

1 **RESOLUTION NO.**

2 **WHEREAS**, the City of Austin is one of the largest owners of land within
3 in the Austin area, owning real property throughout its jurisdiction, within all ten
4 council districts; and

5 **WHEREAS**, as the governing body of the City of Austin, the City Council
6 is entrusted with the responsibility and authority to purchase, sell, and lease of real
7 property on behalf of the City; and

8 **WHEREAS**, several Council-approved policies have identified vacant and
9 otherwise underutilized City-owned land and facilities as opportunities to expand
10 community services and generate opportunities for basic necessities and Council
11 priorities, such as affordable and family-friendly housing; and

12 **WHEREAS**, the Strategic Housing Blueprint, for example, identifies
13 strategic opportunities for the use of City-owned land, such as community land
14 trusts and the co-location of housing alongside or within City facilities, such as
15 libraries and community centers, to build and generate long-term affordable
16 housing, at deeper levels of affordability, in areas of the city where land costs and
17 property taxes are higher; and

18 **WHEREAS**, the City Council desires to establish a consistent, reliable, and
19 transparent process that incorporates earlier Council review, evaluation,
20 consideration, and approval of real estate transactions and redevelopment
21 proposals for City-owned land to ensure that the City's policies and goals are
22 prioritized within the City's overall real estate management strategy; and

23 **WHEREAS**, earlier Council input in decisions related to the long-term use,
24 acquisition, and disposition of real estate will ensure that Council-approved policy
25 and community benefits are incorporated into the negotiations before significant
26 staff time and resources are spent on a proposal; and

27 **WHEREAS**, the Families and Children Task Force identified the
28 importance of collaboration between the City, school districts, and other
29 stakeholders to develop affordable, family-sized housing and other basic needs for
30 families, such as childcare facilities, to retain and provide stability for families
31 within the City; and

32 **WHEREAS**, Resolution 20121011-076 directed the City Manager bring
33 forward an enhanced review process for potential real estate sales of City-owned
34 land, including community outreach and consideration of all relevant city plans
35 and policies, from small area plans to the Imagine Austin Comprehensive Plan; and

36 **WHEREAS**, the Austin Climate Equity Plan, the Austin Strategic Mobility
37 Plan, and the Downtown Austin Parking Strategy all identify various policies for
38 the management of the City’s parking facilities in a manner that promotes a multi-
39 modal transportation system and can help generate revenue for overall mobility
40 improvements; and

41 **WHEREAS**, as the stewards of the City’s real property, the City Council
42 has a responsibility to its taxpayers to obtain the best value, both in terms of price
43 and efficiency, of the use of the City’s real estate interests; and

44 **WHEREAS**, on August 3, 2018, the Housing Department issued a
45 memorandum stating that the Economic Development Department (EDD), building
46 upon the “portfolio approach” of repositioning City-owned property, would
47 comprehensively evaluate sites and make actionable recommendations for City
48 Council consideration in order to leverage Council policy objectives for each site
49 and the portfolio as a whole; and

50 **WHEREAS**, Resolution No. 20161103-045 directed the City Manager to
51 ensure that the City's Strategic Facilities Governance Team work with other local
52 governmental and quasi-governmental entities, including AISD, Travis County,
53 Capital Metro, and ACC, on creating a process for identifying opportunities within
54 each entity's real estate portfolio for coordination on facilities and redevelopment
55 of public land and identification of opportunities for joint-use agreements, with the
56 aim of achieving shared priority policy goals, such as creating affordable and
57 permanent supportive housing, supporting transportation goals, or supporting space
58 for creatives; and

59 **WHEREAS**, Resolution No. 20170216-040 directed the City Manager to
60 bring forward for Council consideration specific proposals for creating an
61 economic development corporation or similar entity that could create or support
62 development of affordable housing, redevelopment, revitalization and other
63 priority projects and goals of the City; and

64 **WHEREAS**, Resolution No. 20201203-046 directed the City Manager to
65 bring forward such action as is appropriate to contract with the Austin Economic
66 Development Corporation (AEDC) to manage the funds, as set forth in the Texas
67 Tax Code Chapter 351 for the purpose of implementing, as a project, Iconic
68 Cultural Preservation, restoration, acquisition, construction, improvement,
69 enlarging, equipping, repairing, operations, and maintenance as provided for under
70 Texas Tax Code; and

