RESIDENTIAL REALTORS DISCUSSION GROUP
Georgetown Comprehensive Plan Update 26 June 2018

1. What is the perception of overall market conditions for existing homes
   o What types of existing housing products and neighborhoods perceived as in greatest need /
     demand (home and lot type and sizes, rental unit type and sizes, etc.)
     o General demand is strong and inventory low.
     o Area 9. Sun City. (18-20 years old housing stock, original owners). Many original owners
       moving to newly built senior housing. Very little remodeling done by original owners,
       buyers want discount to compensate. New home construction in Sun City offering new
       construction incentives. Lot of out of State buyers. Established landscape is selling point
       for re-sale in Sun City.
     o Large number of retired, fixed income levels; abundance of assisted living, but very
       expensive. Interest in more affordable 1-story, or townhouse / attached single family is
       growing.
     o Categorically we are out of all housing types, moving faster than we can build new
       houses.
   o What price ranges in demand (relative to development/construction cost feasibility) and
     how is this affecting price trends for existing homes and neighborhoods?
     o $200-300K resale in high demand, preferred for more varied home styles and mature
       landscape (not “cookie-cutter”)
     o Lowest resale inventory in 20 years
     o Zero inventory in $150-$200K – have to go to Jarrell or Florence
     o Ton of housing $400k and up – moving fairly well – good jobs, amazed at number of
       people working from home, plenty of people to buy them, but just a portion of the
       population – the only portion being served right now.
     o $350K-$400K resale is harder than it used to be, because there are new homes. Many
       homes are 20-30 years old, but not renovated.
     o Younger population – single person, making 20K a year, can’t pay all of the bills.
   o Community and neighborhood features / amenities most desired
     o Trees, mature landscaping.
     o Medical in Temple and jobs in Austin make Georgetown a good middle commuting
       location and lessen concern about access to health care
     o Out of staters are surprised about lack of gated communities.
   o How are market demand conditions likely to change in the future (due to overall economy,
     interest rates, demographic trends, consumer preferences, etc.)?
Lacking entry price point, for which demand is increasing. Westside is $250K and greater. Number of competing buyers driving prices upward.

Some people are seeking “connected housing”- as seen on military bases: Attached, townhouse, patio homes. Not 2-3 story townhomes. Price needs to be $175K-$225K.

“Need boxes for butts”. Multi-family rentals are needed for those who cannot afford to buy. Public-Private partnership.

2. Strengths and weaknesses of Georgetown and its different neighborhoods vs. other northern Austin metro locations

- For upscale / professional families with children
  - ($400K+) Regionally Georgetown is the leader for upscale homebuyers (big inventory)
  - Georgetown has a lot of options for people who want an acre or more.

- For middle / working class families with children
  - ($50K-$100K income). Extremely competitive.
  - Pflugerville and Round Rock have plenty of inventory.

- For lower-income households
  - ($25-$50K income). No inventory. Living in trailers or out in the country.
  - 5,600 of 11,500 students qualified for fee lunch (is indicator of size of need).
  - GISD reports 300 students are homeless at any one time.

- For young adults
  - No product to buy. Have lifestyle they seek. Number of choices within financial reach are limited.
  - Not single-family oriented. Maybe living with their parents.
  - Culture has a lot to do with it. Never went to Square, but now the Square is offering culture. People seeking culture and modern architecture (design focused). New developments lack technology in homes. Georgetown lacks some compact, accessible styles (don’t need a backyard).
  - High density and mixed use products are not priced for the person it targets. Young working class adults living in 5th wheel trailers.

- For seniors and retirees
  - Reputation.
  - Healthcare has come a long way.
  - Downsizing from $350K - 3000 sq ft house for a $400K 2000 sq ft house in a newer neighborhood
  - People are not aging in place because not wide enough doorways or trouble finding contractors

3. What are the market characteristics of older neighborhoods in Georgetown (pre-WWII, 1941-1985, and 1986-2000)
Older neighborhoods – post war subdivisions – only two areas

a. Resident profile trends
   • Sun City – many from out of state
   • Old Town – young upscale professionals, often with kids, and healthy, active seniors
   • 1990s-era housing – similar profile to new housing

b. Pricing trends
   • Increasing and still selling rapidly

c. Owner-occupied vs. rental
   • A lot of investors in the lower end – Riata trails, San Gabriel trails

d. Lack of availability – 15 ppl a day moving in town, 1 house a day showing

e. Rehab / updating trends and potential
   • Old Town and Downtown Overlay development restrictions – make rehabs complicated.
   • Upper-end of price ranges only.
   • Downtown Master Plan seeks density – but rules and goals in conflict.

