



PUBLIC LAND USE IN AUSTIN



Research
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INTRODUCTION: AN OPPORTUNITY FOR THE REGION

Last year's unsuccessful bond initiative to build a new Travis County civil courthouse helped turn the spotlight on how tax-exempt public land holdings impact the Central Texas real estate market. Many opponents of the courthouse bond, including the Real Estate Council of Austin (RECA), argued that the prime Downtown Austin block would be better used for a private project that would add to, rather than take away from, the property tax base that supports our local government services. At the same time, Travis County, which owns more than 1,100 pieces of property throughout the county, could explore whether those land assets could accommodate its civil court needs while reinvesting in and revitalizing communities.¹

To keep up with the city's rapid growth, RECA has estimated a need for 15,000 new housing units each year for the next decade, located at a range of price points and in all parts of Austin. The land assets owned by public sector entities offer potential sites for building housing that can help achieve that goal. The previously proposed courthouse block — right off Republic Square, surrounded by major existing and emerging high-rise projects, and unencumbered by Capitol view corridors — is a particularly vivid example of a phenomenon that deserves to be better understood.

According to the Travis Central Appraisal District's records, more than 6,000 pieces of property in Travis County are owned by local, state and federal government entities. To be sure, many of those properties are being used to provide important public services, and others (for example, floodplain buyouts) are unsuitable for future redevelopment. But each of our local public landowners has properties that are surplus to its current requirements, or which will be in upcoming years.

We've already seen some of these redevelopment opportunities come to fruition through high-profile public-private partnerships, such as at Mueller, Austin's former airport; the Seaholm and Green properties in Downtown Austin, former city utility plants; and the imminent redevelopment of the University Medical Center-Brackenridge campus, owned by Central Health, once the new Seton Dell Medical Center opens as part of the University of Texas' medical school district. In September, Travis County officially put its courthouse block on the market.²



Even without a public-private partnership deal, other publicly owned properties are finding their way back into the private real estate market. The ambitious and contentious Grove at Shoal Creek project, proposed for undeveloped (and unzoned) surplus land sold by the State of Texas for more than \$600,000 an acre,³ is an especially prominent example of how valuable these assets are. The City of Austin, which owns more than half of Travis County's publicly owned parcels, has taken steps to earmark for affordable housing all of the future tax revenue it will earn from publicly owned properties put on the market (specifically including The Grove at Shoal Creek).⁴ In October, the City took further steps to move toward a coordinated approach between local jurisdictions to making surplus land available for affordable housing.

These moves illustrate the locked-up value of public properties that are currently vacant, underutilized or obsolete. This white paper aims to shed some light on exactly how much value that might be and how the region could go about unlocking it.

Central Texas' public landowners have periodically planned for their current and future facilities needs, and on occasion have invested special efforts in master planning for specific sites, particularly those to be redeveloped through major public-private partnership projects. They largely do not, however, have a systematic approach to evaluating all of their land assets and identifying opportunities to make surplus property available to the market.

In a community where affordability has become an important concern, where the local tax burden continues to escalate, and where there's a shortage of new housing that's in part driven by a scarcity of suitable building sites, this approach is no longer viable. It's more important than ever that our governmental entities work together to proactively and systematically make the most of opportunities to convert their land holdings into places where Central Texans can live, work, and contribute to our regional prosperity and quality of life.



AUSTIN'S PUBLIC LAND INVENTORY

According to RECA's review of the Travis Central Appraisal District's 2016 appraisal roll, public-sector jurisdictions own at least 6,154 separate parcels within the county, broken down as follows:⁵

APPRAISED VALUES

ENTITY	# OF PARCELS	TOTAL	AVERAGE	MEDIAN	HIGHEST	NOTES
City of Austin	3,412	\$6,380,144,748	\$1,869,913	\$56,265	\$396,791,831 (65 acres of Sand Beach Reserve)	Includes unsold lots at Mueller, Seaholm, etc. and parcels owned by AHFC
Other cities	548	\$114,800,741	\$209,490	\$9,750	\$7,637,822 (Pflugerville Justice Center)	Manor=32, Pflugerville=226, Lakeway=53, Rollingwood=6, West Lake Hills=9, Lago Vista=193, Jonestown=30
Travis County	1,106	\$1,049,910,951	\$949,287	\$17,994	\$209,973,281 (UMC Brackenridge)	Includes ESDs, WCIDs, A/TC Integral Care, and Central Health ("Travis Cty Healthcare District")
Federal	81	\$418,633,138	\$5,168,310	\$1,437,738	\$53,577,949 (IRS)	Includes US Postal Service and much of Camp Mabry
State of Texas	193	\$2,129,489,289	\$11,033,623	\$3,088,875	\$222,861,107 (Texas School for the Deaf)	Includes individual agencies and Texas Public Finance Authority
ACC	46	\$258,545,132	\$5,620,546	\$1,666,031	\$35,945,792 (Riverside Campus)	Includes several Highland parcels
University of Texas	209	\$1,441,056,053	\$6,895,005	\$470,016	\$150,478,020 (Pickle Campus)	Includes several Brackenridge Tract parcels in West Austin and in the Blackland neighborhood in East Austin
Other Universities	3	\$9,181,942	\$3,060,647	\$2,590,720	\$4,696,131 (Hirshfeld-Moore House)	Texas A&M and Texas State system offices
Housing Authorities	159	\$405,979,626	\$2,553,331	\$187,025	\$39,322,080 (The Pointe at Ben White)	Includes HACA, HATC, AAHC but not City of Austin/AHFC properties
Capital Metro	39	\$112,123,077	\$2,874,951	\$1,156,875	\$16,849,218 (McNeil Rd O&M facility)	Includes several Saltillo parcels
Austin ISD	180	\$1,719,837,927	\$9,554,655	\$7,383,182	\$189,529,700 (Austin HS)	
Other ISDs	178	\$974,641,696	\$5,475,515	\$1,015,576	\$81,987,685 (McNeil HS)	Manor=15, Del Valle=26, Leander=18, Pflugerville=51, RR=10, Lake Travis=26, Eanes=32
Total	6,154	\$15,014,344,320				



