



MEMORANDUM

TO: Mayor and Council

FROM: Lauraine Rizer, Officer of Real Estate Services

DATE: September 3, 2014

SUBJECT: Council Resolution No. 20140417-049 (CIUR 1275)

On April 17, 2014, City Council directed the City Manager to “identify a minimum of three underutilized City-owned properties (other than 6909 Ryan Drive) suitable for development of a model affordable, family-friendly, energy efficient multifamily housing project”.

Office of Real Estate Services (ORES) staff have reviewed the existing inventory of City-owned property in accordance with a list of criteria provided by City Council in this Resolution. Three properties, each representing a different geographic area of Austin, are identified in the attached report. Neighborhood Housing and Community Development (NHCD) has reviewed each property regarding the further resolution of City Council that staff “identify any parcels that might be appropriate for competitive tax credit projects” and this analysis has been incorporated.

In between the preparation of this report and its submission, PDRD staff determined that the property identified as most competitive for tax credit projects could not likely be developed as multifamily affordable housing. A discussion of this property is included in the report.

Please contact me if you have any questions or concerns.

Attachments

cc: Marc A. Ott, City Manager
Sue Edwards, Assistant City Manager
Bert Lumbreras, Assistant City Manager
Betsy Spencer, Director, Neighborhood Housing and Community Development



**OFFICE OF REAL ESTATE SERVICES
REPORT FOR COUNCIL RESOLUTION NO. 20140417-049**

On April 17, 2014, City Council directed the City Manager to “identify a minimum of three underutilized City-owned properties (other than 6909 Ryan Drive) suitable for development of a model affordable, family-friendly, energy efficient multifamily housing project”.

Office of Real Estate Services (ORES) staff have reviewed the existing inventory of City-owned property in accordance with a list of criteria provided by City Council in this Resolution. Properties under 5 acres, within the 100-year floodplain, dedicated as parkland, or outside City limits were excluded from review. Elementary school attendance zones have been noted in our data, but the TEA has not rated schools as “recognized” or “exemplary” since 2011 (schools for the properties under consideration all “Met Standard”). Further discussion of our methodology and the scoring of the three candidate properties is provided as Attachment D.

Summaries of three identified properties, each representing a different geographic area of Austin, are provided below. Staff has incorporated an analysis by Neighborhood Housing and Community Development (NHCD) in regards to the further resolution of City Council that staff “identify any parcels that might be appropriate for competitive tax credit projects” (NHCD analysis provided as Attachment E).

ORES staff have also provided a preliminary range of value as an estimate of possible reimbursement costs to the steward departments for use of these properties, which have not previously been declared “surplus” by any of the stewards. These value assessments assume as a given that the highest and best use of each property is multifamily affordable housing, rather than a highest and best use backed by evidence as would be provided in a defensible appraisal. If necessary, an independent, third-party appraisal of these properties, in line with ORES and industry standards and guidelines, may be undertaken.

Property A:	Burnet Road at Braker Lane
Address:	10414 McKalla Place
Acreage:	24.16 ac
Location:	Northwest Austin / North Burnet
Steward:	Austin Water Utility (AWU)
Estimated value:	\$5.5 million to \$7 million

Property A was purchased in 1995 from Reichhold Chemicals, for construction of the Austin Water Utility (AWU) North Service Center, potentially to include facilities for Fleet Services, Street & Bridge, and Transportation Planning. Construction was halted in 2003 due to an explosion during excavation. This site is currently vacant and undeveloped. AWU plans to use the site as it is strategically placed for AWU operations, and may be codeveloped for use with another department.

Burnet at Braker was ranked highest in ORES' search, due to its location within the North Burnet / Gateway Imagine Austin Regional Center, and within a Kirwan Institute Moderate Opportunity District. The property is within walking distance of the Domain, the J.J. Pickle Research Campus, the Capital Metro Red Line station at Kramer Lane, and transit stops for four bus lines. IBM is located one mile away, and a "Texas Rising Star" accredited children's center is within ¼ mile of the property. While this 24-acre site is not currently within ¼ mile of parkland, it is large enough that there is sufficient area to develop parkland or open space within it.

The Future Land Use Map (FLUM) recommends the site for mixed-use development, and the property would need to be rezoned for multi-family development. NHCD estimates that the site would be moderately competitive for 9% tax credits, but that a family development would not have been awarded tax credits in the 2014 round of competition. The inclusion of permanent supportive housing would make the project more competitive for 9% tax credits.

