

RESOLUTION NO.

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3 **WHEREAS**, the City Council is committed to maximizing community
4 benefits on City-owned property; and

5 **WHEREAS**, the Strategic Housing Blueprint recommends utilizing publicly
6 owned land for the creation of affordable housing for those who need it the most,
7 emphasizing multi-bedroom housing or dwellings for multigenerational
8 households; and

9 **WHEREAS**, the City Council has provided extensive direction to the City
10 Manager regarding the development of 1215 Red River and 606 E. 12th Street,
11 herein referred to as “HealthSouth;” and

12 **WHEREAS**, the City Council approved Resolution No. 20181004-042 that
13 directed the City Manager to initiate a solicitation for a mixed income development
14 with affordable housing under 60 percent Median Family Income (MFI) onsite or
15 within one mile of the property; and

16 **WHEREAS**, the City executed an exclusive negotiating agreement (ENA)
17 with Aspen Heights as the preferred developer in May of 2021 to begin negotiation
18 of terms of a Master Development Agreement (MDA); and

19 **WHEREAS**, City Council directed the City Manager to continue to
20 negotiate with Aspen Heights with a revised term sheet in September of 2022; and

21 **WHEREAS**, City Council directed the City Manager, in September 2022, to
22 “update the City Council on a monthly basis until the City Council has approved
23 the Master Development Agreement,” as well as to return to City Council for final
24 approval prior to executing the MDA; and

25 **WHEREAS**, the ENA with Aspen Heights expired on June 29, 2023; and

26 **WHEREAS**, the ongoing Palm District Plan, whose study area includes
27 HealthSouth, calls for a variety of strategies to grow inclusively in this vibrant,
28 transit-oriented district, including leveraging redevelopment to increase housing
29 density for all socioeconomic groups; and

30 **WHEREAS**, HealthSouth remains a critical priority City-owned property
31 for City Council; **NOW THEREFORE**,

32 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF**
33 **AUSTIN:**

34 The City Council reaffirms its commitment to retaining City ownership of
35 1215 Red River and 606 E. 12th Street and redeveloping the properties as a mixed
36 use, mixed income development with housing affordable to 60 percent MFI and
37 below and other priorities that align with the Palm District Plan and other planning
38 initiatives.

39 **BE IT FURTHER RESOLVED:**

40 To assist City Council in crafting priorities for the site, the City Manager is
41 directed to provide at least the following scenarios regarding the creation of
42 housing affordable to 60 percent MFI or below based on market feasibility:

- 43 • Onsite and
- 44 • Within the Palm District Plan boundary.

47 **BE IT FURTHER RESOLVED:**

48 The City Manager is directed to explore the merits of Austin Economic
49 Development Corporation and Austin Housing Finance Corporation as lead
50 negotiators for the HealthSouth redevelopment.

51 **BE IT FURTHER RESOLVED:**

52 The City Manager is directed to return to City Council with a comprehensive
53 report on the site development feasibility based on prior work with the prior
54 negotiations, the findings, and recommendations on market feasibility to guide a
55 discussion of City Council’s goals for this site, and recommendations on next steps
56 for the redevelopment process for future discussion and possible action at the
57 September 2023 Housing and Planning Committee meeting.

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59 **ADOPTED:** _____, 2023 **ATTEST:** _____

61 Myrna Rios
62 City Clerk
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