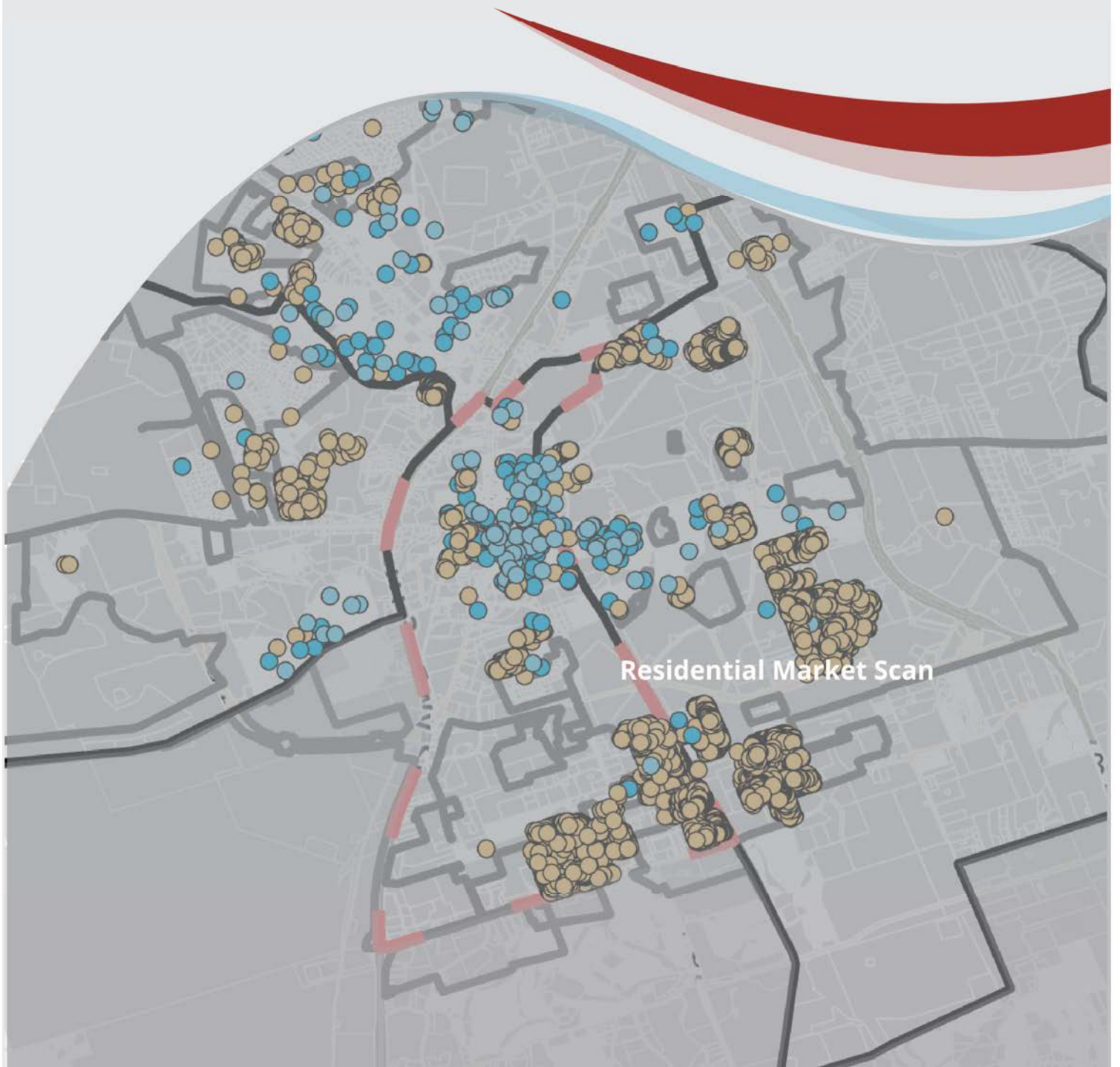


Understanding the Local Market



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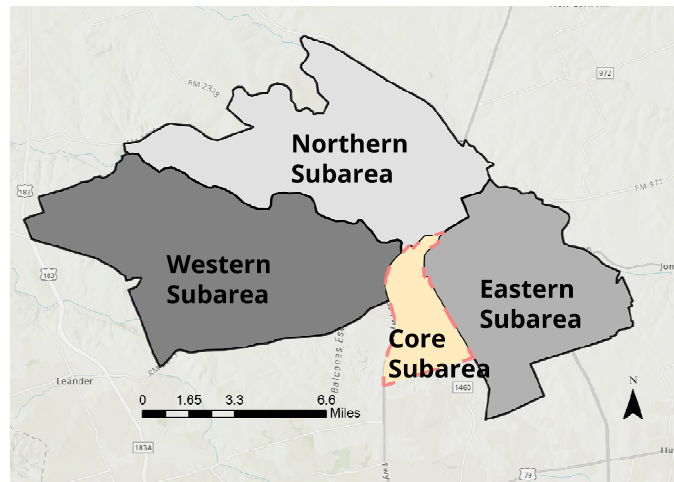
Residential Market Scan

The residential market scan report provides an overview of the current and potential trends of the Georgetown housing market, with a specific focus on the Core Subarea that includes TRG and San José. The information provides context to make informed decisions about potential opportunities for continued development in Georgetown, and the challenges rapid growth presents to long-term residents. The report discusses general housing trends, population and housing characteristics, housing stock and values, housing affordability, supply/demand gap and challenges and opportunities for future residential growth.

Study Area Methodology

The study area for the residential market scan consists of four (4) Subareas, as shown in Figure 47. Both San José and TRG are included in the Core Subarea, along with other downtown neighborhoods. Census tract boundaries represent the boundaries of the Subareas to capture precise and detailed demographic information. Analyzing multiple Subareas provides a better understanding of the development indicators that will showcase the continued growth in Georgetown and the challenges to legacy residents associated with this growth.

Figure 47: Study Area Map



Census data from 2015, 2017, and 2019 captures changes in the Subareas over time to form housing trends. Data from the City of Georgetown, the United States Census, the United States Department of Housing and Urban Development (HUD), Zillow, and other real estate market sources informed the analysis. In addition to Subarea boundaries defined by the census tracts, the geographic units used for different analyses include zip codes, the City of Georgetown, and Williamson County.