Property B:	Convict Hill Road at S. MoPac Expressway
Address:	4900 Convict Hill Road (approx..)
Acreage:	17.23 ac
Location:	Southwest Austin / East Oak Hill
Steward:	Austin Energy (AE)
Estimated value:	Disqualified

Property B was purchased in 1993 from Resolution Trust Corporation, for construction of an Austin Energy substation. This site is currently vacant and undeveloped, but has been identified for a potential urban solar site, and may also allow for the installation of recreational trails across the property, extending to Dick Nichols District Park.

The Convict Hill Road property ranked highly due to its location within a Kirwan Institute Very High Opportunity District, though it does not reside within an identified Imagine Austin Center. Dick Nichols District Park is directly adjacent to the southern edge of the property, and the Hampton Library Branch is located a few blocks to the west. Major shopping centers, including Costco, Whole Foods Market, Frost Bank, and Capital One Bank are located less than a mile northeast of the property near the intersection of William Cannon Drive and South MoPac Expressway. Two Capital Metro bus lines stop on Convict Hill Road within walking distance of the property. The property is already zoned for multifamily development (MF-3).

However, the buildable areas on this property are constrained by Water Quality Zones in the Barton Springs Zone, with limited allowable impervious cover. On initial analysis, it appears that the buildable areas on this tract likely cannot be accessed without crossing the Critical Water Quality Zone, and would require approval of a Limited Adjustment to the Save Our Springs (SOS) ordinance by a supermajority of Council. Development and design of this site would be a formidable challenge.

Property C: **Bolm Road at Airport Boulevard**
Address: **4800-4906 Bolm Road**
Acreage: **6.14 ac**
Location: **East Austin / Govalle**
Steward: **Austin Resource Recovery**
Estimated value: **\$2 million to \$2.45 million**

Property C, previously a BFI recycling plant, was purchased in 2000 from Acco Waste Paper. The site is currently vacant and undeveloped.

The Bolm Road property is located within the Springdale Station Imagine Austin Neighborhood Center, and it is located within a Kirwan Institute Very Low Opportunity District. Capital Metro Route 17 stops immediately outside the property, with stops on Routes 300 and 350 within walking distance. Govalle Elementary School, which features an Extend-A-Care program and a Texas Education Association (TEA) Early Education Program, is a two-block walk to the west, with Govalle Park a two-block walk to the east. The Austin Community College Eastview Campus is roughly ½ mile away, and the HEB at Govalle Shopping Center is roughly 1 mile away.

Development of this property for multifamily housing would require rezoning and a Neighborhood Plan Amendment. Due to its proximity to single-family housing, design would be subject to compatibility considerations. Development costs would include removal of the concrete on the site. A public utility easement divides the property. NHCD estimates that this property is not competitive for 9% tax credits, and would require development financed by other means.

Attachment A: Exhibit – Burnet Road at Braker Lane
Attachment B: Exhibit – Convict Hill Road at S. MoPac Expressway
Attachment C: Exhibit – Bolm Road at Airport Boulevard
Attachment D: Methodology and Evaluation Criteria
Attachment E: Memo from NHCD re: Tax Credits

(A)



24.16 acres
Austin Water Utility
property



(B)



17.23 acres
Austin Energy
property



(C)



6.14 acres
Austin Resource
Recovery property



ATTACHMENT D
OFFICE OF REAL ESTATE SERVICES
REPORT FOR COUNCIL RESOLUTION NO. 20140417-049

Methodology

Staff was directed to use certain criteria identified in Resolution No. 20140417-049 (included) to identify “the most promising parcels for consideration”. ORES staff ran a GIS analysis using map layers for:

- City-owned property
- Open space and parks
- TEA elementary schools and early childhood centers
- Capital Metro transit stops
- Kirwan Institute Opportunity Districts
- Imagine Austin Centers

Properties under 5 acres, within the 100-year floodplain, or outside City limits were excluded from review. Elementary school attendance zones have been noted in our data, but the TEA has not rated schools as “recognized” or “exemplary” since 2011 (schools for the properties under consideration all “Met Standard”).

Based on the number of criteria City properties met in GIS analysis, all properties received a “Desirability Rank” from 1 to 5. Data on the three properties in this report follows on the next page.

ORES staff examined properties ranked 1 or 2 in desirability to assess property and neighborhood features and to identify the current use of the property (dedicated parkland was also excluded from further consideration). Promising properties were reviewed by staff from Neighborhood Housing and Community Development (NHCD) in conjunction with the Officer of Real Estate Services.

Finally, information from steward departments, Planning and Development Review Department (PDRD), and other ORES data was included in our report to provide context for the potential development of these properties.

