

**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**, Council passed Resolution No. 20230720-132 directed the City Manager to:

1. retain City ownership of the properties;
2. explore, at least the following scenarios based on market feasibility:  
affordable housing scenarios on-site and within the Palm District Planning area;
3. explore lead negotiators, including specifically the Austin Economic Development Corporation (AEDC) and Austin Housing Finance Corporation (AHFC); and
4. 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

25           **WHEREAS**, other affordable housing opportunities in the downtown  
26 neighborhood include 164 public housing units reserved for older adults and  
27 people with disabilities, 159 units of supportive housing serving income between  
28 30-50 percent median family income (MFI), and 43 condo units serving incomes at  
29 80 percent MFI; and

30           **WHEREAS**, the Austin Strategic Housing Blueprint states, “Building  
31 affordable housing on developable public land in key locations near transit and job  
32 centers is invaluable in helping low-income workers and families live close to jobs  
33 and schools, while decreasing congestion and pollution”; and

34           **WHEREAS**, the Austin Strategic Housing Blueprint’s over-arching goal of  
35 135,000 homes across a range of incomes by 2028 requires a wide variety of  
36 strategies to maximize the number of units of housing; and

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

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

42           The City Council supports redeveloping the site at 1215 Red River and 606  
43 East 12<sup>th</sup> Streets as an inclusive, mixed-use development that maximizes units  
44 affordable to households earning between 50 and 80 percent of Austin’s MFI and  
45 prioritizes local ground floor retail, restaurant, and community/art space uses, at a  
46 minimum. The City Council directs the City Manager to provide detailed scenarios  
47 based on strong, fair and poor market conditions, in collaboration with AHFC, on  
48 the following:

1. A hybrid approach for an affordable housing development on a portion of the site, or in a tower style development, creatively and thoughtfully considering existing land constraints and resubdivision to maximize developability of the tracts as a whole;
2. Maximizing the development of the site for a mix of on-site affordable and market rate housing, which may include fee-in-lieu to off-site affordable housing, including but not limited to under:
  - a. The Downtown Density Bonus Program,
  - b. The Rainey District Density Bonus Program and
  - c. Payment in Lieu of Taxes (PILT)

The analysis for all scenarios will include, at a minimum:

1. Details on number of on-site units, income mix, bedroom mix, longevity of affordability, acreage needed,
2. Number and location of potential off-site units,
3. Analysis of public subsidy potentially needed to complete the development,
4. Projected property tax revenue for the total site, and
5. Ability to provide other community amenities.

For scenarios involving fee-in-lieu, the City Manager is directed to provide information on the timeline and process of delivering affordable housing units.

**BE IT FURTHER RESOLVED:**

City Council desires AHFC to return to Council with the detailed comparison of scenarios for recommendation by January 31, 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

DRAFT