f. Role of courthouse square
   • A huge draw, but that has changed recently, used to be a destination – things to do than things to buy; now more things for nearby residents
   • Walking and biking distance

f. Role of Southwestern
   • Employees/students try to get into old town – some parents buy homes for children who attend
   • SU is overall selling point for community

g. Threats to stability / risks of deterioration
   • (Oak wilt in Serenada)
   • Maintenance of stock by older people. Non-functioning housing stock in Old Town.
   • Post war housing doesn’t have much character –functionally obsolete 2 bed/1 bath, buy house for 200k and then needs 200k worth of work, though some areas are still attractive enough to attract rehab/renovation interest

4. What are key desirability factors for buyers and renters? How do they differ among neighborhoods / subareas, and for different demographic segments
   • Affordability – top factor
   • Neighborhood retail and services
o People are generally satisfied

o Walkability
  o People want more connectivity to trails and public facilities

o Neighborhood aesthetics and “character”
  o Mature landscaping

o Regional access
  o Need some street redesigns, congestion can inhibit desirability

o Natural and recreational amenities (open space, parks, trails)
  o Connectivity to hike/bike trails. State of the art Rec Center. Library.

o Schools
  o In general people like the school district.
  o GISD replicates housing stock.
  o School performance. Tippit is worst middle school

o HOAs / deed restrictions.
  o Split between those seeking and avoiding HOAs.

5. Recommendations to enhance residential life in Georgetown

  o Get and keep more food/beverage/entertainment venues to allow residents to stay home for their fun events.

  o TRAFFIC, continued intelligent development with beauty, history and usage taken into account.

  o Public capital improvements (infrastructure, mobility, amenities etc.)
    o roadways are congested. Some downtown streets and corridors. Transportation is the single biggest need.
    o Think about the people in the community here before you cater to the developers coming to the community.
    o Continue to improve traffic issues

6. What elements do your buyer and renter customers find lacking in market and community – what frustrates them?

  o Frustrations for buyers in Georgetown is property values have climbed rapidly and there’s not a lot of selection under $250K.
  o Affordable or Work Force housing is lacking, area amenities in Master planned communities is fine, and for the city in general.

7. What are the market characteristics of older neighborhoods in Georgetown (pre-WWII, 1941-1985, and 1986-2000)?

  o Most buyers are finding prospect of their housing needs are available, if not now, soon.
o Older neighborhoods are ‘tired’, pricing high and older homes seem a money pit, too expensive for the end result.

o Older neighborhoods are a good mix of rentals and owner occ's. There is renewal going on in a number of the neighborhoods.

8. Typical Mortgage for Georgetown home buyers:
   o Mostly Conventional 80/20, Second, VA
   o Once established in their jobs, most buyers coming out of rentals can qualify for loans.
   o A lot of FHA and VA, yes just need more of the below $300K property.
1. What is the perception of overall market conditions for new residential development (for-sale and rental) in the northern part of the Austin metro including Georgetown?
   a. Types of housing products perceived as in greatest need / demand (home and lot type and sizes, rental unit type and sizes, etc.)
      - Affordable product does not exist, 32’ lots approved in Austin – didn’t get there here.
      - Meeting need for affordable units by decreasing lot size.
      - MetroStudy says 50’ width is the new 60’, 40’ width is the new 50’.
      - Price everything by linear foot on front curb. Was $800 in 2013, now $1300. Used to be 5:1 price to land ratio, now exceeding 25%. Hard to get into 20% rate of return needed to attract investment.
      - Increased density is an attempt to answer the affordability gap.
      - Old Mill. Lower $200K, working professionals. Affordable product missing. Still demand for $450-600K.
      - Wolf Ranch by Hillwood. Phase 1 is $450K. Empty nesters, wanting to downsize. 51’, 61’, 71s. Next phase is 50’. Southside of SH29 is 40s, 50s. Land, labor and lumber are the biggest challenges.
   b. Price ranges in demand (relative to development/construction cost feasibility)
      - Robust market. High demand. Big need is $200-$300k. Lot sizes are getting smaller.
      - Still have demand for bigger lots $400K and up as well.
   c. Community and neighborhood features / amenities most desired
      - Affordability and adding features become mutually exclusive-drive cost. May see a shift away from amenities.
      - Trails, sidewalks are the most in demand.
      - In Wolf Ranch, buyers in $400k are willing to pay for amenities (“resort-style”). Southside phase will include an elementary school.
      - GISD ratings will affect future family homebuyers. Lost homes sales due to Tippit. Talked with GISD about rating. Forbes has the best rating. Also has an effect on corporate relocation.
      - Targeted consumer-psychographics on two groups with kids showed those with kids aged 5-12 – schools was number one concern.
   d. How are market demand conditions likely to change in the future (due to overall economy, interest rates, demographic trends, consumer preferences, etc.)
o Additional upward pressure from regional (south)
o leapfrog effect, drive till you qualify. Austin is leader with low un-employment rates, cost is driving customers out toward the bedroom community.
o 75% of workers commute out of Georgetown. Trying to attract corporate users.
o (Corporate in Round Rock lives in Georgetown).
o SH45/Domain is the new downtown north.
o Affordability – what does 250 buy? A great challenge is young people getting into the market – student debt, lending regulations.
o Condo product that looks like single-family, generally gated and maintained
o Build to rent concept – FM971 and The Park, second project
o City has approved zoning for that – Multiple single-family units on one lot.

