

# PROP A & PROP B

# THE FUTURE OF AUSTIN'S PUBLIC TRANSIT SYSTEM

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REAL ESTATE INVESTMENT SERVICES

Austin's 2020 mobility election indicated a wave of improvements coming to the city following voter-approved Prop A and B. As one of the fastest-growing metros in the U.S., Austin continually welcomes visitors, new residents, and businesses relocating to save costs. In March 2020, a traffic report by INRIX revealed that Austin's traffic is ranked the 18th worst in the U.S., demonstrating a much-needed improvement to the infrastructure. The INRIX report showed that drivers spent an estimated 70 hours in congested traffic in 2019, and many attributed this to scarce public transportation options. Recent research has revealed that 55 percent of Austin residents have voiced their preference for getting to destinations by means other than driving alone. With so many people moving to Austin, and COVID-19 accelerating the move for many, a change in public transportation presents an opportunity to service the needs of the four million people expected to live in Austin by 2040.

Both propositions passed in November 2020 and although these projects will not be imminent, the overhaul of infrastructure will change how residents travel across Austin. Whether it be by car, light rail, bus, bike, or foot, the myriad of options will considerably impact the Austin landscape. It's yet to be seen how the increase in property taxes will affect commercial real estate owners, but at the end of the day someone has to foot the bill and property owners are expected to pass increased taxes on to their tenants.



## PROPOSITION A

Proposition A, or Project Connect, will increase property tax rates to fund the \$7.1 billion public transit plan by CapMetro. On CapMetro's website, they describe the project as "a huge step toward creating a more equitable and livable city, providing more and better ways for people to access jobs, education, healthcare, and new opportunities." Passage will increase city tax rates by 24.6 to 26.2 percent and the overall property tax hike will increase roughly 4 percent, according to Our Mobility Our Future.

Project Connect will revamp public transportation across the City of Austin. The plan outlines building an underground transit tunnel in Downtown Austin, upgrading several bus lines, and implementing a new rail system. The City of Austin is projected to receive federal funding for 45 percent of the total project cost in combination with the property tax initiative that will pay for operations and maintenance of the transit system after it's built. While this \$7 billion plus investment comes at a steep price tag, projects like this inevitably cost more than expected and the City of Austin is hopeful that federal funding will pick up any overages. This number also sets aside \$300 million for anti-displacement housing strategies and creates an affordable housing component within the project. Along with the passage of Prop A comes a new independent government organization, Austin Transit Partnership, that will oversee, implement, and finance Project Connect.

# WHAT WILL PROP A ENTAIL?

## A New and Expanded Rail System (Initial investment includes 27 miles of rail service & 31 stations)

- Orange Line - Light rail to connect North and South Austin from North Lamar/U.S. 183 and extend to Stassney Lane.
- Blue Line - Light rail to connect the airport to Downtown Austin.
- Green Line - Commuter rail service connecting Downtown to East Austin's Colony Park.
- Red Line - Expanded commuter line with new stations at the Domain and Austin's FC stadium at McKalla Place.

### Downtown Transit Tunnel

- The Orange and Blue Lines will be connected underground in Downtown Austin, running more than 20 city blocks from under Cesar Chavez Street to 11th Street, Guadalupe Street to Trinity Street, and Fourth Street to the cul-de-sac near Lady Bird Lake at Trinity Street.

