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Austin area's smallest county may gain massive \$80 billion chipmaking plant

By John Egan - Aug 26, 2022, 10:38 am



It would be an enormous economic boom for Lockhart and Caldwell County. City of Lockhart - City Government/Facebook

Caldwell County, the smallest county in the Austin metro area as measured by population, could be on track for an enormous economic boom.

Boise, Idaho-based Micron Technology is exploring an eight-phase project to build a chip manufacturing plant near Lockhart — the official Barbecue Capital of Texas — with a price tag of at least \$80 billion.

The Micron revelation comes on the heels of an explosion of activity in the Austin area's semiconductor industry. Construction is underway on a \$17 million Samsung chipmaking plant in the Williamson County suburb of Taylor, and Samsung has unveiled a potential \$80 billion project that would bring 11 more semiconductor factories to the Austin area.

The Caldwell County project came to light in documents made public August 24 and first reported by the *Austin Business Journal*. The documents reveal that Micron is seeking property tax breaks through the state's Chapter 313 economic development incentives program. That program is slated to expire at the end of this year. The first phase of Micron's proposed factory would start next January and be finished by the end of 2026, the documents show.

"Texas's Chapter 313 program sunsets in December 2022," Micron says in a statement shared with CultureMap. "Filing these applications now allows us to preserve options for potential future expansion needed to meet long-term memory demand. We have not made any final decisions regarding the location, timing, or scope of any expansion plans."

The factory potentially could employ hundreds or even thousands of people. Micron's Chapter 313 applications cite the creation of at least 80 jobs, but as the *Business Journal* points out, that figure is the bare-minimum number of jobs that must be generated by a project receiving Chapter 313 incentives.

While the Caldwell County plant might produce thousands of high-paying jobs and bring an influx of new residents, it also could drive up housing prices in what now is the cheapest county in the Austin metro to buy a home. Caldwell County's current population is around 47,000, compared with a little over 38,000 in 2010.

In July, the median home price in Caldwell County stood at \$379,536, up 45.1 percent from the same time last year but still well below the median price in the region's four other counties. For the entire metro area, the median home price in July was \$515,000, up 8 percent from the same time in 2021, according to the Austin Board of Realtors. Among the area's five counties, Travis County posted the highest median price last month — \$610,000, up 10.9 percent from the same period last year.

Coupled with the Samsung projects and the new Tesla auto manufacturing plant, site selection consultant John Boyd Jr. believes the Micron factory would be a catalyst for additional development activity along the State Highway 130 corridor.

Along those lines, Cord Shiflet, president of the Austin Board of Realtors, says the Micron project would boost the need for more housing in Caldwell County.

"Caldwell County seems like a natural step forward for major economic development in the region with so much untapped potential. The land is more affordable, there's prospective cost-effective development, and the region offers quick and easy access to Austin," Shift says. "I'm excited that Caldwell County is being considered, and I have all the confidence that any company

looking seriously at doing a project of this size will find Central Texas always seems to rise to the top as the best place in the country to work and live.”

If it proceeds with a chip plant in Caldwell County, Micron would almost certainly become the biggest employer in the Lockhart area. Today, Lockhart ISD ranks as the city’s largest employer, with more than 730 workers.

Caldwell County would be an attractive location for Micron, due in large part to the fact that both SH 130 and U.S. Highway 183 slice through the county. Lockhart, the largest city in Caldwell County, is about 30 miles southeast of Austin and about 70 miles northeast of San Antonio.

The potential Caldwell County plant is just one component of Micron’s grand vision for growth in the U.S.

On August 9, Micron announced plans to substantially ramp up its U.S. production of memory chips. The plans call for spending \$40 billion through the end of this decade on expansion of U.S. manufacturing and creating an estimated 40,000 jobs.

Micron and other players in the semiconductor sector are bulking up their U.S. operations in the wake of congressional passage of the CHIPS and Science Act.

The federal law provides billions of dollars in subsidies for semiconductor manufacturing, research, and development in the U.S. This includes \$39 billion to encourage semiconductor manufacturers to build and equip fabrication facilities, or “fabs,” in this country.

Sanjay Mehrotra, president and CEO of Micron, says the act will enable his company to boost U.S. share of global memory chip production from less than 2 percent to as much as 10 percent in the next decade. This would make the U.S. “home to the most advanced memory manufacturing and R&D in the world,” Mehrotra says.

Boyd says it’s “nice to see” a U.S.-based semiconductor company like Micron join South Korea-based Samsung in “making critical and massive investments” in Central Texas.

“Having U.S. companies make brick-and-mortar investments in America, not in China, Singapore, Malaysia, and Vietnam, is the purpose of the CHIPS Act in the first place,” he says.