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RESOLUTION NO.

WHEREAS, the City Council authorized the acquisition of the HealthSouth Hospital Facility and Parking Garage for \$6.5 million; and

WHEREAS, the price was well below the appraised market value and represented a significant opportunity for the City to repurpose or redevelop the combined sites and shape the future development of the Northeast District of Downtown; and

WHEREAS, the City Council approved Resolution 20161215-020 authorizing the reimbursement of the \$6.5 million capital expenditure from tax-exempt certificates of obligation; and

WHEREAS, Resolution No. 20170323-052 directed the City Manager to evaluate the HealthSouth building for its potential to provide affordable housing in the range of 60% median family income or below, as well as some market rate housing for individuals and families; estimate costs and a timetable for implementation of the City Manager’s evaluation; identify potential funding strategies; and identify potential private entities that could partner on the development of housing on this site; and

WHEREAS, the City contracted with a consultant, Economic and Planning Systems, Inc. (EPS) and issued a memo on November 20, 2017, detailing options, limitations, and costs associated with reconfiguring the site for affordable housing; and

WHEREAS, in July of 2018 the Urban Land Institute (ULI) issued a report that identified HealthSouth as the top city-owned site for high opportunity impact and affordable housing; and

26 **WHEREAS**, ULI contends that “unlike the EPS report, ULI Austin’s
27 Affordability Strategic Council considered including the adjacent city owned-
28 parking garage site located at 606 E 12th Street as part of a possible affordable
29 housing project;” and

30 **WHEREAS**, ULI’s report states that the “HealthSouth site provides a rare
31 opportunity to provide affordable housing within the Central Business District, an
32 area of high opportunity”; and

33 **WHEREAS**, in addition to downtown employment opportunities, the site is
34 near Dell Medical School and the teaching hospital, the Innovation District, the
35 Texas Mall, the future redevelopment Brackenridge site, and the future Waller
36 Creek parks and developments; and

37 **WHEREAS**, ULI believes that the site “could be financially viable under
38 the 4% Tax Credit program because it is located in an area known as a Small Area
39 Difficult to Develop Area (SADDA) that qualifies for a “boost” of credits in the
40 4% program;” and

41 **WHEREAS**, the site’s proximity to transit, healthcare facilities, and
42 employers could provide incredibly rare housing opportunities for lower income
43 households in the Downtown area and this analysis is worthy of deeper
44 contemplation and discussion; **NOW, THEREFORE:**

45 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

46 The City Manager is directed to announce and initiate a solicitation for
47 detailed plans and cost estimates, with input from bond counsel to ensure that the
48 certificates of obligation are properly addressed, regarding the development of
49 1215 Red River and 606 E. 12th Street, particularly for mixed-income housing,

50 with a significant emphasis on housing for households who earn 60% median
51 family income and below.

52 **BE IT FURTHER RESOLVED:**

53 The City Manager is directed to present the results of this solicitation to the
54 Council no later than November 1, 2018.

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57 **ADOPTED:** _____, 2018

ATTEST: _____

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Jannette S. Goodall
City Clerk

DRAFT