5. TCAD's 2015 annual report (http://www.traviscad.org/pdf/Organization/2015%20Annual%20Report_20160210.pdf, p. 14) indicates there are 119 local government agencies supported by Travis County property tax revenues, though not all of these show up as property owners in the appraisal roll. This does not include state agencies and universities or federal agencies.

To be sure, this number is but a fraction of the more than 373,000 real property parcels on the TCAD appraisal roll; it comprises about half of the number of parcels that TCAD indicates are totally exempt from taxation.⁶ Also, as the notes in the table indicate, a parcel count disguises the fact that many single contiguous development sites — such as Capital Metro’s Saltillo property, the UT System-owned Brackenridge Tract, the former Highland Mall property acquired by Austin Community College, or some public-housing properties owned by housing authorities — are legally made up of multiple parcels.

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The large parcel counts shown for municipalities, notably the City of Austin, and Travis County also include properties that have little development potential. Many of these are in floodplains, such as the unusually large number of properties on the shores of Lake Travis owned by the City of Lago Vista. The low median appraised value of properties owned by these entities reflects these development constraints (for example, one of the Lago Vista properties, a 12,000-square-foot residential lot, is appraised at \$85). The City of Austin total is also somewhat (though not dramatically) inflated by the inclusion of platted-but-undeveloped lots at Mueller, each of which is appraised at a \$25,000 flat rate.

Even with all these caveats, these 6,000-plus sites in Travis County, and particularly within the Austin urban core, include many that are being, are ready to be, or someday will be redeveloped. A closer look suggests that there are more such opportunities that have not attracted the attention paid to the Grove at Shoal Creek, Saltillo or the Brackenridge Tract. Some illustrative examples:

- The City of Austin’s Urban Renewal Agency (administered as a program of the Neighborhood Housing and Community Development department) still owns two major parcels on East 11th Street, adjacent to Franklin Bar-B-Q and the Victory Grill, respectively. The URA just last year closed on the sale of its two remaining parcels on East 12th Street. These properties were acquired decades ago as part of urban renewal initiatives in Central East Austin. While revitalization and/or gentrification have rapidly transformed the area, with substantial investments by the private sector, these properties remain undeveloped.
- Earlier this year, the Austin ISD Board of Trustees voted to begin an “exploration exercise” to determine the value and development (or reuse) potential of 10 of the district’s properties. Six of these parcels are vacant land; one is a closed elementary school campus (the former Allan Elementary); and three, including the district’s headquarters on West Sixth Street, are currently being used for various purposes.⁷ In early October, the district voted to put these same properties on the market, with a specific call for interested community organizations to submit proposals along with the development community. Two of the properties had previously been marketed in 2011, but no satisfactory offers had emerged.⁸



- In addition to its main campus, the Pickle Research Center, the Brackenridge Tract, and other familiar sites around town, the University of Texas owns multiple properties whose current uses have no direct connection to its mission of higher education. These include the Highland Village shopping center at the intersection of Lamar and Airport Boulevards and several hundred vacant acres along Barton Creek south of Bee Cave.
- Travis County has developed facilities master plans for what it calls its Central Campus — the properties it owns primarily in the northwest quadrant of Downtown Austin — as well as its North Campus, the contiguous parcels it owns along Airport Boulevard. The North Campus plan⁹ includes provisions not only for future expansion of county offices but also for residential and retail development. The first such project, including market-rate and affordable rental units as well as office, is expected to begin construction in 2018.¹⁰

PLANNING FOR REUSE AND REDEVELOPMENT

The information in the TCAD appraisal roll does not in itself tell us which properties could or should be better utilized through a return to the private market. Given the wide variety of existing uses and conditions of publicly owned property, as well as the dynamism of the real estate market in an extremely fast-growing urban area, projecting future facilities needs can be a challenge even without also considering what else could be done if those properties were in private hands.

Even properties that currently stand vacant and are unencumbered by development restrictions may, for either practical or political reasons, be deemed suitable to remain just as they are. An example from a prior generation would be the state-owned property that's now home to the Triangle development in Central Austin, which had been vacant for many decades. When the Triangle was first proposed in the late 1990s, both neighbors and political leaders initially organized to preserve what many considered to be parkland. Today, the land value alone of the property the state ground-leases to the Triangle is more than \$40 million.