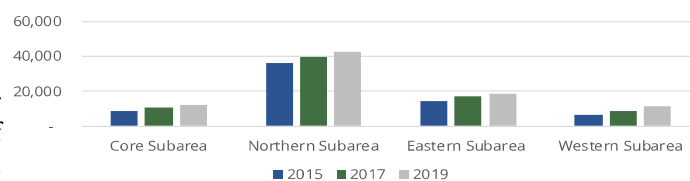
General Growth Trends

Total population growth in Williamson County, the four Subareas, and total new residential building permits in the City of Georgetown were all utilized to better understand market potential.

Williamson County experienced an explosion of growth over the last decade. Between 2010 and 2017, the population of the county increased by 29.6%.¹ The most recent population estimate for Williamson County is 609,017, and is projected to maintain a yearly growth rate of 3.2%. Growth in the county can be attributed to the growth central Texas and Austin are experiencing.

All Subareas Gained Population

Figure 48: Population Trend By Subarea



Source: American Community Survey

Similar to Williamson County, the City of Georgetown experienced significant growth over the last decade. The current population of Georgetown is 67,176, which is a 41% increase from 2010 when the population of the City was 47,400. The City of Georgetown experienced significant growth for similar reasons as Williamson County. Contributing factors for rapid growth in Georgetown include historic Downtown Georgetown, Southwestern University and the overall quality of life offered by the City. Population growth in the City of Georgetown is expected to continue to increase through 2026 as shown in Figure 49.

Figure 49: City of Georgetown Population Projections

Year	2022	2023	2024	2025	2026
Population Projection	76,221	79,803	83,554	87,481	91,592

Source: City of Georgetown

¹ U.S. Census Bureau. (2021). 2015 - 2019 American Community Survey 5-year Public Use Microdata Samples.

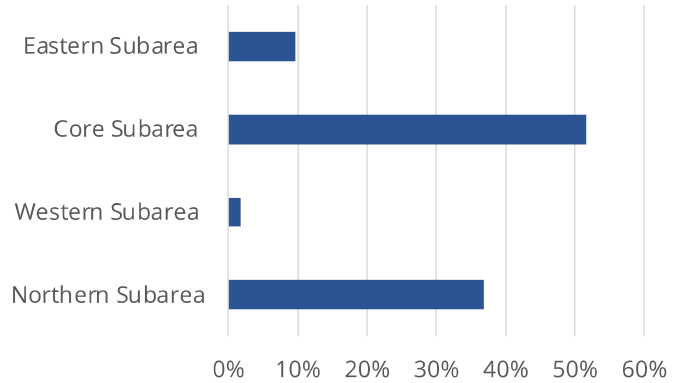
All Subareas experienced an increase in population between 2015 and 2019, as shown in Figure 48, with the four Subareas in the residential market scan increasing by 17,960. The Western Subarea saw a 66% increase in population, the most significant increase, followed by the Core Subarea, with a 40% increase in population.

Residential Building Permits

Residential permits from 2015 to March 2021 were examined to better understand residential growth in the Subareas. Permits were filtered into three categories, New Construction, Remodel/Rehabilitation and Demolition, and separated by Subarea. Some portions of the Subareas fall outside of the City of Georgetown, however filtering the permits by Subarea allows for a better understanding of where growth is occurring in the City of Georgetown. According to residential permits issued from 2015 to March of 2021 (Figure 51), there is significant residential growth in all four Subareas. The Eastern Subarea saw the largest increase in new residential permits (2,343 permits total), followed by the Northern Subarea (2,105 permits total). 1,295 permits were issued in the Core Subarea, capturing 19% of new residential permits issued between 2015 and March 2021. The Core Subarea also saw a significant amount of residential renovation between 2015 and 2021, with 102 homes being remodeled or renovated. The Core Subarea captured 28% of all residential remodels between 2015 and March of 2021, with only the Northern Subarea having a higher capture rate (55%). The significant amount of new residential homes and remodels occurring in the Core Subarea highlights that the area is attracting residents through new construction and the renovation of existing homes and suggests a strong market for this Subarea in the future. The Core Subarea also includes downtown Georgetown. Housing in proximity to downtown will continue to drive demand for residential units in this Subarea.

The Core Subarea Had The Most Demo Permits Issued

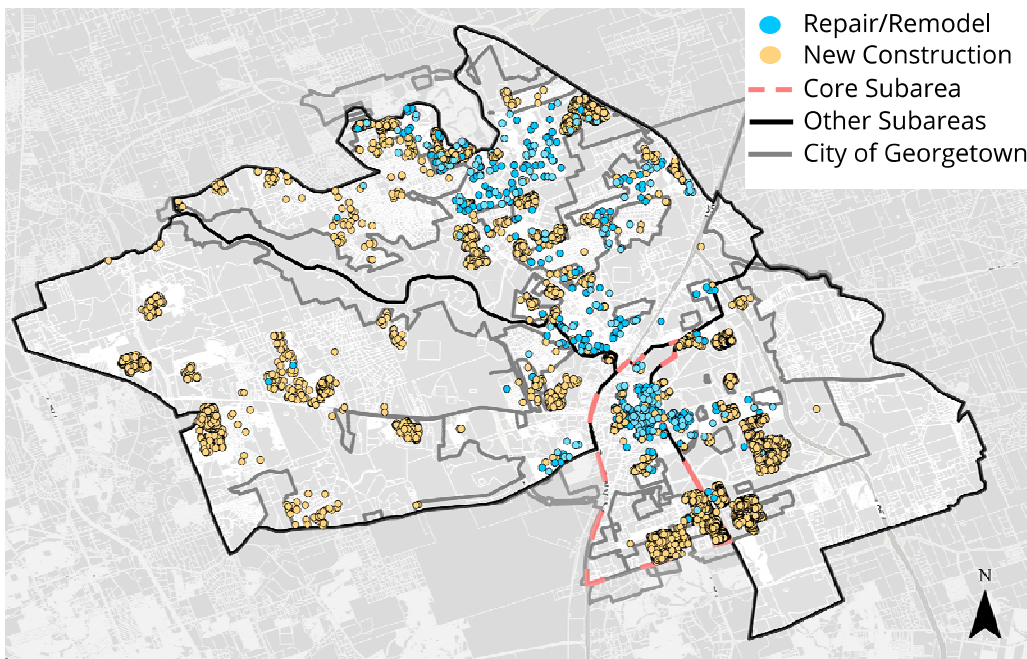
Figure 50: Demolition Permits from 2015 to March 2021



Source: City of Georgetown, APD Urban Planning and Management

All Subareas Saw an Increase in Housing Units

Figure 51: New Construction and Rehabilitation Permits from 2015 to March 2021



Source: City of Georgetown, APD Urban Planning and Management

Demolition permits were also examined between 2015 and March of 2021. As shown in Figure 50, the majority of demolition permits were issued for the Core Subarea, capturing 52% of all demolition permits issued. The largest number of demolition permits issued in the Core Subarea was in 2020, with 33 permits issued. The Core Subarea contains the oldest buildings in Georgetown, and many may be functionally obsolete. The Core Subarea also experienced infill housing, which may explain why it leads in demolition permits.

