




MEMORANDUM

TO: Mayor and City Council

FROM: Rebecca Giello, Interim Director
Economic Development Department 

DATE: August 3, 2018

SUBJECT: Progress Report on the Redevelopment of City-Owned Land

This memorandum serves to update the City Council on the process and progress underway by the Economic Development Department (EDD) on the redevelopment of City-owned properties presented at City Council Session on March 6, 2018. In addition, the memorandum is responsive to Council Resolution 20180628-130 that directs the City Manager to solicit plans for the development of affordable housing on another City-owned tract, in place of McKalla Place.

Since April the Economic Development Department (EDD) has been building upon the “portfolio approach” of repositioning City-owned property. As has been past practice, EDD’s approach is to comprehensively evaluate sites through a sound and transparent, as well as analytic and interdisciplinary methodology and make actionable recommendations for City Council consideration. These recommendations seek to leverage Council policy objectives for each site and the portfolio as a whole. EDD has assembled an interdisciplinary City team to develop a short list of priority properties to competitively position through a Request for Qualification Summary (RFQS) and/or Request for Proposal (RFP) process. Below are the priority properties that EDD will conduct due diligence (i.e. market analysis, physical site assessment, land-planning and community engagement) to competitively position in the near term:

- 6909 Ryan Drive (District 7). EDD staff will build off the work of the Office of Real Estate Services to include community engagement initiatives being facilitated through Council Pool’s Office.
- 906 E. St. Johns in conjunction with 7211 N. I-35 (District 4). EDD will build off community engagement initiatives being facilitated through Council Member Casar’s Office.
- 4800 Bolm Road (District 3). EDD will initiate due diligence activities.
- 2201 Grove Boulevard, Austin Energy East Riverside property (District 3). Redevelopment of this property is dependent on identifying an alternate location for Austin Energy headquarters.

The Austin Energy property has been added to the portfolio since the March 6 presentation and in response to Resolution 20180628-130, which asked the City Manager to identify “another City-owned” tract for redevelopment. Properties included in the portfolio presented at the March 6, 2018, Worksession can be viewed at <http://www.austintexas.gov/department/city-council/2018/20180306-wrk.htm#B001>. Attached is a list of Council resolutions that have directed action of City owned land.

Redevelopment/Real Estate Portfolio Management

EDD will lead competitive redevelopment process for the properties. Each parcel will have a customized strategy and timeline grounded in what type of community benefits would be appropriate for each property, the property’s physical and market context and optimizing opportunities across all parcels in the portfolio. Staff will conduct thorough due diligence on the site’s physical, regulatory, financial and market constraints and opportunities. Importantly, the community will be engaged in setting the overall vision, goals and objectives, informed by market reality and physical conditions. Staff will work to ensure Council Offices are involved in community engagement activities recognizing the importance of informing community engagement plans with

district representative input – while also providing for a process where all Council Members can be informed and involved in community engagement activities related to the redevelopment of land within the overall portfolio.

These components will then be synthesized into a request for qualification and/or request for proposals through a competitive solicitation process. The negotiated terms of a development agreement secures the community benefits and programmatic elements of the selected development program. Evaluation of each parcel through these different perspectives results in a disposition recommendation. Disposition recommendations for each site come from specific site analysis as well as how to maximize community benefits for the entire City over the portfolio as a whole. For example, it may be too costly to renovate or adaptively reuse a piece of City owned property for affordable housing or other type of community beneficial purposes. It may therefore be more beneficial to sell that piece of City owned property and use the net proceeds from sale to leverage community benefits elsewhere.

Active management of the City's current real estate assets results in City properties that can be repurposed to either maximize City revenue from its lease or sale, maximize the development of projects that deliver important community benefits or some combination of both. As the City continues to more efficiently utilize space and align real estate asset changes with future growth, additional properties will be added to the list for consideration, such as could potentially include the East Riverside Austin Energy site.

Interdepartmental Process

Past City Council actions provide guidance on those benefits and is the basis of the portfolio strategy. Itemized in the Attachment, those resolutions have called out these specific community benefits that have been addressed by these respective participating departments: affordable housing, emergency shelter and mixed-use development (Neighborhood Housing and Community Development), food access and healthy food systems (Office of Sustainability and Austin Public Health); cultural arts, small business and employment sectors (Economic Development); parks and open space (Parks and Recreation Department); health and homeless prevention (Austin Public Health); flood mitigation, erosion control and water quality protection (Watershed Protection); and City property disposition and stewardship (Office of Real Estate Services). Each representative provides policy and technical expertise on evaluating all properties in the portfolio. The team members have a diverse range of skills and policy expertise that directly relate to each of the community benefits outlined in prior resolutions.

Next Steps

The speed of taking a parcel through the due diligence, community engagement, land planning and feasibility analysis steps in the overall RFQ/P process is contingent on staff time, consulting resources, scale and complexity of the opportunity site. The negotiation of a master development agreement is proportional to the complexity and scale of the project and varies from 18 months to over two years. Should City Council dedicate funding to this effort, multiple properties can be repositioned simultaneously.

As part of the FY 2019 budget process, the Department has submitted a request for one full-time staff and funding for due diligence activities for the priority properties. Staff will provide City Council a briefing on the strategy at end of September. Staff will continue to conduct due diligence on the priority parcels and outlining preliminary timelines given existing resource constraints.

xc: Spencer Cronk, City Manager
 Elaine Hart, Chief Financial Officer
 Greg Canally, Deputy Chief Financial Officer

ATTACHMENT
Select Approved City Council Resolutions
Summarizing Directive to Reuse of City-owned Land
December 2012 - Present

Resolution	Property	Directive Summary
20121011-076	All	Enhanced review process for potential real estate sales of City-owned land that includes outreach with the community and consideration of all relevant city plans and policies from small area plans to the Imagine Austin Comprehensive Plan.
20130117-054	6909 Ryan Drive	Evaluate and outline issues associated with redeveloping the City-owned Property located at 6909 Ryan Drive
20140417-049	All	Identify a minimum of three underutilized City-owned properties suitable for development of a model affordable, family-friendly, energy efficient multifamily housing project
20140626-100	411 Chicon	Initiative the enhanced review process and convene community meetings to discuss ideas for the 411 Chicon site
20160204-038	4711 Winnebago	Explore the feasibility of developing a live/work project with Artspace
20160303-019	All	Explore options for implementation of the goals and objectives described in this resolution related to creatives - Mayor's Omnibus
20160616-035	All	Recommendation on how to redevelop any City-owned land, including properties with existing facilities, for affordable housing
20161013-008	All	Identify properties within the City's real estate portfolio suitable for development as affordable housing, live/work space, mixed-use housing developments and emergency shelters
20161103-045	All	Work with other local governmental and quasi-governmental entities, including AISD, Travis County, Capital Metro, and ACC, on creating a process for identifying opportunities...such as creating affordable and permanent supportive housing, transportation goals, or supporting space for creatives
20170323-052	606 E. 12th Street	Evaluate the Health South building for its potential to provide affordable housing
20180323-052	All	Analyze and provide next steps for collaboration and support of a community arts stabilization trust including a catalogue of city-owned land available for consideration for the cultural trust
20171109-046	All	Identify City-owned sites...as well as potentially including underutilized parkland that might be appropriate for a soccer stadium
20180322-099	10414 McKalla Place	Provide a detailed analysis of 10414 McKalla Place as potential site for a major league soccer stadium
20180614-069	4711 Winnebago	Explore the feasibility of an agreement with Austin Youth & Community Farm, Inc. d/b/a Urban Roots, for the long-term use of City-owned land at 4711 Winnebago Lane