.

This effort has put us in a great position to do big things on I-35. It resulted in a vision for I-35 that runs from SH 45 in the north to SH 45 to the south. And this work should include lowering the I-35 mainlanes through downtown to alleviate street level congestion and adding capacity with managed lanes to help alleviate I-35 congestion. This would also allow us to put a cap on top of I-35 to help to heal a physical wound that has too long cut our city in half.

The process has been responsive to community input. My vision for this project includes cooperation with our regional partners, CAMPO and the CTRMA to draw down money from the state and federal government to transform I-35.

Governor Abbott's important focus on congestion in our State took form just days ago in an announcement by TxDOT Commissioner Bruce Bugg and Chairman Tryon Lewis that Austin should receive \$159M to improve key intersections on I-35 when the final vote is taken this month. This important funding goes into some of those improvement projects identified through the process envisioned by Rider 42, and the deliberate, good work that's been ongoing since that time. This is cause for great celebration, and our City is thankful for this attention and support.

Austin needs more mobility choices to encourage those that will to get out of their cars. We need better transit, bike and pedestrian options.

And at some point in our future, that includes significant mass transit options such as urban rail or other innovative mobility options where people move above our streets. I cannot imagine the Austin metropolitan area, 25 or 30 years from now with 4 million people, not having such infrastructure.

Last month, Capital Metro approved a new study of transportation in our urban core dubbed the Central Corridor Comprehensive Transit Analysis. This 30-month analysis is the next step in improving downtown transit service, and finding solutions for how we can connect more parts of our overall community to each other with real transit options. To get this done, we have to do it right, and right now that means beginning with seriousness and deliberation and not a panicked haste towards our goals.

We must do big things to develop a world-class workforce.

We've got unfilled jobs. We've got people looking for work. They don't match up. We just need to get the people ready for the available jobs. Until now, that hasn't been done at a scale necessary to move the needle on our tragic economic segregation. But starting now, it needs to be.

Here are the facts: Two-thirds of Central Texas high school graduates who go onto higher education don't complete a degree or certificate. This is partly because the educational pipeline is not innovating along with growth industries. Employers who want to create an inclusive workforce are facing tough sledding, forcing them to look outside our community for job-ready applicants.

This is the flip side of the affordability challenge. There are two ways to make things more affordable. Yes, you can try to make things cost less – but you can also help people earn more so they have more to spend. As much as we need to bend the cost curve on housing prices and property taxes, we need to address the jobs and income side of the equation as well.

We need the city, county, Chambers of Commerce, Austin Community College, Workforce Solutions and other key stakeholders to work together to develop a world-class workforce system that trains a world-class workforce.

Here is the first step: County Judge Sarah Eckhardt and I have just commissioned the region's workforce development community to come back to us with a master plan that allow us to plan for the job training in the same way we do for capital infrastructure – strategically, methodically, and with an intent not to put a report on a shelf but a plan into action. This will be the first-ever coordinated strategic plan between the City and the County on workforce development. It will need to reach consensus on the specific workforce challenges we'll go after, and then set specific goals and identify the exact metrics we will target.

**“Our goal is not modest. We intend to create the best, most-effective workforce development and job-training ecosystem in the country.”**

With this master plan, we will help build the bridge over this raging river to cross the economic opportunity divide. Our goal is not modest. We intend to create the best, most-effective workforce development and job-training ecosystem in the country. By training thousands more of our neighbors to fill the good jobs being created in our City that we read about every day, we will move the needle on income inequality.

This is another case in which our challenge itself contains within it the kernel of opportunity to address it. The biggest gaps on job readiness are where our biggest opportunities are found: in tech and healthcare jobs. We need to focus job training efforts and that means not trying to be all things to all people. This may require us to make tough choices and to say no to some good ideas and programs that don't fit in the master plan. But this is the right thing to do to make progress where we need it most.

We are also working toward a new Economic Incentive policy at the city. Our Economic Development Department is focusing on creating opportunities to train local talent for local jobs. In the future, the best way for an interested company to seek financial help or even incentives from the City should be to create or grow jobs in town, jobs we want and lack, for people who live here and are looking for opportunity.