### Expanded Bus Service

- 9 new Park & Rides
- 4 new MetroRapid routes
- 3 new MetroExpress routes
- 15 new neighborhood circulator zones

### MetroBike

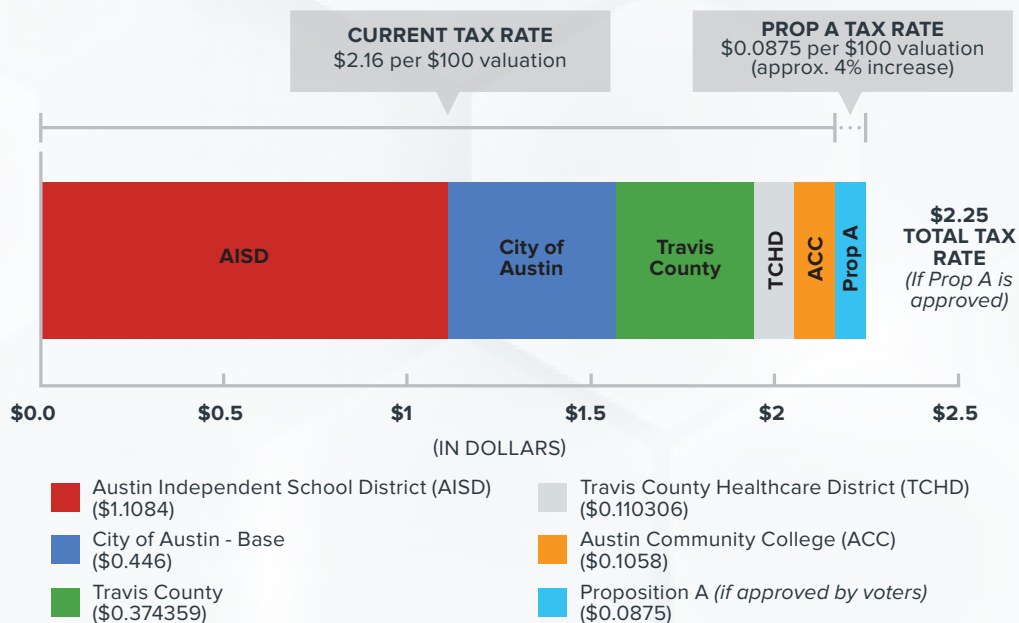
- All electric bike fleet stationed at transit hubs with an integrated CapMetro App

## PROP A FINANCIAL & TAX IMPACT Source: AustinTexas.gov

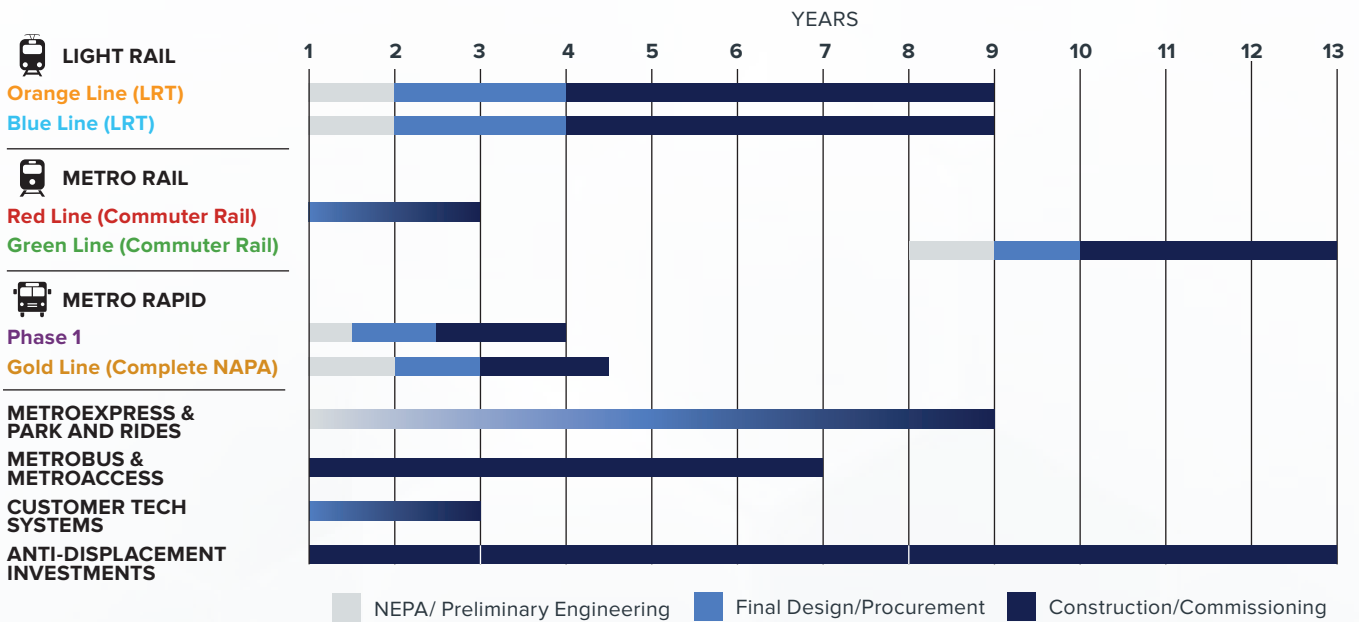
2020 Austin Median Home Value (after homestead exemption): \$326,368

