

MOTION SHEET

The City Manager is directed to negotiate and execute an Exclusive Negotiating Agreement with Aspen Heights Partners and to include terms in the eventual Master Development Agreement for the lease and redevelopment of 1215 Red River and 606 East 12th, the former HealthSouth tract and to return to Council prior to execution of that Master Development Agreement.

The City Manager shall keep Council consistently apprised as to the status of the negotiations and shall return to a Council work session within 4 months with an update. If in the course of negotiations Aspen Heights articulates substantial concerns about any of the below community benefits, the City Manager shall return to Council prepared to share that information and to seek further direction from Council.

In this negotiation, the City Manager is directed to negotiate with Aspen Heights and attempt to obtain the following goals in the eventual Master Development Agreement. If Aspen Heights is unable or unwilling to agree to any of these goals being in the Master Development Agreement, the City Manager will return to the Council to explain the reason for the objection:

Affordable and Family-Friendly Housing

- Add more affordable housing to the project to such an extent that affordable housing is the site's significant and central use, Staff may consider using a 9% Low Income Housing Tax Credit application or a General Obligation bond subsidy if necessary.
- Require an affordable housing term that mirrors the length of Aspen Height's ground lease for rental and ownership.
- Alter the unit makeup of the affordable units to reflect a significant shift from one-bedroom and studio homes to two- and three-bedroom homes to align with recommendations from the 2008 Families with Children Task Force.
- If the affordable housing term does not mirror the ground lease term, include a provision to allow the City to re-negotiate the affordable housing or a "Right of First Refusal" provision for the City of Austin that would be enacted upon expiration of the affordability terms or if the affordable rental homes covert to a condominium use.
- Require source of income non-discrimination and the acceptance of Housing Choice Vouchers, the City of Austin's local housing vouchers, or other rental subsidies for the affordable rental homes.
- Require the tenant protections currently contained within the City's Rental Housing Development Assistance requirements.

VERSION 2

- Designate a certain percentage of the income-restricted affordable rental homes to be reserved for voucher holders and Continuum of Care units, especially for families with children experiencing homelessness.
- For the reasons outlined in University of Texas School of Law Clinic Entrepreneurship and Community Development Clinic November 2020 report, “[Public Facility Corporations and the Section 303.042\(f\) Tax Break for Apartment Developments](#),” the rent charged (including a utility allowance) in the affordable rental units should not exceed 30% of a household's income at 60% MFI or 50% MFI income levels and the income restrictions (and rent restrictions) should be adjusted for household size under HUD guidelines.
- Similar to other City of Austin Master Development Agreements, include a provision that allows for profit-sharing for the City beyond a certain internal rate of return once costs are covered. The profits generated by this tract that return to the City shall be used for the creation of Permanent Supportive Housing or vouchers and services for individuals experiencing homelessness.
- Ensure the inclusion of our current policy and as it may be amended in the future, in which the sale price of the affordable homes must be no more than 3 times the household’s annual income (or 3.5 times the household’s income if someone in the household has completed approved homebuyer counseling or education). Ownership units should also subject to an equity cap, where the homeowner’s equity can increase up to 2 percent per year for 30 years (at which point no additional equity can be earned). This allows the homeowner to gain some appreciation at resale, while also preserving the affordability of the home for future income-eligible homebuyers.
- Include a study by a qualified acoustical consultant documenting current sound conditions in the area and prescribing a plan for construction and design solutions to minimize sound impact to residential portions of the redevelopment not only for any contemplated venue uses within the project, but also for amplified sound from the adjacent Waterloo Park.

Community Assets

- Add on-site high-quality affordable childcare as a use within the proposal.
- Provide spaces for communal “learning spaces,” computer labs and other spaces that include technological resources for the residents, especially the residents who are children.
- Based on current trends and projections, reduce the amount of office space as much as financially feasible.

Commercial Uses

- Craft an agreement to ensure commercial tenants will include a significant percentage of independent, local merchants.
- For the commercial and office components of the proposal, include the City of Austin’s living wage standard, including a mechanism to ensure that these wages mirror the City of Austin’s living wage as it increases in future years, and ensure these provisions apply for custodial workers.

Public Access

- Ensure that the public will be able to access the viewing deck without having to be a resident or customer of any business in the buildings.
- Include a term that park / green space be fully accessible to the public and ensure that the developer provides and maintains obvious, discernible street-level signage in English and Spanish to that effect.
- Ensure that any pool or aquatic amenity be fully accessible to the public. Any such facility should be included on the aforementioned signage.
- Specify that costs for maintaining the park and any aquatic facility will not be the responsibility of the city.
- Achieve LEED Gold rating or 4-star Green Building standards.

Street-level Activation

- To the extent feasible, restore the urban grid such that the “new alley” on the north edge of the HealthSouth tract be designated as 13th Street and, if commercial uses will be present, include ground-level pedestrian-oriented uses similar to other streets in the Central Business District.
- To the extent feasible, maintain public right-of-way along the existing east-west alley just north of 12th Street (even if an overhead connection is provided across the alley).
- To the extent feasible and to the extent it does not impact the provision of affordable housing and community benefits, achieve the following goals: reduce the number of parking spaces consistent with the goals of the Austin Strategic Mobility Plan; shift more parking underground; construct any above-grade parking with horizontal floors and adequate headroom so as to make possible later conversion; wrap above-grade parking with ground-level, pedestrian-oriented uses; use green walls; require parking to be decoupled from other uses and available to the public even for offsite uses.

VERSION 2

As stated above, the City Manager shall return to Council in a Council work session if Aspen Heights is unable or unwilling to include any of the above provisions in the Master Development Agreement to provide a detailed explanation as to the rationale.

The City Manager is directed to:

- Ensure that, at a minimum, the Finance Department, Office of Real Estate, Parks and Recreation Department, and Housing and Planning are deeply involved and engaged in the negotiation of the terms of the Master Development Agreement. As the central use of this tract is intended to be housing, specifically affordable housing, Economic Development Department shall not be the primary lead in this negotiation.
- Host at least one public session prior to returning to Council to provide information and receive feedback on the proposal and project terms, in a manner similar to public discussion and engagement opportunities at the Seaholm Intake Building and other public projects of this nature.
- Conduct briefings at the Community Development Commission and Design Commission and provide these Commissions the opportunity to give feedback on the proposed terms of the Master Development Agreement prior to its return to Council.
- Provide a detailed analysis of economic and use impacts of including AE's district cooling plant facility in this project, including an estimate for land costs
- Provide information regarding how this project might be managed by the Austin Economic Development Corporation to ensure maximum community benefits.
- Estimate the amount of property tax revenue that could flow to the Affordable Housing Trust Fund as a result of taxable uses on this site.
- List any waivers or approvals required to execute development as proposed.
- Provide information about what ways the commercial space at the HealthSouth redevelopment could help further the City's goal to implement a portfolio approach to city real estate, including analyzing how creating office space for the City at HealthSouth could increase opportunities for more affordable housing at One Texas Center.

The City Manager is directed to return to Council at least eight weeks prior to the Recommendation for Council Action for the Master Development Agreement for Council conversation.