2. What is Georgetown’s “market niche” in the northern part of the Austin metro – what drives development in Georgetown specifically, compared to other locations nearby?
   a. Overall market demand strengths and weaknesses of Georgetown for new housing
      o Hike/Bike trails are #1 amenity for Hillwood. Due to the dominance of Sun City, Georgetown has a perception of being an old community. Need a cool factor going. Needs a shift (maybe marketing).
   b. What is the strength / role of demand from the local employment base vs. commuter suburb to Round Rock? To Austin or elsewhere?
      o Transportation options are lacking. Employment and tech center is needed to facilitate job growth. Hike and Bike trails. Millennials desire no yards, modern architecture and smart house technology.
      o Round Rock employment is still most important demand driver. Local Georgetown employment not much of a factor.

3. Perception of areas within Georgetown (refer to Subareas map): All
   a. West of I-35 vs. central area vs. SH 130 corridor / east side
      o Balcones fault line – different conditions for construction
      o Water capacity in the west. Waste water. Natural gas inadequate.
   b. Specific local features that draw / repel development
      o Traffic congestion will discourage development in some corridors
   c. Infill and redevelopment opportunities
      o Infill land in Georgetown is scarce, utilities downtown are a train wreck
      o Entitlements process is widely erratic, Planning and fire codes an issue
      o Nevertheless, opportunities are strong – lot prices are rising
4. Other factors affecting development opportunities and costs – impacts, reasonable changes / improvements needed

   a. Infrastructure availability and capacity
      
      o Costs have gone up, also helps drive denser products
      o Capacity exists, but generally requires upsizing and paid for through development. Size of development drives financing type. Many developments have offsite infrastructure costs to access the City’s systems.
      o 600 homes or larger general rule of thumb for special financing district. a PUD is required, $6 million in offsite you’ll need a MUD to pay that back
      o TxDOT can also be a constraint.

   b. Land prices
      
      o Ten years ago, was $15K/acre now $45-55K/acre

   c. Local government regulatory processes and policies (permitting, land use regulation, special district consent, etc.)
      
      o Downtown plan identifies need for higher density residential – what is being said in plan and what you can actually get done is two different things, fire code requirements limit what development can be done
      o Density increases walkability and attracting businesses creating a sense of place
      o Downtown - Tension between developers and residents who have lived here a long time

   d. Regulatory driven and lot cost, everything in Georgetown. Environmental and neighborhood conditions (floodplains, historic preservation, wildlife protection, environmental contamination, blight / crime, neighborhood opposition, etc.)
      
      o Environmental regulations require you to tie into municipal services especially west of I-35. Waste water limitations are generally the issue.
      o Fire code changes have imposed costs. Fire code increase impervious cover, in direct competition with environmental constraints. Also sprinkling requirements.
      o Size of fire trucks impacts road size, have cost implications. Presents real challenges to affordability.
      o Extra foot on eaves drives cost on inhabitable space.
      o Historic area overlays and codes

5. Perception of feasibility (market and financial) of different/alternative housing product types

   a. Affordable housing (for sale and rental)
b. Density (small-lot single family, condos, etc.); best in infill or TND development, or applicable other locations?

c. Multi-gen / accessory units / duplex and small-scale rental
   - Demand for it would be in Old Town.
   - Casitas product built out west. Very expensive product because of cost or architectural standards.

d. Built-to-rent single family

6. Other issues not discussed
   - Transportation corridors – Williams Drive/29 at capacity, driving growth to I30, downtown development will be curtailed by parking.
   - You start with a far better roadway network on 195 corridor – why are they not principle targets for growth along I35 and I30?
   - Existential water supply issues
1. What is the perception of Georgetown in the financial community as a location for residential development, in terms of risk and acceptability in light of other lending opportunities? Has this been changing? Does it differ by area within Georgetown?

