

**RESOLUTION NO.**

**WHEREAS**, the City of Austin is one of the largest owners of land within the Austin area, owning real property throughout its jurisdiction within each of the ten City Council districts; and

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

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

**WHEREAS**, the current City Council seeks to share its institutional knowledge with future Councils and to formalize some of the process improvements taken by professional staff in recent years; and

**WHEREAS**, the following policies are intended to provide a general framework for the use of City-owned properties, respect the primary functions of the various City departments, enterprises, and City-owned entities, provide flexibility when needed, and to align with any legal requirements pertaining to the funding sources related to the acquisition and/or management of the City facilities; and

**WHEREAS**, several of the policies contained in this Resolution are restatements of existing policy or practice, such as favoring ownership over leasing; these policies are included to ensure that such policies and the progress

made toward achieving them are prioritized in the ongoing management of the City's real estate portfolio; and

**WHEREAS**, the City Council acknowledges that every property or development may have unique characteristics, and this Resolution seeks to provide general guidance to the City Manager, future City Councils, City staff, and community members to facilitate the transparent, consistent, and efficient oversight of real estate assets; **NOW, THEREFORE**,

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

The City Manager is directed to develop policies and practices related to the City's real estate interests to accomplish the following:

- 1. Notify City Council.** The City Council should be informed about offers from other governmental entities or private parties to sell property to the City, at the earliest opportunity. (Existing policy requires the City Manager to share offers to purchase state land within two days of receipt.)

Prior to beginning a solicitation process to sell or ground lease City-owned property (other than right-of-way, parkland, and other standard acquisitions), the City Manager should notify the City Council, provide a rationale for the sale, and indicate which departments and public entities the staff have consulted with to determine their interest.

- 2. Exercise Due Diligence.** Prior to presenting a formal proposal to purchase land or property, the City Manager should assemble a broad-based team of staff to assess the applicable land use requirements, including the impacts

45 of legal covenants, restrictions, or overlays (e.g., the Airport Overlay  
46 Zone).

47 **3. Allow City Council to Review Agreements Before Approval.** In most  
48 instances, the City Manager should separate “negotiation” and “execution”  
49 phases of real estate transactions so that the City Council is not approving  
50 a document that has not yet been written.

51 **4. Favor ground-leases.** As a general policy, the City should seek to retain  
52 its property. If the City Manager recommends selling a facility or property  
53 to a non-City entity, the Manager should provide a rationale and a financial  
54 analysis illustrating the benefits.

55 **5. Ownership Favored Over Leasing.** As a general policy, the City should  
56 own its facilities and avoid becoming a tenant on long-term leases, which  
57 is consistent with current council directives. By June 1, 2023, the City  
58 Manager should present to the City Council with an inventory of spaces  
59 leased by the City of Austin and a plan on phasing out such leases.

60 **6. Active Use of City Facilities.** As a general policy, the City should avoid  
61 long-term vacancy and underutilization of the City’s real estate resources.  
62 If a property will stand vacant for more than 6 months, the Manager should  
63 consider hosting short-term uses, such as pop-up retail, art spaces, or other  
64 community uses that would not affect the long-term plans. Beginning on  
65 June 1, 2023, the City Manager shall prepare an annual report on vacant  
66 City-owned facilities and those defined as “under-utilized” based on a  
67 metric that staff develop.

68 **7. Right of Way Vacation and Encroachment and License Agreements.**  
69 Consistent with Resolution 20140807-092, public spaces such as alleys can

70 represent significant long-term value for a growing city with significant  
71 needs for infrastructure and place making. Current code limits how the  
72 City can assign value. The City Manager is thus directed to review best  
73 practices, analyze and recommend procedural modifications, fee  
74 alternatives, and valuation options, and return with recommendations for  
75 City Council no later than May 1, 2023.

76 **8. Transfers Between City Departments and City-Affiliated Entities.**

77 When transferring real estate from a City-affiliated entity such as Austin  
78 Energy to a City department or vice versa, the general policy should be that  
79 the value of the property should be set no greater than the initial purchase  
80 price plus the costs of the maintenance of the property and other carrying  
81 costs incurred after such acquisition. The City Manager should include a  
82 rationale when recommending an alternative valuation.

83 **9. Rezoning City-Owned Land.** As part of its initial due diligence for the  
84 sale or ground lease of City-owned land, the City Manager should assess  
85 the property's zoning and development potential and recommend to the  
86 City Council whether the property should be rezoned prior to entering into  
87 an agreement with a third party to maximize the City's potential for  
88 achieving community benefits.

89 **10. Joint Uses and Collaboration.** As a general policy, the City should  
90 maximize the value of City-owned land by using it for multiple purposes  
91 when appropriate. If the City Manager is recommending a single use on  
92 City-owned land, such a proposal should explain why.

93 Whenever possible, the City should collaborate with other public entities,  
94 such as Travis County, Central Health, and area school on joint use

95 facilities and/or land swaps. When bringing forward proposals, the City  
96 Manager should be prepared to summarize any outreach to area school  
97 districts, counties, and other entities – and to summarize whether the City’s  
98 Strategic Facilities committee worked with diverse departments to explore  
99 possibilities or identify prospective tenants.

100 Numerous Council directives have emphasized these goals, but the City  
101 has not established clear and consistent processes for consulting other  
102 internal city departments or external organizations and entities. The City  
103 Manager shall return to Council by June 1, 2023, with a general framework  
104 that would guide such internal and external conversations about facility  
105 and property use and development.

106 **11. Suggest Options for Smaller Tracts.** The City Manager shall recommend  
107 policies for developing and using small tracts of City-owned land (e.g.,  
108 less than 2 acres in size) that might help achieve the geographic dispersion  
109 of affordable housing and other City Council-adopted priorities. The City  
110 Manager shall report back to City Council on this issue by February 1,  
111 2023.

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114 **ADOPTED:** \_\_\_\_\_, 2022 **ATTEST:** \_\_\_\_\_

115 Myrna Rios  
116 City Clerk  
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