

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;

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;

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;

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;

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;

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 inform the City Council concerning his recommendation, 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.** Establish consistent policies concerning the proper due diligence of real estate transactions. For example, 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 of legal covenants, restrictions, or overlays (e.g., the Airport Overlay Zone).
 - 3. Allow City Council to Review Agreements Before Approval.** In most instances, the City Manager should separate “negotiation” and “execution” phases of real estate transactions so that the City Council is not approving a document that has not yet been written. If the City Manager desires to bring those items together, the City Manager should provide some rationale for combining the two actions.
 - 4. Favor ground-leases.** As a general policy, the City should seek to retain its property. If the City Manager recommends selling a facility or property to a non-City entity, the Manager should provide a rationale and a financial analysis illustrating the benefits.
 - 5. Ownership Favored Over Leasing.** As a general policy, the City should own its facilities and avoid becoming a tenant on long-term leases, which is consistent with current council directives. By June 1, 2023, the City Manager should present to the City Council with an inventory of spaces leased by the City of Austin and a plan on phasing out such leases.
 - 6. Active Use of City Facilities.** As a general policy, the City should avoid long-term vacancy and underutilization of the City’s real estate resources. If a property will stand vacant for more than 6 months, the Manager should consider whether or not to host short-term uses, such as pop-up retail, art spaces, or other community uses that would not affect the long-term plans.
- Beginning on June 1, 2023, the City Manager shall prepare an annual report on vacant City-owned facilities and those defined as “under-utilized” based on a metric that staff develop.
- 7. Right of Way Vacation and Encroachment and License Agreements.** Consistent with Resolution 20140807-092, public spaces such as alleys can represent significant long-term value for a growing city with significant needs for infrastructure and place making. Current code limits how the City can assign value. The City Manager is thus directed to review best practices, analyze and recommend potential procedural modifications, fee alternatives, and valuation options, and return with recommendations on whether or not to change existing practices for City Council no later than May 1, 2023.
 - 8. Transfers Between City Departments and City-Affiliated Entities.** Establish consistent policies concerning the transfer of real estate between departments and City-affiliated entities. For example, when transferring real estate from a City-affiliated entity such as Austin Energy to a City department or vice versa, the general policy should be that the value of the property should be set no greater than the initial purchase price plus

the costs of the maintenance of the property and other carrying costs incurred after such acquisition. The City Manager should include a rationale when recommending an alternative valuation to the established policy.

9. Rezoning City-Owned Land. As part of its initial due diligence for the sale or ground lease of City-owned land, the City Manager should assess the property's zoning and development potential and recommend to the City Council whether or not the property should be rezoned prior to entering into an agreement with a third party to maximize the City's potential for achieving community benefits.

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

Whenever possible, the City should collaborate with other public entities, such as Travis County, Central Health, and area school on joint use facilities and/or land swaps. When bringing forward proposals, if outreach has been conducted, the City Manager should be prepared to summarize any outreach to area school districts, counties, and other entities – and to summarize whether the City's Strategic Facilities committee worked with diverse departments to explore possibilities or identify prospective tenants. This does not mean that the City Manager must consult every entity with every property, if multiple uses have already been identified or collaboration with another entity would not be possible for the particular use or location.

Numerous Council directives have emphasized these goals, but the City has not established clear and consistent processes for consulting other internal city departments or external organizations and entities.

The City Manager shall return to Council by June 1, 2023, with a general framework that would guide such internal and external conversations about facility and property use and development.

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