- Georgetown is a good place.
- Construction/infill in Downtown Overlay is difficult. Georgetown has Austin construction costs but Austin yields $93/ sq. ft.
- Affordability of housing has changed due to lack of inventory. Hard for 1st time homebuyer to enter into this market. They go to Hutto & Liberty Hill. “Austin prices but not Austin jobs.”
- Cost of development is pricey (environmental and utilities, particularly the west side of 35.

Land Development

1. Are the types of residential land developers who are active in and around Georgetown generally perceived as credit-worthy? How much equity is generally required?

- LTV can range from 50-65%.
- For local builders use familiarity and track record to leverage loan, particularly within lending footprint.
- Some less known out of area developers have been showing up.

2. Are there community/subdivision types or features that the lending community would perceive as inherently more risky?

- When a developer comes in with a new type of product, first question I ask can your product be delivered so that people can get financing to buy – is mortgage financing lined up for the potential buyers?
- Detached condos make use of that space. The product in East Austin, 3 story – pushed together, would be nice to have here. A walkability factor would be reassuring.
- Brownstones that we have off of Rivery have been successful.
Housing Construction

1. What is the climate / risk environment in Georgetown for lending to:
   a. Production single family builders, Small single family builders and infill builders (spec homes)
      o Secondary market is major consideration. You can build it, but can another finance the purchase?
      o “Warrantable” status is important. Process with FHA.
      o Density is driven by surrounding amenities.
   b. Multifamily developers
      o Concern for absorption – want evidence of likely absorption.
      o Concern for affordability – high rent properties have the risk of competing with mortgages.
      o A lot more multi-family coming in.
      o Assumptions on lease rate increases – the project must cash flow under current conditions, regardless of future revenue expectations.

2. What is the willingness to lend for new, niche or unusual product types:
   o Home value balance is important. Lacking what other communities are offering (Jarrell).
     a. New infill or redevelopment in older Georgetown neighborhoods (appraisals an issue?)
        o Comps are key for local lending.
        o HARC stifles process.
        o Infrastructure cost issues.
   b. Adaptive reuse (converting to residential)?
      o No stock exists in Georgetown. Downtown may offer 2nd story.
      o Opposite activity could be possible in Downtown. SFR could be converted to MF or commercial activities.
   c. Affordable housing (for sale or rental).
      o Perception is an issue. City has to work with neighborhoods. Have to decide what you want your City to look like.
      o Need public help with utility infrastructure on east side to build affordably.
   d. Seniors-focused or age-restricted product (for sale or rental)
      o Balance is key.
      o Perception is that we are overbuilt in that area; consider adding product appealing to seniors but not age-restricted.
   e. Mixed owner / renter or small-scale multifamily
      o Extra rental income can qualify sometimes for mortgage or loan applicant
      o Appraisals important
3. Are there any reasonable public policy or regulatory actions that could reduce risk and increase willingness for residential construction lending?
   - Subdivision and platting utility requirements and assistance for SFR vs MFR

**Mortgage Lending**

1. Is there extensive use of FHA or other mortgage assistance programs to reduce down payment or help buyers qualify?
   - We have a nice product mix of it. FHA limit in Williamson County is $323K.

2. Can rental income of ADU be included? Is lending market set up to help that along?
   - For investments fine, but if it’s your primary house, probably not. If you have to have it to qualify, then probably not.
   - Mortgage lenders willing to go up to 40% of gross income, maybe more.

**General**

3. Is there anything the community and public sector of Georgetown could do to improve its appeal for financial investment in housing?
   - Economy, management and public services, physical infrastructure and amenities, marketing
     - Maintenance and quality assurance requirements from lending community. Done as part of lending for custom builder.
     - Depends on how long bank is involved. On multi-family, more common, on single-family, shorter lending period.
     - Awareness is key. Down payment assistance is available, but people are unaware.
   - USDA. FHA (323K limit)