




MEMORANDUM

TO: Mayor and Council Members

THROUGH: Jesús Garza, Interim City Manager

FROM: Veronica Briseño, Assistant City Manager 

DATE: March 20, 2024

SUBJECT: **Agenda Items #63, 64, and 65 – Tokyo Electron Property**

The March 21, 2024 Council agenda includes Items 63, 64, and 65 related to the acquisition of the Tokyo Electron (TEL) campus and surrounding property located at 2400 Grove Blvd. Austin, TX 78741. This memo provides more information regarding the property's strategic location and future plans for a new emergency communications center as well as affordable housing.

Background

In an effort to holistically evaluate our facility, property, and future real estate acquisitions, the City established the Strategic Facilities Governance Team (SFGT). The SFGT continually seeks to improve work environments for City employees, improve the public facing experience in City facilities, and strategically manage our real estate portfolio to meet multiple goals based on community needs and Council policy priorities. Because the real estate market is dynamic, the SFGT regularly monitors it for properties that may help address City and community priorities. The TEL property became available in Fall 2023, and after a detailed evaluation, the City determined the existing buildings would ideally serve as a second location for the Combined Transportation and Emergency Communication Center (CTECC) as well as benefit continued administrative office space needs. The current CTECC facility is overcapacity and staff have long been searching for a second location to augment its operations.

Property Description & Strategic Location

The TEL property is comprised of approximately 107-acres, including two office buildings and nearly 66-acres of undeveloped land. The property is currently zoned as East Riverside Corridor (ERC) – Industrial Mixed Use and is located close to downtown Austin, area parks, Interstate Highway 35, Highway 71, and the airport. Additionally, the site is located near the proposed Austin Light Rail corridor and is adjacent to Austin Energy's Control Center as well as 18.5-acres of undeveloped land stewarded by Austin Housing Finance Corporation.

The site's strategic location provides the City with a rare opportunity to acquire a remarkable quantity of contiguous acreage that can help address multiple community needs, create affordable housing alongside space for commercial and cultural endeavors, and all with exceptional access to public transit.

Future Plans & Affordable Housing

The two existing buildings on the site total approximately 190,000 square feet, are in excellent condition and require minimal renovation. The buildings will be utilized for a much needed new Combined Transportation and Emergency Communication Center (CTECC) and associated administrative facilities. This investment addresses a pressing need in the community for enhanced emergency response and communication capabilities.

The nearly 66-acres of undeveloped land combined with the adjacent 18.48-acres of land stewarded by the Austin Housing Finance Corporation provide significant potential for development, including affordable housing. The purchase price of \$87 million includes approximately \$27 million in [Project Connect Anti-Displacement Funds](#) which prioritizes investments in areas near transit lines that are vulnerable to displacement, helping ensure these areas remain affordable. The acquisition will enable the City to develop additional income-restricted units close to transit and other community amenities promoted by Project Connect investments. The remaining \$60 million will be funded through a future bond issuance backed by property tax revenue.

Overall, the area will require extensive planning, feasibility assessments, and community engagement before any plans are solidified. Staff will work closely with Council on redevelopment planning.

Staff Recommendation

Staff recommends approval of Items 63, 64, and 65 which include approval to lease back the two existing buildings for one year to Tokyo Electron while the company completes its relocation to RiverSouth Austin on South First Street.

If you have any questions, please contact me at 512-974-2156 or via email at veronica.briseno@austintexas.gov

cc: CMO Executive Team
Mandy DeMayo, Interim Director, Housing Department
Kimberly Olivares, Deputy Chief Financial Officer