ATTACHMENT D - EVALUATION CRITERIA

					Property Info				School Info				Transit Info		Park Info		Land Use		City Department Info	
Site Location	Address	Desirability Rank (1-5)	Kirwan Institute Opportunity District	Imagine Austin Center	Acreage	TCAD ID Number	Neighborhood Plan	Council District	AISD Elementary Attendance Zone	School Identified as Under-Enrolled	Within 1/4 Mile of TEA Early Education Program	Within 1/4 Mile of Extend-A-Care Location	Within 1/2 Mile of Transit Stop	Bus/Rail Routes	Within 1/4 Mile of Parkland	Park	Zoning	Future Land Use Map	Steward Department	Current Use
(A) Burnet Road at Braker Lane	10414 McKalla Pl.	1	Moderate	North Burnet / Gateway Regional Center	24.16	0250080201 and 0252080702	North Burnet/Gateway	7	Pillow	No	No	No	Yes	Red Line, 3, 240, 383, 392	No	N/A	LI-NP	High-Density Mixed-Use	Austin Water Utility	Vacant
(B) Convict Hill Road at S. MoPac Expressway	4900 Convict Hill Rd. (approximately)	2	Very High	N/A	17.23	0414300625	N/A	8	Patton	No	No	No	Yes	111, 333	Yes	Dick Nichols	MF-3	N/A	Austin Energy	Vacant
(C) Bolm Road at Airport Boulevard	4800-4906 Bolm Rd.	2	N/A	Springdale Station Neighborhood Center	6.14	0204160401 and 0204160402	Govalle / Johnston Terrace	3	Govalle	No	Yes	Yes	Yes	17, 300, 350	Yes	Govalle	P-NP	Civic	Austin Resource Recovery	Vacant

ATTACHMENT D

RESOLUTION NO. 20140417-049

WHEREAS, the City of Austin owns land parcels throughout its jurisdiction; and

WHEREAS, using publicly owned lands for affordable housing is an effective strategy for creating affordable housing; and

WHEREAS, the Imagine Austin Comprehensive Plan underscores the importance of providing a range of housing options in all parts of the city; and

WHEREAS, many cities leverage opportunities for affordable housing by utilizing city-owned properties for this purpose; and

WHEREAS, the Families and Children Task Force recommended that the City create and assist in funding a pilot family-friendly development in one of the transit-oriented development districts; and

WHEREAS, the Austin Community Development Commission (CDC) Affordable Housing Siting Policy Working Group recommended to “Inventory City of Austin-controlled land, partner with other public entities and set requirements for a minimum percentage of affordable residential units in opportunity areas”; and

WHEREAS, Neighborhood Housing and Community Development staff have repeatedly identified the use of city-owned land for affordable housing as an essential affordable housing strategy; and

WHEREAS, as the Austin Community Housing Development Organization (CHDO Roundtable) notes, using publicly-owned land for

affordable housing “offers an invaluable means of achieving our core value of geographic dispersion”; **NOW, THEREFORE,**

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

The City Manager is directed to identify a minimum of three underutilized City-owned properties (other than 6909 Ryan Drive) suitable for development of a model affordable, family-friendly, energy efficient multifamily housing project and to provide this inventory to the City Council by June 12, 2014.

The City Manager is further directed to use the following considerations to help identify the most promising parcels for consideration:

Location within or proximity to:

- Medium- to high-opportunity district as per Kirwan Opportunity Mapping
- Existing or planned high-capacity transit line or other public transportation
- An attendance zone of an elementary school that is rated “recognized” or “exemplary” by the Texas Education Agency or under-enrolled public schools
- Imagine Austin Regional, Town, or Neighborhood Center
- A hub for commercial services or other jobs
- ½ mile of an accessible transit stop

Sufficient area for:

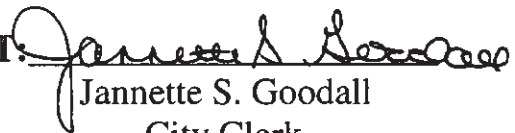
- On-site open space, or be located within ¼ mile of a park
- An on-site high-quality early childhood program, or be located within ¼ mile of a high-quality early childhood center
- On-site quality after-school programming, or be located within ¼ mile of quality after-school programming

BE IT FURTHER RESOLVED:

The City Manager is directed to identify any parcels that might be appropriate for competitive tax credit projects.