Overall, the permit data demonstrates the Core Subarea experienced strong growth since 2015 and is expected to continue its growth, particularly based on its location and the abundance of older building stock.

Population Characteristics

Table 12: Demographic Information

Education

Increased educational attainment is often the first sign that a neighborhood in close proximity to downtown is experiencing increased demand for housing. The increase in the percentage of the population with a bachelor's degree or higher represents a shift in the population's educational attainment. Increased educational attainment often attracts investment due to the population's increased buying power. Table 12 shows relatively stable educational attainment in the four Subareas between 2015 and 2017. The Core and Western Subareas experienced a slight increase in residents with at least a bachelor's degree between 2015 and 2017. The relatively unchanged percentages indicate that as people move into the Subareas, their educational attainment roughly matches the existing educational attainment percentages.

Percent Bachelor's Degree or Higher				
Year	Core Subarea	Northern Subarea	Eastern Subarea	Western Subarea
2015	26%	49%	32%	47%
2017	23%	45%	30%	49%
2019	28%	45%	32%	54%
Percent Age 25-44				
2015	18%	7%	14%	8%
2017	17%	7%	11%	10%
2019	18%	7%	13%	10%
Percent of Income Over \$100,000				
2015	13%	33%	28%	50%
2017	21%	35%	33%	59%
2019	27%	38%	39%	65%

Source: American Community Survey

Age

The Core Subarea holds the highest percentage of residents aged 25-44 which could indicate the preference of this age group to live in proximity to Downtown Georgetown.

Income

In Georgetown, households earning above \$100,000 annually are the most likely income group to purchase a home due to the current high purchase price of homes in the City. The current average sales price in the City of Georgetown is \$480,000, requiring household incomes above \$100,000 for the house to be affordable. The percentage of households with incomes above \$100,000 increased the most in the Western Subarea, which also saw the greatest population increase. The Core Subarea had the second-largest increase in households with income over \$100,000, tracking the population increase, as the Core Subarea saw the second-largest population increase between 2015 and 2019.



The City of Georgetown experienced a 41% increase in population since 2010. Population growth is projected to continue through at least 2026.



The Core Subarea had the third highest number of new residential permits issued from 2015 to March 2021, indicating a robust housing market.



The Core Subarea Captured 52% of all demolition permits issued within the City of Georgetown.



The Core Subarea witnessed a 14% increase in the number of households with incomes above \$100,000.

Housing Valuation Analysis

Median Home Value

The Core, Northern and Western Subareas have seen a dramatic increase in median housing value since 2015, as seen in Figure 52. In 2019 the Western Subarea had the highest median home value, at \$366,550. The Core Subarea initially had the lowest median home value but has seen a 35% increase in median housing value from 2015 to 2019, the most significant increase in any Subarea. Such a large increase in median home values, especially over such a short period, indicates a robust housing market in the Core Subarea and suggests the market will remain strong.

The most recent census data only shows trends through 2019, before the COVID-19 Pandemic began which drastically impacted the housing market. Households who could work remotely now have the flexibility to move to new places, and low-interest rates spurred a surge in homebuying by households in a financial position to do so. Throughout the United States, households moved out of large cities and to surrounding suburbs and satellite cities.² To better understand the impact of the housing demand surge caused by the COVID-19 Pandemic, market value data from 2020 and 2021 was examined for the City of Georgetown, the TRG neighborhood, and around the San José neighborhood.

A significant increase in the median home value in the Core Subarea indicates high demand for housing. Still, it can be problematic for long-term homeowners, especially when they are on a fixed income. A sudden and steep increase in median home value can impact their property taxes, creating increases they may be unable to afford.

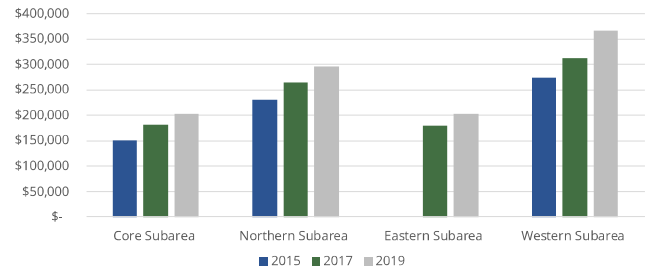
Average Market Value

Before the pandemic began, the average home value in Georgetown began stabilizing. Growth values tracked a similar rate from 2017 to 2019, with no increase between January 2019 and January 2020. At the start of 2021 the average home value in the City of Georgetown was \$352,357, an 11% increase from 2020, as shown in Figure 53. The current average home value in the City is \$480,000, a 35% increase from January 2020, highlighting the continued demand for housing in the City of Georgetown, accelerated by the onset of the pandemic.

The San José neighborhood is located in the 78626 zip code, which has the lowest average home value out of all the zip codes in Georgetown. It has seen the most significant percentage increase in growth between 2019 and now with a current average market rate of \$429,102. Similar to the City of Georgetown, the 78626 zip code experienced a small but stable increase in the average home value, between 2019 and late 2020, but started to see a larger growth rate in late 2020 that has accelerated into 2021.

All Subareas Saw an Increase in Median Home Value

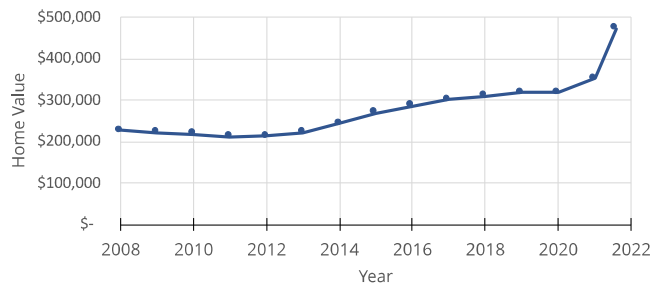
Figure 52: Median Home Values



Source: American Community Survey

\$480,000 Is The Current Average Home Value in Georgetown

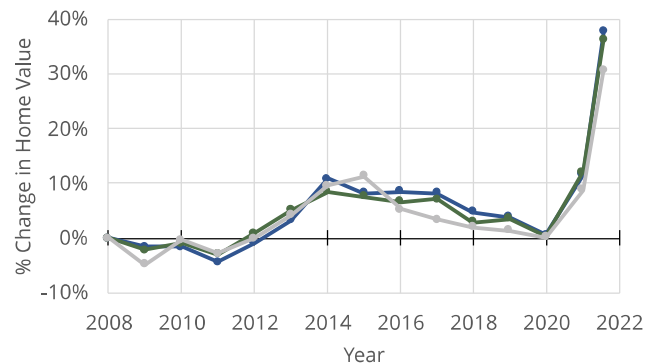
Figure 53: Single Family Home Value in Georgetown



