

TO: CITY OF DRIPPING SPRINGS
FROM: Kim Fernea
RE: ECONOMIC DEVELOPMENT COMMITTEE MONTHLY REPORT
DATE: March 15, 2021

Please accept this memo as the City of Dripping Springs Economic Development Committee's (the "Committee") monthly update to Council regarding projects and progress during the months of February 2021.

The Committee convened via Zoom February 24th.

Agenda:

- **Call to Order**
- **Business Agenda**
 - Presentation and discussion regarding the City of Dripping Springs 2020 Annual Report. *Presenters: Mayor Bill Foulds, Jr., Senior Planner Amanda Padilla, Deputy City Administrator Ginger Faught, and City Administrator Michelle Fischer*
 - Presentation and discussion regarding Dripping Springs single family rental projects. *Ken Perlman, John Burns Real Estate Consulting*
- **Reports**
 - City Council Monthly Report – Mayor Pro Tem Taline Manassian- This was post

Committee members present: Rex Baker, Dave Edwards, Melanie Fenelon, Susan Kimball, John Kroll, Andrea Nicholas, Patrick Rose, Keenan Smith, Robert Avera, Council Member Taline Manassian, Robert Avera, Kim Fernea

Chamber members present: Gigi McClaskey, Denise Schroeder

City representatives present: Mayor Bill Foulds, Michelle Fischer, Ginger Faught, Andrea Cunningham

Citizen visitor:

Presenter/Guest: Ken Perlman and Don Walker

Kyle Lovelady, Isaac Karplay, Peter Johnson, Dan Nethercott (all with NewGrowth)

Presentations:

City Staff and Mayor Foulds-Presentation and discussion of City of Dripping Springs 2020 Annual Report

Ken Perlman and Don Walker, John Burns Real Estate Consulting

- Single Family for Rent or Build For Rent
 - SF Rental dedicated community—all units are rentals
 - Maintained by owner via professional management company (on-site-24 hours/7 days)
 - 300 active BFR projects in nation, avg size is 120 units
 - Growing popularity in Phoenix, Dallas, Denver, San Antonio, Florida
 - Institutional level investment-average price of these projects is \$35 M so owners have every interest to maintain the value of the property
 - Residents stay much longer than in apartments-detached units typically have kids and want to be established in their community
 - Villas or smaller-young professionals or empty nesters
 - Renters by choice or necessity
 - Residents make between \$65,000 and higher annually
 - Necessity: May not have credit or down payment for home ownership
 - By choice-lifestyle choice/no maintenance

- Products Types: Cottage home – 650 ft (1 bed/1bath) -1400 ft (3 bed/2 bath)
 - Renters chose this product over apartments – more privacy and space
 - COVID effect- making these projects even more appealing
 - 75-80% are age 24-54
- Town Homes/Single Row Homes: 1500 ft (2 bed/2 bath) – 1750 ft (4 bed/2.5 bath)
- Single family detached 1400 ft (3/2) to 2000 ft (4/3)
- Attainable Housing product type for the Missing Middle
 - Alternative to high density apartments
- Zoning Challenges-since new product, not usually included in a zoning class
 - Many times create a PDD
 - Like MF w/ a single lot plat
- Look for average of 25 acres
- Product type allows a decrease in density (fewer units/acre) and decrease in height (compared to a 4 story apartment)
 - Fit better in landscape of many communities
- Current Housing market in Austin metro is ½ month of inventory. 4 month inventory is considered healthy, stabilized market
 - An example there are 1436 homes actively listed. It should take 6 months to sell these units but currently they are all sold in 15 days
- Burns Home Value Index-Austin area housing will increase another 15% in 2021
- Affordability Index-ability of population to afford housing in current market
 - Scale of 0 to 10, 10 being least affordable
 - 2021 Austin area will be 8.9 to 9.3