

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
- 1.4. ~~d)~~ 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 12th 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 ~~and~~
46 ~~restaurant~~-uses, at a minimum. The City Council ~~desires for~~ directs the City
47 Manager to provide detailed scenarios based on strong, fair and poor market
48 conditions, in collaboration with the Austin Housing Finance Corporation

(AHFC) AHFC, to on the following: ~~continue exploring this redevelopment option and to:~~

1. ~~Provide a scenario based on staff's recommendation of~~ A a hybrid approach for an affordable housing development on a portion of the site, or in a tower style development. ~~When defining the portion of land dedicated to on-site affordable housing, AHFC is encouraged to creatively and thoughtfully consider~~ ing 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 ~~Return~~, at a minimum, ~~with~~

1. D ~~details~~ on number of on-site units, income mix, bedroom mix, longevity of affordability, acreage needed, ~~market rate units estimated on the remainder of the site,~~
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. any proposed Ability to provide other 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:~~

~~The Downtown Density Bonus Program~~

~~The Rainey District Density Bonus Program, and~~

~~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~~

BE IT FURTHER RESOLVED:

City Council desires AHFC to Return to Council with the detailed ~~on-site proposal and alternative comparison~~comparison of scenarios for recommendation by January 31, 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