Source: Zillow, APD Urban Planning and Management

Zip Code 78626 Has the Largest Change in Home Value

Figure 54: Percent Growth Change by Zip Code



Source: Zillow, APD Urban Planning and Management

² <https://www.bloomberg.com/graphics/2021-citylab-how-americans-moved/>

Home Sales

Home sales from 2015 to 2021 for the Core Subarea and San José were examined to understand how the housing market has influenced sales prices in San José. Between 2015 and 2021, only fifteen homes were sold in the San José neighborhood, while 1,903 were sold in the entire Core Subarea. Five homes sold in San José in 2016, the most homes sold in the neighborhood in one year from 2015 and 2021. In 2016, 161 homes sold in the Core Subarea. The Core Subarea saw the largest number of home sales in 2020, with 366 homes sold, aligning with the national trend of many sale transactions during the height of the COVID-19 Pandemic.

Only one (1) home sold in San José during 2020, and none sold in 2019. Two (2) homes have been sold in San José in 2021, both in February, compared to 260 in the Core Subarea.

It is difficult to decipher trends for the San José neighborhood with the low volume of sales transactions. The low sales also create difficulty for real estate agents to research suitable comparable valuations for properties sold in San José. Sales agents turn to comparable valuations outside of the neighborhood, potentially increasing the asking price for homes in San José.

The average home sold in San José was built in 1986, and the average square footage is 1,299 square feet. The average home sold in the Core Subarea was built in 2003, with average square footage of 2,097.

The 2021 average sale price in San José is \$133,950, compared to \$443,867 for the Core Subarea. The average home sale price between 2015 and 2021 in San José was \$170,246, compared to \$317,488 in the Core Subarea. Prices in the Core Subarea have been steadily increasing since 2015 to reach the 2021 average of \$443,867. San José has not experienced the linear sales price increase that the Core Subarea has, as shown in Figure 55. Prices in San José increased between 2015 before falling in 2018. No homes were sold in the neighborhood in 2019, with the lowest average sale price occurring in 2020 when only one home sold. The average price increased in 2021, however the data only shows two home sales.

Overall, fifteen homes sold in San José between 2015 and 2021, a significant number in this small neighborhood. The overall average sales value of homes sold in San José is \$170,246, 86% lower than the Core Subarea 2021 average sale value. Additionally, since 2015 the homes sold in San José were older and smaller than the average home sold in the Core Subarea, accounting for some of the price discrepancies between San José and the Core Subarea.

2021 Home Sales

As indicated, home prices increased dramatically in 2020 and 2021, so it is essential to examine recently sold housing stock in and around San José over the past six months. Focusing on recent sales at a smaller geography allows a better understanding of the housing products being sold and at what price point.

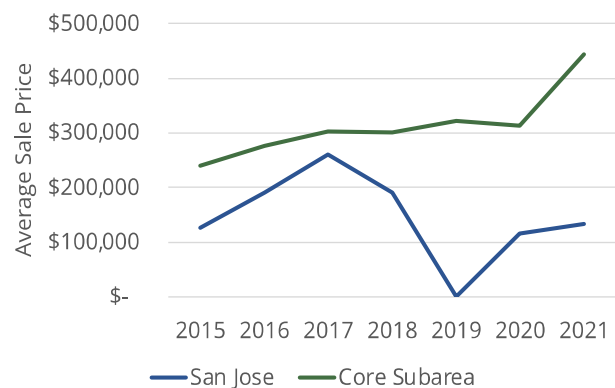
Table 13: Sales Data

Year	Core Subarea	San José
2015	161	3
2016	245	5
2017	257	1
2018	341	3
2019	264	0
2020	366	1
2021	260	2
Total	1,903	15

Source: Austin Board of Realtors (ABOR)

No Homes Were Sold in San José in 2019

Figure 55: Average Sale Price Since 2015



Source: Austin Board of Realtors (ABOR)

While there were no sales in San José in the past six months, it is important to understand recent sales around the neighborhood to approximate potential comparable properties which influence the market price of homes. Additionally, the tax assessor may use recent sales to determine yearly assessment values. The data examined includes sales of single-family homes from April to September 2021. Figure 56 maps recent home sales near San José, where the average sales price was \$414,180. One (1) home sold for \$1,500,000, which is significantly higher than other homes recently sold around San José. Removing this outlier reduces the recent average sales price to \$388,928. Table 14 identifies the average sales price and square footage for recent single-family home sales, broken out by the number of bedrooms. Current sales data confirms that the City of Georgetown, including the area around the San José neighborhood, is experiencing high sales prices that only households with incomes over \$140,000 per annum can afford.

