



MEMORANDUM

TO: Mayor and City Council

FROM: Sylvania Holt-Rabb, Director *SHR*
Economic Development Department (EDD)

DATE: July 12, 2023

SUBJECT: **Update on 6909 Ryan Drive Redevelopment Project**

Staff recommends Council Agenda item 73 and Austin Housing Finance Corporation item 5 on the July 20, 2023, agendas, authorizing the sale of 6909 Ryan Drive (Ryan Drive Site) to the Austin Housing Finance Corporation (AHFC). Under the exclusive negotiating agreement (ENA) with 3423 Holdings, LLC, City staff attempted to negotiate the terms for the Ryan Drive Site redevelopment (inclusive of a partnership with the AHFC) to deliver affordable housing and other community benefits. On May 25, 2023, the developer terminated the ENA based on current, adverse financial conditions which made the project infeasible. Staff recommends conveying the Ryan Drive Site to AHFC to maximize opportunities to expeditiously deliver affordable housing units and other community benefits.

Brief Background

In 1997, Austin Energy purchased the Ryan Drive Site and used the site primarily as a storage facility. Since then, Council and Austin Energy determined that the industrial use represents an underutilization of the site given its location adjacent to the Crestview MetroRail Station and active commercial and neighborhood areas.

On January 17, 2013, Council passed Resolution No. 20130117-054 directing the City Manager to evaluate development scenarios for this site including parkland and affordable housing. The resolution also directed staff to study the environmental conditions of the site and conduct outreach to collect input from stakeholders.

On November 1, 2018, Council passed Resolution No. 20181101-024 directing the City Manager to issue a Request for Proposals (RFP) for the redevelopment of 6909 Ryan Drive prioritizing numerous City goals and community benefits including mixed-use development with parkland, affordable housing, pedestrian and bicycle improvements, and creative space. Accordingly, EDD completed site planning, market analysis, and stakeholder engagement to establish development goals for the Ryan Drive Site based on the Council priorities and a community-led working group report outlining the community's goals for redeveloping the Ryan Drive Site.

On October 8, 2020, City staff issued RFP 5500 SMW3010 with the following goals for the site: 1) a mixed-income housing development with at least 300 housing units, 2) significant investment in affordable

housing options with a minimum of 50% of all units on-site set aside as income-restricted affordable; 3) a minimum of 1.25 acres of parks and open space, 4) space for community retail, creative users, and/or community organizations and events, and 5) pedestrian and bicycle access improvements to the Crestview MetroRail Station.

On August 26, 2021, Council authorized staff to proceed with [negotiating and executing an Exclusive Negotiating Agreement \(ENA\)](#) with 3423 Holdings, LLC (3423 Holdings), the top-scoring team.

Summary of Negotiations

On February 25, 2022, the City entered into an ENA with 3423 Holdings for the redevelopment of the Ryan Drive Site. The negotiating parties discussed redevelopment strategies for the Ryan Drive Site including a development partnership between 3423 Holdings and the Austin Housing Finance Corporation (AHFC). This partnership structure would confer a property tax abatement that is integral to the project financing and delivery of the on-site affordable housing. The parties agreed twice to extend the term of the ENA to May 30, 2023 to allow City and AHFC staff to continue negotiations with 3423 Holdings regarding the project. On May 25, 2023, 3423 Holdings issued a letter to the City terminating the ENA stating that current, adverse financial conditions make the project infeasible.

Next Steps

On the July 20, 2023 Council agenda, staff recommends Council authorization of transferring the Ryan Drive Site to the AHFC for a purchase price not to exceed \$3 million dollars which includes payment of \$2,686,000 to Austin Energy for the initial site acquisition, \$198,903 to EDD for cost reimbursement related to property repositioning, and closing costs. AHFC staff will also bring forward items related to the property transfer for the AHFC Board to consider on July 20, 2023. Upon Council and AHFC Board approvals, City and AHFC will enter into an agreement setting the terms and conditions for the property transfer. This will enable AHFC to swiftly issue a new solicitation for redevelopment of the Ryan Drive Site based on Council's and the community's priorities. AHFC staff estimates issuing the new solicitation in late 2023. Meanwhile, Austin Energy and their contractor will continue work on site demolition and cleanup that began in fall 2022 and is expected to be complete by late summer 2023.

If you have questions, please contact Susana Carbajal, Deputy Director, Economic Development Department, at 512.974.2640 or susana.carbajal@austintexas.gov.

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