ADOPTED: April 17, 2014

ATTEST:


Jannette S. Goodall
City Clerk



City of Austin

MEMORANDUM

Neighborhood Housing and Community Development

P.O. Box 1088, Austin, TX 78767 -1088

1000 East 11th Street, Ste 200, Austin, TX 78702

(512) 974-3100 ♦ Fax (512) 974-3161 ♦ www.austintexas.gov/housing

Date: July 31, 2014

To: Lauraine Rizer, Officer of Real Estate Services

From: Regina Copic, Real Estate & Development Manager
Neighborhood Housing & Community Development

Subject: **Council Resolution No. 20140417-049**
Feasibility for Development of Multi-family Affordable
Housing and Appropriateness for Competitive Tax Credits

NHCD Real Estate Division completed a preliminary review of each of the proposed sites to determine whether the sites are feasible for the development of multi-family affordable housing and whether the sites would be competitive for 9% Tax Credits. The following provides a brief summary of each site.

Property A: Burnet Road at Braker Lane
Address: 10414 McKalla Lane

Evaluation of site for housing

This site is in the North Burnet/Gateway Neighborhood Plan and currently zoned Light Industrial (LI). The Future Land Use Map (FLUM) recommends the site for Mixed-Use Development. The site is 24.16 acres, has access to utilities, transit and has frontage on Burnet Road. This is a proposed redevelopment area and appears to be feasible for multi-family development or mixed-use development that includes residential above retail/commercial. Redevelopment will require a zoning change however, mixed-use development and zoning would conform to the FLUM.

Evaluation of site for 9% Tax Credits

- North Burnet/Gateway Neighborhood Plan could be considered a revitalization plan, depending on the rules of the QAP.
- The site is not in a high opportunity area for 2015.
- The site does not receive any points for educational excellence.
- The site is within half a mile of Kramer Station.
- Further research is required to determine incompatible area features.

SUMMARY: This site could be competitive depending on competition, but not likely as a family deal. Instead of the 10 points that Convict Hill gets for location, this site could receive 6 points for being in an area with a Community Revitalization

Plan. To qualify as a Revitalization Plan, the plan will have to meet very prescriptive Texas Department of Housing & Community Affairs (TDHCA) rules. This would require additional analysis to determine whether or not the plan would qualify. Based on the 2014 competitive round and the projects that were awarded, the score for this site would not be competitive as a family project. If permanent supportive housing was included, the site could receive an additional three points, making the project more competitive by raising the location points to 9.

Property B: Convict Hill/Mopac
Address: 4900 Convict Hill Road

Evaluation of site for housing

The Convict Hill site is 17.23 acres, zoned Multi-family (MF-3) and has access to utilities and transit. The Federal Emergency Management Agency (FEMA) and City of Austin (COA) fully developed flood maps show existing floodplain on the property. Potential site issues identified are:

- A letter of map revision (LOMR) to the FEMA maps may be needed.
- A critical environmental feature may be present at the back of the property.
- A 30 foot open channel drainage easement crosses the middle and most narrow portion of the property.
- Property is located in the Barton Springs Overlay which contains stringent water quality requirements.

The above issues will limit the buildable area on the property. The property could be feasible for multi-family development. Further environmental and engineering review will be necessary.

Evaluation of site for 9% Tax Credits

- The site is in a first quartile high opportunity area.
- Using the 2013 school rating, the site receives a full score for educational excellence.
- Bus line runs along Convict Hill and has a bus stop within 0.10 miles.
- Assuming 25% impervious cover there are four acres of developable land.
- Configuration of the site could make design challenging.

SUMMARY: This would be a very competitive site in the 2015 9% LIHTC competition if the scoring stays the same. This site maxes out the high opportunity points (10 points) because of high income, low poverty and excellent schools. There does not appear to be negative site features to make the property ineligible.

Property C: Airport and Bolm Road Site
Address: 4800-4906 Bolm Road

Evaluation of site for housing

The Bolm Road site is in the Govalle/Johnston Terrace Neighborhood Plan area. The site is 6.14 acres, zoned P-NP (Public) and identified for civic uses in the FLUM. Issues identified are:

- The site is covered in concrete and is the former location of the recycling center. Additional environmental review will be necessary.
- Cost of removal of the concrete on the site will need to be factored in to the overall development costs.
- There is a 7.5' public utility easement that divides the property.
- Zoning and FLUM will need to be changed to allow for mixed-use or multi-family development.

Evaluation of site for 9% Tax Credits

- The site is not in a high opportunity area.
- The site does not receive any points for educational excellence.
- Further research is required to determine incompatible area features.
- The site has multiple bus stops along its frontage.

SUMMARY: This site would not be competitive for 9% tax credits. The site could be feasible for multi-family or mixed-use development that is not financed through competitive tax credits.

Please feel free to contact me at 512.974.3180 if you have any questions on the above review of these three sites.

cc: Betsy Spencer, Director, NHCD
Rebecca Giello, Assistant Director, NHCD