

Supplemental Backup to Item #179

Acquisition Timeline (Best Case Scenario):

The property is being appraised by a third-party appraisal consulting firm and the procurement of various other third-party assessments including a lead and asbestos testing report, environmental site assessment and property condition analysis to ascertain the condition of the land and building. These efforts are being undertaken concurrently and it is anticipated that the various reports will be finalized no later than July 31st. Assuming immediate acceptance by the property owner, closing of the real estate transaction could occur within 30 days of completing the City's due diligence.

Fair Market Value and the Tax Assessed Value Difference:

- It is usually the case that the appraisals procured by the City have effective dates that are more current than the appraised values provided by TCAD's website.
- Unlike the City's appraisal consultants, TCAD appraisers typically are not allowed access into the interior of properties and thus are not privy to improvements and/or upgrades that contribute to value.
- TCAD's assessed values reflect a limited property value after available tax exemptions are applied.
- Property owners have a financial motive to avail themselves of the property tax appeal process. Successful efforts protesting a property's assessed value can result in an assessed value that is significantly lower than its likely fair market value.

Owning vs. Leasing:

Concerning the option of leasing the property in lieu of purchasing it, financial data supports that properly managed owned assets are less expensive in the long run when compared to leasing. This is particularly true in a market like Austin where lease rates and property values have increased exponentially during the recent past.

Property Search:

In the search for viable properties for the proposed homeless center, there were about 30 City-owned sites and roughly 70 privately-owned (market) sites identified initially.

As staff moved forward with analysis of these sites and applying best-practice recommendations such as:

- proximity to major corridors;
- access to public transportation;
- site size/acreage;
- access to health care;
- access to case management and social service providers;
- current condition of site; and
- environmental considerations

A majority of these properties were eliminated because they did not meet this criteria. In addition, feedback received led us to consider properties with existing and vacant structures, as these properties

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would be able to be re-purposed to serve the needs of the resolution in less time than construction of a new structure, and would likely include necessary infrastructure such as water, electricity, etc. The application of these criteria significantly reduced the number of suitable properties, resulting in the recommendation of the south Austin site.

Community Outreach:

As the Homeless Strategy Office moves forward with the implementation of the proposed center, it is staff's intent to have ongoing communications with the community at large, and nearby neighbors and businesses specifically. The Community Engagement Team has been involved in preliminary discussions with the Homeless Strategy Office and is committed to facilitating any needs which may arise. The Homeless Strategy Office aims to be a good neighbor while also respecting the safety and security of Housing Center guests.

Process Forward:

Upon successful acquisition of a property additional items will need to be resolved in order to have the property utilized as the Housing Center. Items include rezoning the property, architecture and renovation costs and construction, securing contracts for construction services, permitting and determining the proper method to ensure restrictions are applied to the property.