

**RESOLUTION NO. 20230921-101**

**WHEREAS**, the City Council is committed to maximizing community benefits on City-owned property; and

**WHEREAS**, the City purchased 1215 Red River & 606 East 12th Streets, known as HealthSouth, in 2016; and

**WHEREAS**, Council passed Resolution No. 20230720-132 directing the City Manager to:

1. retain City ownership of the properties;
2. explore, at least the following scenarios based on market feasibility: affordable housing scenarios on-site and within the Palm District Planning area;
3. explore lead negotiators, including specifically the Austin Economic Development Corporation (AEDC) and Austin Housing Finance Corporation (AHFC); and
4. provide a comprehensive report on market feasibility of the site redevelopment to inform next steps.

**WHEREAS**, the market feasibility report provided by the City concluded current market conditions and community priorities support affordable housing and ground floor retail as priorities for the site; and

**WHEREAS**, the ongoing Palm District Plan, which study area includes HealthSouth, calls for a variety of strategies to grow inclusively in this vibrant, transit-oriented district, including leveraging redevelopment to increase housing density for all socioeconomic groups; and

**WHEREAS**, other affordable housing opportunities in the downtown neighborhood include 164 public housing units reserved for older adults and people with disabilities, 159 units of supportive housing serving income between 30-50 percent median family income (MFI), and 43 condo units serving incomes at 80 percent MFI; and

**WHEREAS**, the Austin Strategic Housing Blueprint states, “Building affordable housing on developable public land in key locations near transit and job centers is invaluable in helping low-income workers and families live close to jobs and schools, while decreasing congestion and pollution”; and

**WHEREAS**, the Austin Strategic Housing Blueprint’s over-arching goal of 135,000 homes across a range of incomes by 2028 requires a wide variety of strategies to maximize the number of units of housing; and

**WHEREAS**, the parcels at 1215 Red River & 606 East 12th Streets provide a unique opportunity to creatively establish an inclusive, mixed-use development, while supporting other assets in the area, such as the Innovation District, Waterloo Greenway, and Red River Cultural District; **NOW, THEREFORE**,

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

The City Council supports redeveloping the site at 1215 Red River and 606 East 12<sup>th</sup> Streets as an inclusive, mixed-use development that maximizes units affordable to households earning between 50 and 80 percent of Austin’s MFI and prioritizes local ground floor retail, restaurant, and community/art space uses, at a minimum. The City Council directs the City Manager to provide detailed scenarios based on strong, fair and poor market conditions, in collaboration with AHFC and AEDC, on the following:

1. A hybrid approach for an affordable housing development on a portion of the site, or in a tower style development, creatively and thoughtfully considering existing land constraints and resubdivision to maximize developability of the tracts as a whole;
2. Maximizing the development of the site for a mix of on-site affordable and market rate housing, which may include fee-in-lieu to off-site affordable housing, including but not limited to under:
  - a. The Downtown Density Bonus Program,
  - b. The Rainey District Density Bonus Program and
  - c. Payment in Lieu of Taxes (PILT)
3. The analysis for all scenarios will include, at a minimum:
  - a. Details on number of on-site units, income mix, bedroom mix, longevity of affordability, acreage needed,
  - b. Number and location of potential off-site units,
  - c. Analysis of public subsidy potentially needed to complete the development,
  - d. Projected property tax revenue for the total site, and
  - e. Ability to provide other community amenities.

For scenarios involving fee-in-lieu, the City Manager is directed to provide information on the timeline and process of delivering affordable housing units.

**BE IT FURTHER RESOLVED:**

City Council desires AHFC and AEDC to return to Council with the detailed comparison of scenarios for recommendation by January 31, 2024. Upon return to

Council for further deliberation of affordability options, explore feasibility and cost of other on-site community benefits such as local commercial, childcare, and arts and community space.

**ADOPTED:** September 21, 2023

**ATTEST:**

  
Myrna Rios  
City Clerk