71 **WHEREAS**, the Austin Economic Development Corporation is well
72 situated to act on behalf of the City in redevelopment opportunities to maximize
73 the community benefits and further municipal goals; and

74 **WHEREAS**, the following policies are intend to provide a general
75 framework for the use of City-owned properties, respecting the primary functions
76 of the various City departments, enterprises, and City-owned entities, and not
77 intended to override any legal requirements that might pertain the funding sources
78 related to the acquisition and/or management of the City facilities; **NOW,**
79 **THEREFORE,**

80 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN**

81 The City Manager is hereby directed to manage the City’s real estate
82 interests according to the following Council policies:

83 *Disposition of City-Owned Real Estate*

- 84 **1. Earlier Council Consideration.** Prior to the issuance of any Request for
85 Proposal (RFP), Request for Qualification (RFQ), or other similar
86 solicitation concerning the development, redevelopment, or disposition of
87 City-owned real estate or entering into any formal negotiations with a
88 third party to sell, lease, or otherwise dispose of City-owned real
89 property, the City manager shall request approval from the City Council
90 to enter into such negotiations. The City Manager shall make a
91 recommendation, in the form of a proposed Letter of Intent or similar
92 instrument, including as many of the proposed terms of the agreement as
93 are available.
- 94
- 95 **2. Council Review of Offers.** Without limitation to Paragraph 1 above, in
96 the event that the City of Austin receives an offer to purchase or lease
97 City-owned land or a significant portion of a City-owned facility, the
98 City Manager shall inform the City Council of such offer by
99 memorandum or via discussion during Executive Session, as consistent
100 with State law, as soon as practicable.
- 101
- 102 **3. Transparency in Real Estate Transactions.** Due to the nature of real
103 estate transactions, the City Manager may, as required by State law or
104 necessary to protect the City’s interests, provide some of the details
105 related to a proposed real estate transaction in Executive Session;

106 provided, however, as a general policy, the City Manager should err on
107 the side of transparency and post for public review, all materials, as may
108 be appropriate, for public review concerning any City Council action.

109
110 **4. Ground-Leases Favored Over Fee-Simple Sales.** As a general policy,
111 the City of Austin should seek to protect its long-term, ownership
112 interests in land and other real property owned by the City. In lieu of
113 selling City-owned property as fee simple, the City Manager should first
114 consider the use of long-term leases or ground leases. When the City
115 Manager recommends an outright sale, the recommendation must be
116 accompanied by justification and a financial analysis explaining the
117 benefits of the recommended course of action.

- 118
119 a. This policy is not meant to impair the City of Austin’s ability to
120 transfer properties between City-owned departments, enterprises,
121 or other City-owned entities, as approved by the City Council.

122
123 **5. Ownership Favored Over Leasing.** As a general policy, the City of
124 Austin should own its facilities and avoid, as reasonably prudent,
125 becoming a tenant on long-term leases.

126
127 **6. Leasing Facilities for Community Needs.** The City Manager should
128 establish a fair, transparent, and open-competitive process for the leasing
129 of City-owned facilities. On a prospective basis, for properties leased to
130 non-profit organizations at a discounted or subsidized rate, such leases
131 should incorporate metrics to ensure that City objectives are being
132 achieved and, where appropriate, the lease should be structured on a
133 short-term basis to provide opportunity for such organization to build a
134 sustainable foundation without becoming reliant on long-term City
135 subsidization. This policy should not impact existing long-term leases.

136
137 **7. Current Appraisals.** Prior to marketing any City-owned real property
138 for sale and/or or prior to the issuance of any Request for Proposal (RFP),
139 Request for Qualification (RFQ), or other similar solicitation concerning
140 the development, redevelopment, or disposition of City-owned real
141 estate, the City Manager shall obtain an appraisal from a qualified

142 appraiser concerning the present value of the property. In the event that a
143 proposed transaction extends for a prolonged period of time, and the City
144 Manager, in its reasonable discretion, believes that the value of the
145 property exceeds the negotiated price, the appraisal should be updated
146 within sixty (60) days prior to closing.

147
148 **8. Maximizing City Value of Public Land.** In the event that a City-owned
149 property intended to be sold or ground-leased maintains zoning Public
150 (P) based district zoning and/or does not reflect the highest and best use
151 of the property, as determined by the City Manager in its reasonable
152 discretion, the City Manager should request that the City Council initiate
153 rezoning of such property prior to marketing such property for sale or
154 lease.