HOME VALUE	ANTICIPATED ANNUAL IMPACT	ANTICIPATED MONTHLY IMPACT
\$250,000	\$219	\$18.23
\$325,000	\$284	\$23.70
\$500,000	\$438	\$36.46
\$750,000	\$656	\$54.69

## IMPACT ON PROPOSITION A ON TAX RATE PER \$100 VALUATION Source: AustinTexas.gov



# PROJECT CONNECT PROGRAM SEQUENCE Source: Cap Metro



## PROPOSITION B

Proposition B corresponds with the efforts of Prop A but focuses on Austin’s walkability through sidewalks, urban trails, bikeways, and substandard streets. During the 2020 Mobility Election, Prop B was voter-passed with 67 percent in favor of proceeding with the \$460 million plan for transportation infrastructure. Prop B will also rely on increased property taxes for funding.

Of the \$460 million, \$102 million is allocated for improved and additional pedestrian infrastructure, \$80 million for new sidewalks, another \$80 million for urban trails, \$65 million for intersection reconstruction, \$53 million for improving existing sidewalks. There is also additional funding for major capital improvements such as, utility, drainage, and traffic signals. This proposition equates to a two-cent increase in the debt service tax rate and will phase-in over the next few years.

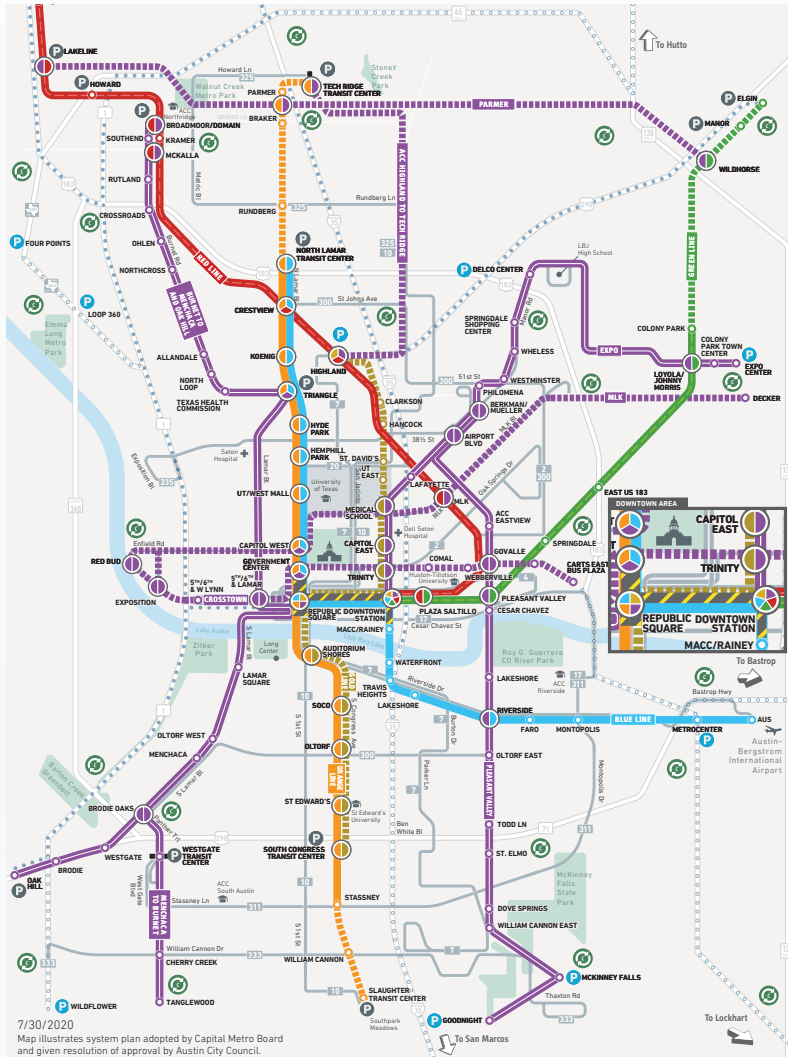
## PROP B FINANCIAL & TAX IMPACT Source: AustinTexas.gov