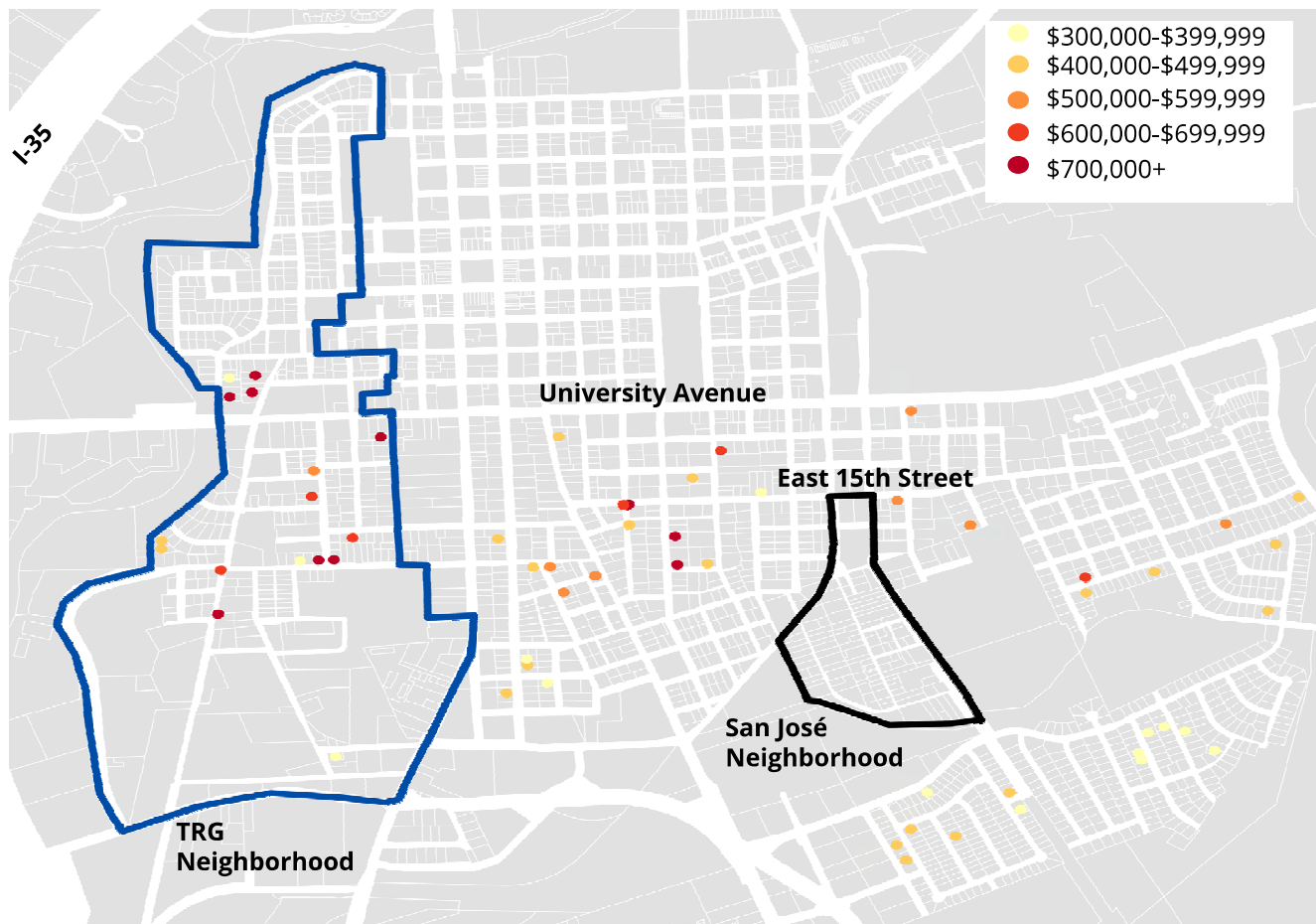
Table 14: Recent Sales Data

Bedroom Count	Average Sales Price	Average Square Footage	Average Sales Price Per Square Foot
1 Bedroom	\$0	0	\$0
2 Bedroom	\$346,243	1,148	\$301.70
3 Bedroom	\$404,018	1,520	\$265.80
4+ Bedroom	\$561,014	2,782	\$201.68
All Recently Sold Homes	\$414,180	1,631	\$253.95

Source: Redfin, APD Urban Planning and Management

Recent Residential Home Sales

Figure 56: Recent Residential Home Sales



Source: Redfin, APD Urban Planning and Management

The small number of sales in San José over the past six years, coupled with the high sale prices found around San José, may explain why the property assessments for San José are growing at a faster rate than the average sales price in the neighborhood. Due to the limited sales in San José, the tax assessor could be using comparable properties outside the neighborhood that have sold at a much higher price than homes within San José.



The average sales price in the City of Georgetown grew 35% in 2021.



The current average sales price around San José is \$414,000.



It requires an income of nearly \$140,000 to afford a house near San José. The average income in San José is \$72,742.



Fifteen homes have sold in San José since 2015, with an average sales price of \$170,246.

Neighborhood Appraisal Values

Georgetown’s growth over the last decade is significant and recently accelerated with the home buying trend that started during the pandemic. To better understand how the robust housing market has impacted the San José neighborhood housing values, tax assessor data from 2015-2021 was examined. This data provides a neighborhood-level understanding of the impacts of recent value increases on existing home values and implications for tax bills.

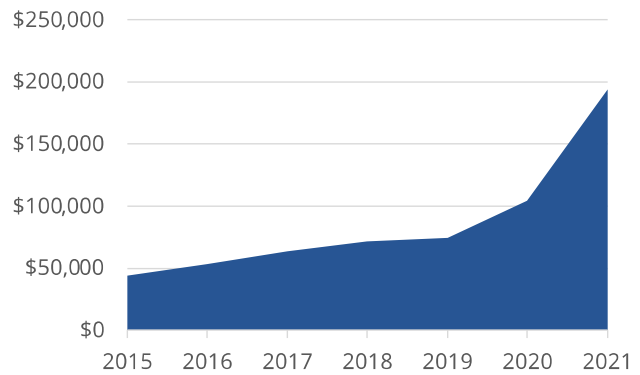
As homes sell at increasingly higher prices, the sales price influences the value of surrounding homes, making them more valuable. This relationship plays out through home assessments determined by Williamson Central Appraisal District (WCAD). The assessment value determines the amount of property taxes a homeowner must pay. To determine the value of a home, WCAD compares the home to other similar recently sold homes nearby. If homes sell at a higher rate than in the past, their sales price raises the assessed value of nearby properties. The increased property value can be positive when it increases homeowner equity. However, this value increase also produces negative consequences, higher property taxes for the homeowner. Increased taxes can threaten existing homeowners if they do not have enough income to absorb the extra expense. The increase can stress existing homeowners’ ability to keep up with their tax payments. In extreme cases, homeowners may become displaced from their neighborhood when they can no longer afford the tax increases, and are forced to sell their home. This phenomenon is especially apparent in neighborhoods with historically low assessed values that begin to rapidly rise, like what is currently occurring in the San José neighborhood.

Since 2015, San José has seen a 343% increase in assessed values. The average assessed value in San José has increased from \$43,873 to \$194,373, as shown in Figure 57. Values in San José increased around 20% each year between 2015 and 2017. Between 2017 and 2018, the percent change decreased from previous years but was still above 10%, as seen in Figure 58. Between 2018 and 2019, an increase just above 3% occurred, indicating that assessment increases in San José began to stabilize at a manageable growth rate. However, assessment values rose rapidly between 2019-2020 and 2020-2021, rising 40% and 86%, respectively. The recent rapid increase in assessment values in San José mirrors the growth in home values the City of Georgetown realized over the six (6) years, especially since the onset of the COVID-19 pandemic.

