

36 **WHEREAS**, the Austin Climate Equity Plan, the Austin Strategic Mobility
37 Plan, and the Downtown Austin Parking Strategy all identify various policies for
38 the management of the City’s parking facilities in a manner that promotes a multi-
39 modal transportation system and can help generate revenue for overall mobility
40 improvements; and

41 **WHEREAS**, as the stewards of the City’s real property, the City Council
42 has a responsibility to its taxpayers to obtain the best value, both in terms of price
43 and efficiency, of the use of the City’s real estate interests; and

44 **WHEREAS**, on August 3, 2018, the Housing Department issued a
45 memorandum stating that the Economic Development Department (EDD), building
46 upon the “portfolio approach” of repositioning City-owned property, would
47 comprehensively evaluate sites and make actionable recommendations for City
48 Council consideration in order to leverage Council policy objectives for each site
49 and the portfolio as a whole; and

50 **WHEREAS**, Resolution No. 20161103-045 directed the City Manager to
51 ensure that the City's Strategic Facilities Governance Team work with other local
52 governmental and quasi-governmental entities, including AISD, Travis County,
53 Capital Metro, and ACC, on creating a process for identifying opportunities within
54 each entity's real estate portfolio for coordination on facilities and redevelopment
55 of public land and identification of opportunities for joint-use agreements, with the
56 aim of achieving shared priority policy goals, such as creating affordable and
57 permanent supportive housing, supporting transportation goals, or supporting space
58 for creatives; and

59 **WHEREAS**, Resolution No. 20170216-040 directed the City Manager to
60 bring forward for Council consideration specific proposals for creating an
61 economic development corporation or similar entity that could create or support
62 development of affordable housing, redevelopment, revitalization and other
63 priority projects and goals of the City; and

64 **WHEREAS**, Resolution No. 20201203-046 directed the City Manager to
65 bring forward such action as is appropriate to contract with the Austin Economic
66 Development Corporation (AEDC) to manage the funds, as set forth in the Texas
67 Tax Code Chapter 351 for the purpose of implementing, as a project, Iconic
68 Cultural Preservation, restoration, acquisition, construction, improvement,
69 enlarging, equipping, repairing, operations, and maintenance as provided for under
70 Texas Tax Code; and

71 **WHEREAS**, the Austin Economic Development Corporation is well
72 situated to act on behalf of the City in redevelopment opportunities to maximize
73 the community benefits and further municipal goals; and

74 **WHEREAS**, the following policies are intend to provide a general
75 framework for the use of City-owned properties, respecting the primary functions
76 of the various City departments, enterprises, and City-owned entities, and not
77 intended to override any legal requirements that might pertain the funding sources
78 related to the acquisition and/or management of the City facilities; **NOW,**
79 **THEREFORE,**

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

81 The City Manager is hereby directed to manage the City's real estate
82 interests according to the following Council policies:

83 ***Disposition of City-Owned Real Estate***

- 84 **1. Earlier Council Consideration.** Prior to the issuance of any Request for
85 Proposal (RFP), Request for Qualification (RFQ), or other similar
86 solicitation concerning the development, redevelopment, or disposition of
87 City-owned real estate or entering into any formal negotiations with a
88 third party to sell, lease, or otherwise dispose of City-owned real
89 property, the City manager shall request approval from the City Council
90 to enter into such negotiations. The City Manager shall make a
91 recommendation, in the form of a proposed Letter of Intent or similar
92 instrument, including as many of the proposed terms of the agreement as
93 are available.
- 94 **2. Council Review of Offers.** Without limitation to Paragraph 1 above, in
95 the event that the City of Austin receives an offer to purchase or lease
96 City-owned land or a significant portion of a City-owned facility, the
97 City Manager shall inform the City Council of such offer by
98 memorandum or via discussion during Executive Session, as consistent
99 with State law, as soon as practicable.
- 100 **3. Transparency in Real Estate Transactions.** Due to the nature of real
101 estate transactions, the City Manager may, as required by State law or
102 necessary to protect the City's interests, provide some of the details
103 related to a proposed real estate transaction in Executive Session;
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105

provided, however, as a general policy, the City Manager should err on the side of transparency and post for public review, all materials, as may be appropriate, for public review concerning any City Council action.

4. Ground-Leases Favored Over Fee-Simple Sales. As a general policy, the City of Austin should seek to protect its long-term, ownership interests in land and other real property owned by the City. In lieu of selling City-owned property as fee simple, the City Manager should first consider the use of long-term leases or ground leases. When the City Manager recommends an outright sale, the recommendation must be accompanied by justification and a financial analysis explaining the benefits of the recommended course of action.

