

December 8, 2022

Mayor Adler

Motion Sheet #1 V2

I move to include the following amendment language to Version 2 distributed on December 7, 2022:

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.** Whether, and under what conditions, ~~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.~~

Whether, under what conditions, and in what manner, ~~P~~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, whether, and under what conditions 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,~~ Whether, and under what conditions, 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, Whether, and under what conditions~~ the City should seek to retain and lease, rather than sell its property and when. ~~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 (and negatives) of the option recommended.
5. **Ownership Favored Over Leasing.** ~~As a general policy, Whether, and under what conditions,~~ 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 associated recommendations and whether or not to a plan on phasing out such leases.
6. **Active Use of City Facilities.** ~~As a general policy, Whether, and under what conditions,~~ 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~~June 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, and under what circumstances, City-owned the property should be rezoned prior to entering into an agreement with a third party in the situations where such would serve to maximize the City's potential for achieving community benefits.

- 10. Joint Uses and Collaboration.** ~~As a general policy, when appropriate, Whether, and under what conditions,~~ the City should ~~maximize the value of use~~ City-owned land ~~by using it~~ for multiple purposes. ~~If and when~~ 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, but only in appropriate situations which might include consideration of 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~~June 1, 2023.

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