155
156 **9. Collaboration with Other Public Entities and Joint Uses.** Prior to
157 marketing any City-owned real property for sale and/or or prior to the
158 issuance of any Request for Proposal (RFP), Request for Qualification
159 (RFQ), or other similar solicitation concerning the development,
160 redevelopment, or disposition of City-owned real estate, the City
161 Manager should (i) prepare an assessment of the needs of the various
162 City departments, enterprise funds, and City-owned entities to consider
163 whether such property much be well-suited for a joint-use facility and (ii)
164 consult with other public entities, such as Travis County, Central Health,
165 and the various school districts, to consider potential partnership to serve
166 overall community needs. Such analysis should also consider the
167 possibility of land swaps between City departments, enterprises, and
168 City-owned entities and other public entities.

169
170 *Development of City-Owned Real Estate*

171 **10. Identify Opportunities.** The City Manager is directed to work,
172 collaborate, and consult with the Austin Economic Development
173 Corporation and the Austin Housing Finance Corporation, on a
174 continuous basis, to evaluate the available supply and inventory of City-
175 owned land and facilities to identify potential opportunities to develop,
176 redevelop, and co-locate income-restricted housing development and
177 other Council-adopted priorities alongside City facilities. As part of this

178 work, the City Manager shall annually update the City's inventory of real
179 properties and provide such inventory to the Austin Economic
180 Development Corporation and the Austin Housing Finance Corporation.
181

182 **11. Partner with Austin Economic Development Corporation.** Prior to the
183 issuance of any Request for Proposal (RFP), Request for Qualification
184 (RFQ), or other similar solicitation concerning the development,
185 redevelopment, or disposition of City-owned real estate, the City
186 Manager is directed to meet with the Austin Economic Development
187 Corporation to review the objectives of the proposed solicitation and
188 evaluate opportunities for partnership. On a semi-annual basis, the City
189 Manager shall report to council the progress of such partnership,
190 including offering the Austin Economic Development Corporation to
191 provide their direct feedback to the City Council.
192

193 **12. Achieve Council-Adopted Priorities.** The City Manager shall not issue
194 any Request for Proposal (RFP), Request for Qualification (RFQ), or
195 other solicitation concerning the development, redevelopment, or
196 disposition of City-owned real estate, unless such solicitation
197 incorporates the following requirements:
198

- 199 a. For a solicitation that incorporates housing, the housing development
200 must incorporate no less than 85% income-restricted housing, which
201 must include family-sized units (e.g., 2- and 3-bedroom units). The
202 development should incorporate deep levels of affordability (e.g.,
203 rental rates based on 50% MFI and below) and permanent supportive
204 housing, whenever feasible. The City Manager should work with the
205 Austin Housing Finance Corporation concerning such solicitation. If
206 the City Manager recommends diverging from these standards
207 (including, without limitation, the target affordability goal), or if the
208 City Manager desires to achieve the proposed project through
209 alternative methods, the recommendation must be accompanied by
210 justification and financial analysis.
211
- 212 b. All construction on a City of Austin-owned property, whether
213 performed by a City of Austin employee or contractor, must be
214 certified by a third-party certification that the construction project

215 either (i) complies with, or exceeds, the City of Austin requirements
216 under the Better Builder Certification program, as published for the
217 then-current year, or (ii) a similar program, if approved by ordinance,
218 that establishes comparable requirements for (a) the payment of a
219 living wage; (b) completion of OSHA-10 training; (c) workers'
220 compensation; (d) hiring goals from local craft training programs; (e)
221 compliance with all applicable state, federal, and local laws; and (f)
222 independent on-site monitoring.

- 223
- 224 c. On a prospective basis, any lease to a commercial tenant or operator
225 using City-owned real property shall incorporate a requirement that
226 such tenant must comply with the City's living wage standards.