- a. This policy is not meant to impair the City of Austin's ability to transfer properties between City-owned departments, enterprises, or other City-owned entities, as approved by the City Council.

5. Ownership Favored Over Leasing. As a general policy, the City of Austin should own its facilities and avoid, as reasonably prudent, becoming a tenant on long-term leases.

6. Leasing Facilities for Community Needs. The City Manager should establish a fair, transparent, and open-competitive process for the leasing of City-owned facilities. On a prospective basis, for properties leased to non-profit organizations at a discounted or subsidized rate, such leases should incorporate metrics to ensure that City objectives are being achieved and, where appropriate, the lease should be structured on a short-term basis to provide opportunity for such organization to build a sustainable foundation without becoming reliant on long-term City subsidization. This policy should not impact existing long-term leases.

7. Current Appraisals. Prior to marketing any City-owned real property for sale and/or or prior to the issuance of any Request for Proposal (RFP), Request for Qualification (RFQ), or other similar solicitation concerning the development, redevelopment, or disposition of City-owned real estate, the City Manager shall obtain an appraisal from a qualified

appraiser concerning the present value of the property. In the event that a proposed transaction extends for a prolonged period of time, and the City Manager, in its reasonable discretion, believes that the value of the property exceeds the negotiated price, the appraisal should be updated within sixty (60) days prior to closing.

8. Maximizing City Value of Public Land. In the event that a City-owned property intended to be sold or ground-leased maintains zoning Public (P) based district zoning and/or does not reflect the highest and best use of the property, as determined by the City Manager in its reasonable discretion, the City Manager should request that the City Council initiate rezoning of such property prior to marketing such property for sale or lease.

9. Collaboration with Other Public Entities and Joint Uses. Prior to marketing any City-owned real property for sale and/or or prior to the issuance of any Request for Proposal (RFP), Request for Qualification (RFQ), or other similar solicitation concerning the development, redevelopment, or disposition of City-owned real estate, the City Manager should (i) prepare an assessment of the needs of the various City departments, enterprise funds, and City-owned entities to consider whether such property much be well-suited for a joint-use facility and (ii) consult with other public entities, such as Travis County, Central Health, and the various school districts, to consider potential partnership to serve overall community needs. Such analysis should also consider the possibility of land swaps between City departments, enterprises, and City-owned entities and other public entities.

Development of City-Owned Real Estate

10. Identify Opportunities. The City Manager is directed to work, collaborate, and consult with the Austin Economic Development Corporation and the Austin Housing Finance Corporation, on a continuous basis, to evaluate the available supply and inventory of City-owned land and facilities to identify potential opportunities to develop, redevelop, and co-locate income-restricted housing development and other Council-adopted priorities alongside City facilities. As part of this

work, the City Manager shall annually update the City's inventory of real properties and provide such inventory to the Austin Economic Development Corporation and the Austin Housing Finance Corporation.

11. Partner with Austin Economic Development Corporation. Prior to the issuance of any Request for Proposal (RFP), Request for Qualification (RFQ), or other similar solicitation concerning the development, redevelopment, or disposition of City-owned real estate, the City Manager is directed to meet with the Austin Economic Development Corporation to review the objectives of the proposed solicitation and evaluate opportunities for partnership. On a semi-annual basis, the City Manager shall report to council the progress of such partnership, including offering the Austin Economic Development Corporation to provide their direct feedback to the City Council.

12. Achieve Council-Adopted Priorities. The City Manager shall not issue any Request for Proposal (RFP), Request for Qualification (RFQ), or other solicitation concerning the development, redevelopment, or disposition of City-owned real estate, unless such solicitation incorporates the following requirements:

- a. For a solicitation that incorporates housing, the housing development must incorporate no less than 85% income-restricted housing, which must include family-sized units (e.g., 2- and 3-bedroom units). The development should incorporate deep levels of affordability (e.g., rental rates based on 50% MFI and below) and permanent supportive housing, whenever feasible. The City Manager should work with the Austin Housing Finance Corporation concerning such solicitation. If the City Manager recommends diverging from these standards (including, without limitation, the target affordability goal), or if the City Manager desires to achieve the proposed project through alternative methods, the recommendation must be accompanied by justification and financial analysis.
- b. All construction on a City of Austin-owned property, whether performed by a City of Austin employee or contractor, must be certified by a third-party certification that the construction project

either (i) complies with, or exceeds, the City of Austin requirements under the Better Builder Certification program, as published for the then-current year, or (ii) a similar program, if approved by ordinance, that establishes comparable requirements for (a) the payment of a living wage; (b) completion of OSHA-10 training; (c) workers' compensation; (d) hiring goals from local craft training programs; (e) compliance with all applicable state, federal, and local laws; and (f) independent on-site monitoring.