We must do big things on permitting.

Fixing our city's broken permitting process remains a high priority of my administration. The complexity and delays of the development and permitting process are not just frustrating, they have a real impact on affordability. Small business owners are telling me they will not try again to expand their operations in our city – even though their customers would like them to, because of the burdensome process and expense.

This past year, the Zucker Report commissioned by the City Manager described in painstaking detail the enormity of the challenge. But if the Zucker Report of the Planning and Development Review Department was a wake-up call, then you're a real deep sleeper. The problems in permitting have been with us for a while, and there are no excuses not to fix them.

Our office has worked with the Manager and his staff, as well as stakeholders, to articulate this question: If the permitting program were successfully fixed, how would we know? The answers to that question are the performance metrics to which the public will be able to hold the Manager and this Council accountable.

The “Roadmap to Success” plan put forward by the Development Services Department should make measurable improvements in permitting, some already taking place, from making it possible for you to make a payment or file an application or submit a plan online, to such advancements as releasing the cell phone numbers for building inspectors to increase accessibility.

But the key to fixing permitting is the performance metrics.

This is a two-year process. My pledge to you is to continue regularly and periodically convening public and stakeholder meetings along the way to make sure that progress is happening over time and that at the end of two years we have indeed reached success. This is a problem that we can fix it, and we will.

We must do big things on Austin Energy.

If we do not reform our utility's business model, we face the threat of the legislature taking control of our utility away from us. That's why we have been working with the City Manager to bring the transparency and sound business practices that Austin Energy needs to survive and thrive for decades to come.

One problem we have is with the murky transfers of funds from the utility to the city's general fund. No one seems to understand, trust, or particularly like this model.

So let's change it. I propose learning from San Antonio and moving to a model where the City of Austin, as the owner and shareholder of Austin Energy, gets paid a dividend in a transparent and reliable manner. This will put our utility and our City on a more transparent and fiscally sustainable footing.

This coming year will also have us looking at electric rates, both residential and commercial, to make sure they are fair and equitable and we are launching a Cost of Service Study that will be the most transparent and visible of its kind anywhere in Texas.

Finally, both with our energy and water companies, we need to begin the work of transitioning our current business models to ones that better take into effect the way new technologies are changing those industries.

These will be significant focuses of my time this year: affordability, mobility, the

Spirit of East Austin, job training, permitting and Austin Energy. We will better make Austin affordable for the people who live in Austin and set into motion real and meaningful solutions. We will realize opportunities by righting past wrongs, and turn congested eye sores and clogged corridors into healthy arteries and ways for you to get to work and to get home.

It is also important to mention, though there's not time today to address, the work we will also begin to enable a growing music industry and better protect artists, to better establish our resiliency as a city even in the face of acute stressors, to protect our environment (our core value) and to implement our Climate Change Plan, to establish a secure future with sufficient water, to implement the My Brother's Keeper program, and to modernize our development code.

Big things take time. Rome was not built in a day, and we will not change the course of this river in a year. When we come together next year to once again assess the state of our city, the measure of our success will not be whether we have completed our work, but whether we have begun down a substantial and meaningful path and if we are still at it. This is not where our focus as a city should be for just a year, but for a decade or more or even a generation.

Human endeavor need not always be folly. For every Austin Dam that collapses with the best laid plans of city fathers there is another that generates power and lifts a region out of darkness, much like LBJ did when he got funding for the system of dams along the Colorado River. When done correctly, a dam can change the future by harnessing a river.

This, in the end, is our choice. We can sit by the river while the water rises, congratulating ourselves on circumstance and basking in the glow of our magical city.

**“To do what Austin needs us to do, we have to be better versions of ourselves, more willing to fail in the pursuit of progress, less afraid of doing what has never been done before.”**

Or we can harness this growth to change the future course of the river, transforming Austin into a more fully realized version of itself. To do what Austin needs us to do, we have to be better versions of ourselves, more willing to fail in the pursuit of progress, less afraid of doing what has never been done before. If we find the courage to lead our city to where it's asking us to go, if we can work together to do big things, then we will be a great city.

And then we can truly say that the state of our city is strong.