Until 2020 the average assessment of the improvement, or the structure located on a property, was increasing higher than the average land appraisal value in San José. However, between 2019 and 2020, the assessed land value in San José increased by 267%, increasing from \$20,356 to \$74,785. Land values increased by a much smaller percentage in 2021 (6%). However, the improvement value between 2020 and 2021 saw an increase of 147%. The significant increase in land value followed by a significant increase in improvement value indicates that both land and improvement assessment values are both responsible for the overall assessment increases seen in San José.

Average Assessment Value has Increased 343%

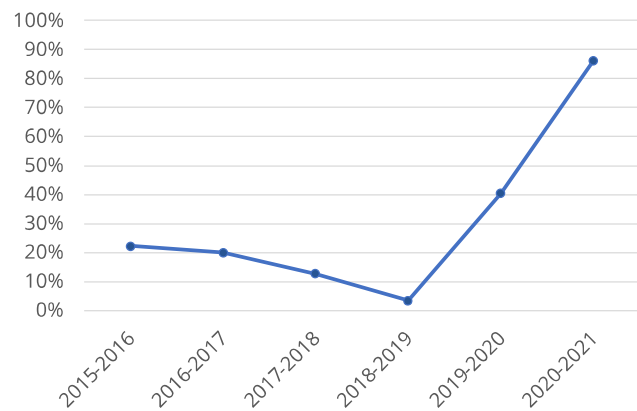
Figure 57: San José Average Assessments 2015-2021



Source: WCAD, APD Urban Planning and Management

Largest Increase Was Between 2020 and 2021

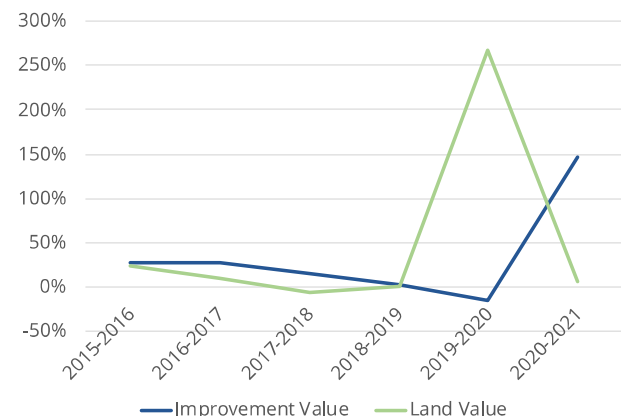
Figure 58: Yearly Percent Change in Assessments in San José



Source: WCAD, APD Urban Planning and Management

There Was A 267% Increase in Land Value Between 2020 and 2021

Figure 59: Yearly Percent Change in Land vs. Improvement Assessments in San José



Source: WCAD, APD Urban Planning and Management

Continued significant assessment increases in San José can threaten existing residents' ability to stay in their homes, especially seniors on a fixed income and homeowners with lower incomes who can not easily manage yearly increases in their housing costs.

Homestead Exemptions

The first line of defense for homeowners against rapidly increasing property taxes is a Homestead Exemption. A Homestead Exemption allows homeowners to shield part of their home's value from taxation, lowering the amount paid in property taxes. Only a primary residence can qualify for a Homestead Exemption, and every jurisdiction has slightly different eligibility requirements for Homestead Exemptions.

Both the City of Georgetown and Williamson County offer various Homestead Exemptions for their portion of property taxes. The most common exemptions and their definitions are in Table 15. Changes made to Williamson County Exemptions in 2021 created a Homestead Exemption for all homeowners and increased the 65+ Exemption amount from \$30,000 to \$90,000. A Homestead Cap Value also caps the increase in assessment values for homeowners with exemptions at 10%. This means that a homeowner with an exemption will not experience an assessment value increase of more than 10% per year. These changes will minimize homeowners' exposure from the rapidly increasing assessment values in the City of Georgetown.

San José has a high ownership rate, with 69% of homes currently owner-occupied, as shown in Table 16. There are an estimated 56 owner-occupied households, 45 of which have a Homestead Exemption and 23 of which have an Over 65, Disabled, or Disabled Veterans Exemption.

The high number of households in San José with an exemption, paired with the recent changes made to Williamson County exemptions, should relieve some pressure existing homeowners face. This is especially true for seniors who now have a much larger amount deducted from their assessed value. However, some existing homeowners do not currently have an exemption and will not be protected from assessment value increases, particularly those who inherit property from relatives with Homestead Exemptions. Outreach efforts to ensure all homeowners have maximized their exemptions will be essential to help protect homeowners from significant value increases.

For those with a Homestead Exemption, experiencing a 10% value increase year after year can still be problematic, especially for homeowners with a low income or those on a fixed income.

Table 15: Current Exemption Definitions

Williamson County	
Homestead Exemption	1.5% or \$5,000, whichever amount is greater.
Homestead Cap	Assessed value increases are capped at 10% annually.
65+	\$90,000
City of Georgetown	
Homestead Exemption	\$5,000, or 3%, whichever is greater
65+	\$12,000, and taxes are "frozen" at 2004 levels, or year exemption was established.
Homestead Cap	Assessed value increases are capped at 10% annually.

Source: WCAD, City of Georgetown

Table 16: Current Exemptions in San José

Estimated Current Homeownership Rate	69%
Estimated Number of Owner Occupied Households	56
Households with a Homestead Exemption	45
65+ Disabled or Disabled Veteran Exemption	23

Source: WCAD, City of Georgetown



Property in San José experienced a 343% increase in assessment values between 2015 and 2021.



80% of homeowners in San José have a Homestead Exemption.



Recent changes to 65+ Exemptions will provide more tax relief for seniors.



The land value in San José increased by 267% between 2019 and 2020.

Rental Trends

The rental trends analysis examined rent data at the zip code level. Zillow data was used to examine average rents for the 78626 zip code, which contains both the TRG and the San José neighborhood. In addition, rents were pulled from *Hotpads.com* to provide a snapshot of the current asking rents for various apartments, condominiums, and single-family homes.

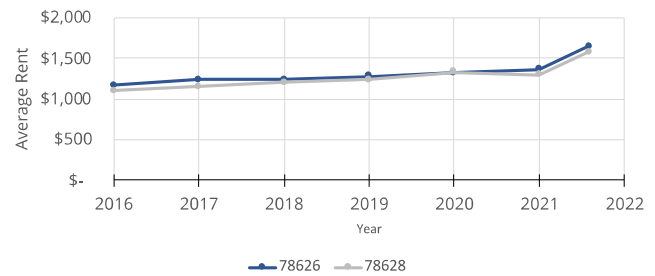
According to Zillow, average rent estimates for the 78626 zip code rose from \$1,170 in 2016 to \$1,642 in August 2021. The dramatic increase in asking rent is visible in Figure 61. The 40 percent increase in asking rents for zip code 78626 over a five-year period was also experienced by the neighboring 78628 zip code. Figure 60 graphs the increase in asking rents as small and gradual from 2016 to 2021. The most significant increase in asking rent of five percent occurred from 2016 to 2017. During 2021, the zip codes experienced the largest percent change in asking rents. Based on average rents from April to August of 2021, rents are projected to continue increasing.

