

**RESOLUTION NO.**

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

**WHEREAS**, the City purchased 1215 Red River & 606 East 12th Streets, known as HealthSouth, in 2016; and

**WHEREAS**, Resolution No. 20230720-132 directed the City Manager to retain City ownership of the properties, explore affordable housing scenarios on-site and within the Palm District Planning area, explore lead negotiators, and provide a comprehensive report on market feasibility of the site redevelopment to inform next steps; and

**WHEREAS**, the market feasibility report provided by the City concluded current market conditions and community priorities support affordable housing and ground floor retail as priorities for the site; and

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

**WHEREAS**, other affordable housing opportunities in the downtown neighborhood include 164 public housing units reserved for older adults and people with disabilities, 159 units of supportive housing serving income between 30-50 percent median family income (MFI), and 43 condo units serving incomes at 80 percent MFI; and

**WHEREAS**, the Austin Strategic Housing Blueprint states, “Building affordable housing on developable public land in key locations near transit and job

centers is invaluable in helping low-income workers and families live close to jobs and schools, while decreasing congestion and pollution”; and

**WHEREAS**, the parcels at 1215 Red River & 606 East 12th Streets provide a unique opportunity to creatively establish an inclusive, mixed-use development, while supporting other assets in the area, such as the Innovation District, Waterloo Greenway, and Red River Cultural District; **NOW, THEREFORE**,

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

The City Council supports redeveloping the site at 1215 Red River and 606 East 12<sup>th</sup> Streets as an inclusive, mixed-use development that maximizes units affordable to households earning between 50 and 80 percent of Austin’s MFI and prioritizes local ground floor retail and restaurant uses, at a minimum. The City Council desires for the Austin Housing Finance Corporation (AHFC) to continue exploring this redevelopment option and to:

1. Provide a scenario based on staff’s recommendation of a hybrid approach for an affordable housing development on a portion of the site. When defining the portion of land dedicated to on-site affordable housing, AHFC is encouraged to creatively and thoughtfully consider existing land constraints and resubdivision to maximize developability of the tracts as a whole. Return, at a minimum, with details on number of units, income mix, bedroom mix, longevity of affordability, acreage needed, market rate units estimated on the remainder of the site, and any proposed community amenities;
2. Prepare estimated yield analysis scenarios of other alternative on-site affordability proposals for the entire site based on strong, fair, and poor market conditions, including but not limited to yield under:

- a. The Downtown Density Bonus Program
- b. The Rainey District Density Bonus Program, and
- c. A market rate development using Payment in Lieu of Taxes (PILOT).

For analysis purposes only, AHFC is to utilize ground floor retail and community and cultural space as other priorities to consider. For scenarios involving fee-in-lieu, the City Manager is directed to provide information on the timeline and process of delivering affordable housing units; and

3. Return to Council with the detailed on-site proposal and alternative comparison for recommendation by January of 2024. Upon return to Council for further deliberation of affordability options, explore feasibility and cost of other on-site community benefits such as local commercial, childcare, and arts and community space.

**ADOPTED:** \_\_\_\_\_, 2023 **ATTEST:** \_\_\_\_\_  
Myrna Rios  
City Clerk