227

228 **13. City Manager Briefing.** Prior to the issuance of any Request for
229 Proposal (RFP), Request for Qualification (RFQ), or other solicitation
230 concerning the development, redevelopment, or disposition of City-
231 owned real estate, the City Manager shall provide a briefing the City
232 Council detailing the proposed solicitation which shall include the City
233 Manager's recommendations for the solicitation process and
234 guidelines/requirements for such solicitation. The City Manager's
235 recommendations shall include, but not be limited to:

- 236
- 237 a. If the City Manager recommends conducting the solicitation without
238 coordination or use of the Austin Economic Development Corporation
239 (AEDC) and/or the Austin Housing Finance Corporation (AHFC), as
240 applicable, the City Manger's briefing shall include an explanation of
241 such recommendation, a summary of the conversations that have
242 occurred with AEDC or AHFC, and an outline of the process the City
243 Manager intends to use to perform the solicitation.
- 244
- 245 b. If the City Manager recommends that the project not incorporate
246 housing, the City Manger's briefing shall include an explanation of
247 such recommendation. Otherwise, the recommendation should detail
248 the proposed goals for housing on the site, including the total number
249 of income-restricted dwelling units, target affordability levels, unit

250 sizes, housing types, and other considerations consistent with the
251 Strategic Housing Blueprint.

252
253 **14. City Council Approval of Solicitations.** No such solicitation shall be
254 released until the City Council reviews, discusses, and provides its
255 affirmative approval. If the City Council determines that the AEDC or
256 AHFC is not the appropriate lead for the solicitation, the City Manager
257 shall collaborate with the City Council to designate the appropriate
258 department to act as the lead for the solicitation.

259
260 **15. Public Review Period.** Prior to the execution of any RFP, RFQ, or other
261 solicitation concerning the development, redevelopment, or disposition of
262 City-owned real estate, the City Manager, AEDC, or AHFC, as
263 applicable, shall hold a public hearing to receive public input no later
264 than one week prior to Council consideration of the solicitation. The
265 presentation shall include an explanation of how the recommended action
266 incorporates the Council's direction.

267 *City-Owned Parking*

268 **16. City-Owned Parking.** The City Manager shall make recommendations
269 on a parking management strategy to move toward a centralized
270 management system or strategy, as consistent with bond and financing
271 requirements, to ensure consistency with parking-related goals as stated
272 under the Austin Climate Equity Plan, Austin Strategic Mobility Plan,
273 and other Council-approved policies. Prior to Council approval of each
274 fiscal year's budget, the City Manager should recommend adjustments in
275 parking rates for each facility and provide revenue projections. To
276 achieve this policy, the Council further directs the City Manager to hire a
277 consultant to study peer cities and comparable governmental entities to
278 make recommendations for the best mechanism to consolidate all
279 publicly owned City of Austin parking facilities, parking garages, and
280 assets into one entity with the authority to leverage untapped parking
281 supply and to standardize parking rates based on the most current
282 competitive market conditions and/or the cost for providing these
283 services.

285 *Acquisition of City Real Estate*

286 **17. Council Approval of Terms in Advance of Negotiations / Acquisition.**

287 Prior to entering into a contract to negotiate the purchase, lease, or other
288 acquisition of real estate, the City Manager shall request approval from
289 the City Council to enter into such negotiations. The City Manager shall
290 make a recommendation, in the form of a proposed Letter of Intent or
291 other similar instrument, reflecting the initial intent of the two parties,
292 which shall include as many proposed terms of the agreement as
293 available. Due to the nature of real estate transactions, the City Manager
294 may provide this information and seek direction from the Council in
295 Executive Session, as consistent with state law.

- 296
- 297 a. This policy shall expressly exclude the acquisition of right-of-way,
298 parkland, easements, and other real estate instruments dedicated
299 through the City's standard development permitting processes.

300

301 **18. Review of City-Owned Inventory and Collaboration with Other**

302 **Public Entities.** Prior to entering into a contract to negotiate the
303 purchase, lease, or other acquisition of real estate, the City Manager
304 should review the available inventory of City-owned real estate and
305 attempt to identify opportunities to collocate the desired facility on
306 existing City-owned land. Additionally, the City Manager should
307 consider collaborating with other public entities, such as Travis County,
308 Central Health, and the various school districts with jurisdictional
309 boundaries overlapping the City of Austin, to collocate facilities.

310 **BE IT FURTHER RESOLVED**

311 That the City Manager is directed to make recommendations on the
312 development of policies that pertain to the development and use of small tracts of
313 land located throughout the City that might help achieve the geographic dispersion
314 of affordable housing and other Council-adopted priorities.

319 **BE IT FURTHER RESOLVED**

320 That the City Manager is directed to prepare a briefing for City Council
321 discussion, prior to November 1, 2022, to discuss partnering with the Austin
322 Economic Development Corporation on potential projects.

323
324 **ADOPTED:** _____, 2022 **ATTEST:** _____

325 Myrna Rios
326 City Clerk

DRAFT