The asking rents pulled from *Hotpads.com* confirm the Zillow data and provide additional information on rental unit types and asking rents. Data pulled from *hotpads.com* shows current asking rents as of August of 2021. Single-family homes for rent in proximity to the TRG and the San José neighborhoods show an average asking rent of \$2,560 per month. The average size of a single-family home rental is 1,853 square feet and were all 3 and 4 bedrooms. For condominiums, the average asking rent is \$1,535 for 1,075 square feet. The majority of listings are for 2 and 3 bedroom condominiums. Asking rents for apartments vary widely based on the availability of 1, 2, and 3 bedroom apartments. The average asking rent for a 929 square foot 2-bedroom apartment is \$1,511. All apartment listings are located in traditional apartment communities common within the City of Georgetown.

The rent values for a condominium or apartment unit are comparable to average rent prices for the City of Georgetown, around \$1,571 per month for a 963 square foot unit.

The Average Rent for the 78626 Zip Code is \$1,360

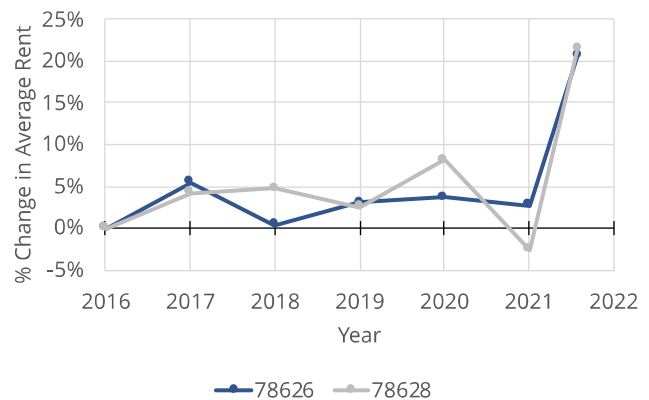
Figure 60: Average Rents by Zip Code



Source: Zillow, APD Urban Planning and Management

Highest Percent Change Occurred in 2021

Figure 61: Percent Change in Average Rents by Zip Code



Source: Zillow, APD Urban Planning and Management

Table 17: Rent Averages by Housing Product

Product	Average Rent Price	Average Square Footage	Average Price Per Square Foot
Single-Family	\$2,650	1,853	\$1.38
Condo	\$1,535	1,075	\$1.43
Apartment	\$1,511	929	\$1.63

Source: *Hotpads.com*, APD Urban Planning and Management



The average single-family home rent price is \$2,650/month.



Average rents have increased 40% in the 78626 zip code since 2016.

Affordability and Demand Gap Analysis

Understanding housing affordability provides neighborhood residents and local leadership a sense of the mismatch between household incomes and housing costs. Specifically, the analysis examines the difference in the number of households in a given income range and the number of housing units affordable to that income range. Mismatches between housing units and income ranges are typical, and point to a housing imbalance surplus or deficit. Thus, the result of this analysis can be used to address current housing needs in Georgetown across a range of incomes.

The Affordability Analysis utilizes a 3-person household to calculate housing values and rent amounts for each Area Median Income (AMI) group. The AMI is based on the 2019 Department of Housing and Urban Development (HUD) Income limits for the Austin-Round Rock-San Marcos Metropolitan Statistical Area. The 3-person household size was calculated using the average household size for the Core Subarea according to the 2019 American Community Survey data. As reported in the Existing Conditions section, the average household size in San José is 3.6 persons.

Owner Occupied Housing

There is a deficit of ownership units to accommodate households above 100% of AMI. These households earn more than \$86,311 per year. In addition, there is a surplus of units available to households below the area median income, earning less than \$86,311 per year.

Based on price-appropriate ratios of ownership affordability, homeowners can afford home values at three times their annual income. Households with an annual income above 100% of AMI can afford homes above \$258,933. However, based on the Housing Valuation Analysis section of this report, the average market value for homes in the Core Subarea in 2019 is slightly above \$300,000. Effective in 2021, that figure has risen to \$352,357, meaning households must earn roughly \$117,000 per annum to afford to purchase a house. The deficit of ownership units in Table 18, reveals that 578 households earn very high incomes, and purchased homes priced below the maximum they can afford.

At the other end of the income spectrum, households below 100% of AMI face a surplus of homes. These households can afford homes priced less than \$258,933. While the surplus of 577 homes (Table 18) signifies that these households may live in houses they can afford, several factors render this statement untrue. First, the increase in property values increased tax payments for all residents, burdening homeowners at the lowest income levels. The burden of increased taxes on senior homeowners with fixed or limited incomes, is impactful. Any increase in taxes can create a shortfall in the ability to pay taxes, or purchase needs such as medicine, food, or transportation. Increasing property tax issues are explored in further detail in the following report section.

Renter Occupied Housing

There is a deficit of rental units to accommodate households above 80% AMI, and below 50% of AMI. Based on price appropriate ratios of rental affordability, renter households can afford rental units priced at up to 30% of their annual income. Households above 80% of AMI, earning more than \$67,950 can afford rents above \$1,699 a month. Households below 50% of AMI earn up to \$42,600 per year and can afford to pay up to \$1,065 a month in rent.

According to Table 18, there is a deficit of 354 rental units that are affordable for households that earn under 50% of AMI. Rent for a unit in the 78626 zip code is \$1,360, and not affordable for households that make under 50% of AMI. Due to the lack of low-cost rental units, these households are burdened with paying more than they can afford on housing. As rent prices continue to increase, this issue will become more severe.

Rental units are difficult to provide for the lowest level of incomes. Across the United States, the private market is not built to develop new housing options for the lowest income brackets. Cities with success in providing such housing provide substantial public incentives for developers. Another option cities have is to protect and maintain existing affordable housing through various programs and options to incentivize property owners to maintain their rental units as affordable.