- c. On a prospective basis, any lease to a commercial tenant or operator using City-owned real property shall incorporate a requirement that such tenant must comply with the City's living wage standards.

13. City Manager Briefing. Prior to the issuance of any Request for Proposal (RFP), Request for Qualification (RFQ), or other solicitation concerning the development, redevelopment, or disposition of City-owned real estate, the City Manager shall provide a briefing the City Council detailing the proposed solicitation which shall include the City Manager's recommendations for the solicitation process and guidelines/requirements for such solicitation. The City Manager's recommendations shall include, but not be limited to:

- a. If the City Manager recommends conducting the solicitation without coordination or use of the Austin Economic Development Corporation (AEDC) and/or the Austin Housing Finance Corporation (AHFC), as applicable, the City Manager's briefing shall include an explanation of such recommendation, a summary of the conversations that have occurred with AEDC or AHFC, and an outline of the process the City Manager intends to use to perform the solicitation.
- b. If the City Manager recommends that the project not incorporate housing, the City Manager's briefing shall include an explanation of such recommendation. Otherwise, the recommendation should detail the proposed goals for housing on the site, including the total number of income-restricted dwelling units, target affordability levels, unit

sizes, housing types, and other considerations consistent with the Strategic Housing Blueprint.

14.City Council Approval of Solicitations. No such solicitation shall be released until the City Council reviews, discusses, and provides its affirmative approval. If the City Council determines that the AEDC or AHFC is not the appropriate lead for the solicitation, the City Manager shall collaborate with the City Council to designate the appropriate department to act as the lead for the solicitation.

15.Public Review Period. Prior to the execution of any RFP, RFQ, or other solicitation concerning the development, redevelopment, or disposition of City-owned real estate, the City Manager, AEDC, or AHFC, as applicable, shall hold a public hearing to receive public input no later than one week prior to Council consideration of the solicitation. The presentation shall include an explanation of how the recommended action incorporates the Council's direction.

City-Owned Parking

16.City-Owned Parking. The City Manager shall make recommendations on a parking management strategy to move toward a centralized management system or strategy, as consistent with bond and financing requirements, to ensure consistency with parking-related goals as stated under the Austin Climate Equity Plan, Austin Strategic Mobility Plan, and other Council-approved policies. Prior to Council approval of each fiscal year's budget, the City Manager should recommend adjustments in parking rates for each facility and provide revenue projections. To achieve this policy, the Council further directs the City Manager to hire a consultant to study peer cities and comparable governmental entities to make recommendations for the best mechanism to consolidate all publicly owned City of Austin parking facilities, parking garages, and assets into one entity with the authority to leverage untapped parking supply and to standardize parking rates based on the most current competitive market conditions and/or the cost for providing these services.

285 ***Acquisition of City Real Estate***

286 **17. Council Approval of Terms in Advance of Negotiations / Acquisition.**

287 Prior to entering into a contract to negotiate the purchase, lease, or other
288 acquisition of real estate, the City Manager shall request approval from
289 the City Council to enter into such negotiations. The City Manager shall
290 make a recommendation, in the form of a proposed Letter of Intent or
291 other similar instrument, reflecting the initial intent of the two parties,
292 which shall include as many proposed terms of the agreement as
293 available. Due to the nature of real estate transactions, the City Manager
294 may provide this information and seek direction from the Council in
295 Executive Session, as consistent with state law.

- 296
- 297 a. This policy shall expressly exclude the acquisition of right-of-way,
298 parkland, easements, and other real estate instruments dedicated
299 through the City's standard development permitting processes.

300 **18. Review of City-Owned Inventory and Collaboration with Other**

301 **Public Entities.** Prior to entering into a contract to negotiate the
302 purchase, lease, or other acquisition of real estate, the City Manager
303 should review the available inventory of City-owned real estate and
304 attempt to identify opportunities to collocate the desired facility on
305 existing City-owned land. Additionally, the City Manager should
306 consider collaborating with other public entities, such as Travis County,
307 Central Health, and the various school districts with jurisdictional
308 boundaries overlapping the City of Austin, to collocate facilities.

309 **BE IT FURTHER RESOLVED**

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311 That the City Manager is directed to make recommendations on the
312 development of policies that pertain to the development and use of small tracts of
313 land located throughout the City that might help achieve the geographic dispersion
314 of affordable housing and other Council-adopted priorities.

319 **BE IT FURTHER RESOLVED**

320 That the City Manager is directed to prepare a briefing for City Council
321 discussion, prior to November 1, 2022, to discuss partnering with the Austin
322 Economic Development Corporation on potential projects.

323
324 **ADOPTED:** _____, 2022 **ATTEST:** _____

325 Myrna Rios
326 City Clerk

DRAFT