HOME VALUE	ANTICIPATED ANNUAL IMPACT	ANTICIPATED MONTHLY IMPACT
\$250,000	\$50	\$4.17
\$325,000	\$65	\$5.42
\$500,000	\$100	\$8.33
\$750,000	\$150	\$12.50

# SYSTEM PLAN (INITIAL INVESTMENT) Source: Cap Metro

## LEGEND

- |  |  |   |
|--|--|---|
| <p><b>LIGHT RAIL</b></p> <ul style="list-style-type: none"> <li><span style="color: orange;">—</span> Orange Line</li> <li><span style="color: orange;">- - -</span> Potential Future Extension</li> <li><span style="color: blue;">—</span> Blue Line</li> </ul> <p><b>METRO RAIL</b></p> <ul style="list-style-type: none"> <li><span style="color: red;">—</span> Red Line</li> <li><span style="color: green;">—</span> Green Line</li> <li><span style="color: green;">- - -</span> Potential Future Extension</li> </ul> | <p><b>METRO RAPID</b></p> <ul style="list-style-type: none"> <li><span style="color: gold;">—</span> Gold Line</li> <li><span style="color: purple;">—</span> Enhanced MetroRapid Route</li> <li><span style="color: purple;">- - -</span> Potential Future Extension</li> </ul> <p><b>METRO BUS</b></p> <ul style="list-style-type: none"> <li><span style="color: grey;">- - -</span> Enhanced MetroRapid Route</li> </ul> <p><b>METRO EXPRESS</b></p> <ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Current MetroExpress</li> <li><span style="color: blue;">○</span> Future MetroExpress</li> </ul> | <p><b>ADDITIONAL AVAILABLE SERVICES</b></p> <ul style="list-style-type: none"> <li> MetroAccess</li> <li> MetroBike</li> <li> CURRENT PARK &amp; RIDE</li> <li> PROPOSED PARK &amp; RIDE</li> <li> CIRCULATOR</li> <li> TUNNEL</li> </ul> |
|--|--|---|



While some residents opposed the tax increase, the new legislation will undeniably serve the community better. Experts believe both Prop A and B will serve mutual goals and complement each other nicely. Both of these propositions include the looming I-35 expansion project that will fundamentally change the way Austinites commute through the city. Converting Austin into a more mobile-friendly place will lure more visitors and working-class people as they have easy access to public transportation throughout Austin. With increasing property values and more accessible routes to workplaces and entertainment, commercial properties will also increase in value.

**For more information on these transportation measures, contact a Matthews™ specialized agent today.**

An aerial photograph of a city at dusk, featuring a river with a bridge, several buildings, and a boat. The image is overlaid with a dark blue tint.

## DISCLAIMER

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