Table 18: Gap in Higher Incomes

Income Limits for 3-Person Households	Less than 50% AMI \$0-\$42,600	Between 50%-80% AMI \$42,601-\$67,950	Between 80% -100% AMI \$67,950-\$86,310	More than 100% AMI \$86,311-\$300,000
Ownership Homes	Surplus of 374	Surplus of 17	Surplus of 186	Gap of 578
Rental Units	Gap of 354	Surplus of 635	Gap of 169	Gap of 113

Source: American Community Survey, APD Urban Planning and Management

Neighborhood Vulnerability Analysis

The Neighborhood Vulnerability Analysis measures the risk of change and displacement to longtime residents. Projected property taxes and rents are analyzed as a factor of housing cost burden. As the Residential Market Scan details, housing values and rents steadily increased since 2015, but have experienced enormous increases during the COVID-19 pandemic. A side-effect of rising property values is increased property taxes and rents. Findings from the Neighborhood Vulnerability Analysis establishes the foundation for short and long-term recommendations for community retention and neighborhood preservation strategies.

The owner vulnerability assessment leverages the aforementioned Market Scan findings to project future property assessments and tax payments. Average assessment values are calculated for three categories of homeowners: a standard Homestead Exemption, a Senior Exemption, and no Homestead Exemption. Table 19 illustrates the major difference in average assessment values and average property tax payments in 2021 between Homestead Exempted homeowners and those without a Homestead Exemption. The difference in property assessments and property taxes between Exempt and Non-exempt households increases with each passing year. By 2026, Homestead Exempted homeowners may pay an average of \$4,327 in property taxes, while those without an exemption may experience a tax payment of \$9,054. This tax amount presumes an assessment value of \$436,809 for homeowners without a Homestead Exemption. A significant reason for the difference in property tax payments between homeowners with and without a Homestead Exemption is the Homestead Valuation Cap, limiting property assessment increases to 10% per year. Seniors will have an even lower tax burden if they have a 65+ Exemption.

Owner vulnerability assessments examine the impacts of property taxes from various perspectives. Census data in the Affordability and Demand Gap Analysis, lists 371 homeowners in the Core Subarea that earn less than 50% of the AMI. These households earn a maximum of \$42,600 per year and can afford to pay a maximum of \$1,065 per month in housing costs. As a result, marginal increases in property taxes for these households can potentially create a situation where they cannot make property tax payments. According to Table 19, the projected average property taxes for San José homeowners with a Homestead Exemption is \$4,327 in 2026, a 69% increase from 2021. By 2026, homeowners with incomes below 50% AMI (\$42,601 for a family of three) could be permanently displaced from their homes, due to the increased housing cost of \$147 a month resulting solely from increased property taxes.

The 23 households with a 65+, Disabled or Disabled Veteran Exemption are better insulated from property tax increases. However, should the property be inherited by a family member who does not qualify for the same exemption, the heir may be unable to afford the property taxes. The sudden increase in property taxes could potentially cause the family to lose the property and their opportunity to build generational wealth.

Renter vulnerability assessments leverage the Market Scan findings to project future asking rents. The average asking rent as of August, 2021 is \$1,642. Asking rents in the City of Georgetown are projected to increase to \$1,935 by 2026. This is an increase of \$293 by 2026. This increase requires a household income of nearly \$80,000 annually to afford the projected rent, up from the \$65,000 currently needed to afford the average rent in the Core Subarea. The average income in San José is \$74,742, meaning that as rents continue to increase, renter households in San José will face a higher risk of becoming cost-burdened.

Table 19: San José Tax Projections

Exemption	Average 2021 Assessment	Average 2021 Property Tax	Average 2026 Assessment	Average 2026 Property Tax
Homestead Exemption	\$140,288	\$2,559	\$225,935	\$4,327
Senior Exemption	\$104,235	\$1,243	\$104,235	\$1,243
No Exemption	\$217,171	\$4,502	\$436,809	\$9,045

Source: WCAD, APD Urban Planning and Management

Table 20: Rent Projections

Year	Projected Asking Rent
2021	\$1,642
2022	\$1,611
2023	\$1,692
2024	\$1,777
2025	\$1,854
2026	\$1,935

Source: Hotpads, APD Urban Planning and Management

Major Takeaways

- Over the last decade, Georgetown experienced significant growth, recently accelerated during the COVID-19 Pandemic.
- Home values increased by 35% between January and August 2021 in the City of Georgetown, with zip code 78626 seeing the largest change in home value.
- The surplus of homes price appropriate to households with incomes between 50%-80% AMI is relatively small (17 units). Homes at this price point may be occupied by households with incomes over 100% AMI.
- Fifteen homes sold in San José between 2015 and 2021, for an average sale price of \$170,246, significantly lower than the Core Subarea average of \$317,488.
- Current home sales data confirms the City of Georgetown, and the area around the San José neighborhood is experiencing high sales prices; only households with incomes over \$140,000 can afford these homes. The average income in San José is \$72,742.
- Property value assessments in San José increased from \$43,873 to \$194,373 between 2015 and 2021, a **343% increase**, resulting in higher property taxes for homeowners.
- Property taxes are expected to increase by 69% for homeowners **with** a Homestead Exemption by 2026.
- Without intervention, homeowners below 50% AMI will feel the most pressure as property taxes continue to increase, leading to the potential displacement of long-term homeowners.
- Recent changes to Williamson County Homestead Exemptions should help reduce tax pressure on homeowners, especially seniors.

Concerns

- High home sales prices around San José are driving up property assessment values.
- Constantly increasing property taxes threaten the financial ability of existing homeowners in San José to afford to remain in their homes, especially low-income homeowners and seniors on a fixed income.
- Once a San José homeowner can no longer afford their property taxes, there is a high probability the homeowner will need to sell their home, and subsequently be permanently displaced from Georgetown. The average income in San José is less than the income currently required to purchase a home in the City today.
- The inability for existing homeowners in San Jose, with exemptions, to pass on their property to family members, who lack exemptions. There are 23 households with a 65+, Disabled, or Disabled Veterans Exemption that could see a significant increase in taxes if the property is passed onto a family member who does not qualify for the same exemption.

Opportunities

- Ensure homeowners have the maximum Homestead Exemptions they qualify for. Maximizing Homestead Exemptions plays a critical first line of defense against escalating property taxes.
- Ensure homeowners know when and how to appeal property tax assessments.
- Establish a program to assist existing homeowners with payments to offset the increase in property taxes. A tax assistance program can help residents remain in their homes, ensuring they can stay in their neighborhood, contribute to the character of Georgetown and build generational wealth.
- Ensure San José residents are aware of the existing Home Repair program and understand what improvements may or may not impact property tax assessments.

Additional information on strategies to address housing concerns in San José are included in the “Neighborhood Retention” section on page 106.

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