Conversely, many existing and active, and not clearly obsolete, public facilities and local landmarks may not be seen as the highest and best uses of their sites. That certainly goes for the UT-owned Brackenridge Tract, home to a number of existing uses including the Lions Municipal Golf Course; other notable state properties, including Camp Mabry and the Austin State Hospital, are continually identified as being ripe for redevelopment, despite there being no firm plans to relocate those institutions.¹¹



These considerations point to the need for Travis County's public landowners to develop comprehensive plans for the management not just of their facilities but of their entire property portfolios, including procedures for determining whether property is surplus to requirements and, if so, how it can be reintroduced to the private market.

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Similarly, the initiative taken by Austin ISD earlier this year to explore the development potential of surplus properties represents a step in the right direction that is arguably long overdue, since the 10 properties in question have been in the district's portfolio for some time. However, this initiative comes in the wake of controversies surrounding the district's ongoing Facilities Master Plan effort, which provoked widespread political and community opposition at the prospect of closing or consolidating existing school campuses. While the district, as a public entity governed by an elected board, clearly has to pay heed to such concerns, an analysis of all of its 180 properties, and not just the selected 10, may produce more instructive results. (Austin ISD has a total of 130 campuses.¹²)

A similar story can be told about the State of Texas' on-again, off-again efforts to reimagine and reinvest in the Capitol Complex. Just in the last few years, the Texas Facilities Commission and the Legislature have gone from openly encouraging unsolicited proposals for vacant (surface parking) lots in the complex, to firmly shutting those efforts down, to beginning new conversations about the role state-owned land could play in the projected "innovation zone" anchored by the new UT medical school complex.¹³

Most public entities in the Austin area have, at one point or another, encountered resistance from taxpayers, voters, civic leaders and elected officials to repurposing or redeveloping the properties they own. This is not to say that no planning gets done, but for many jurisdictions this work is largely happening in the background, although individual projects or properties may garner a great deal of public attention. A visible, systematic process for clearly and consistently identifying properties that could be better utilized — whether vacant, underused, or obsolete — and then achieving those outcomes could and should be a higher priority for the community and for all levels of government.



12. https://www.austinisd.org/sites/default/files/dept/about-us/docs/AISD_2015-2016_FACT_SHEET_rev_120415.pdf. 13. Regarding the Innovation Zone concept: <http://austincityup.org/wp-content/uploads/2015/10/Austin-Anchors-Innovation-Zone-pdf.pdf>.

INSIGHTS AND RECOMMENDATIONS

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Publicly owned properties offer one of the Austin area's most promising strategies to meet our fiscal, affordability, and even mobility challenges. For often cash-strapped local governments, the prospect of adding valuable property to the tax base can have a positive budget impact. (For state and federal agencies, the benefits may be somewhat more diffuse, although they can realize direct revenue from ground-lease arrangements, such as exists at the Triangle, or other kinds of public/private partnership.) That appraised value — currently more than \$15 billion for the 6,000-plus publicly owned parcels — could, of course, grow by an order of magnitude once properties are redeveloped.

Just as significant, however, may be the potential for these properties to add to the somewhat constrained local inventory of building sites — particularly in the urban core. As RECA has outlined in its previous white papers, to stabilize the local housing market will likely require building 15,000 new units per year for the next decade. These units need to represent a diversity of product types, price points, and locations, to avoid exacerbating regional economic segregation and compounding our mobility crisis.

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In many Austin neighborhoods some of the best sites for producing this housing at scale are publicly owned properties like Mueller, Highland, the Grove at Shoal Creek site, or the Brackenridge Tract, as well as other vacant land holdings such as those now being analyzed by Austin ISD. If the community took a good look at all publicly owned properties in the county, it could likely identify other sites that could be better used as places for people to work or to live, while still preserving the necessary facilities to deliver the public services we need and maintain the public safety we should expect.

One potential strategy used in other cities that could help move Austin toward realizing the potential of its public land portfolio is the creation of a land bank. This tool is more commonly used in places that have the opposite problem of Austin — a surfeit of vacant and abandoned property that ends up in public hands due to acquisition or tax default.

Conceptually, however, a land bank could work just as well to dispose of properties — particularly smaller infill sites — that Travis County governmental entities no longer need. Rather than requiring the initiation by the jurisdiction of an auction, invitation for bids, or request for proposals for each property, a land bank allows private-market buyers to initiate negotiations for property deemed ready for disposition. Priority can still be given, as it often is now by local governments when they do make property available for sale, to adjoining property owners or nonprofits.¹⁴

A land-bank approach could be implemented in concert with proposals to dedicate existing public land — or even acquire new land — for affordable housing. While the “scattered-site” infill model for publicly subsidized housing has faced some challenges in the past in Austin, it's still used effectively and successfully in other communities.¹⁵ This approach can work in concert with Austin Mayor Steven Adler's nascent “Austin Affordable Community Trust,” conceived as a way to direct private investment (including crowdfunding) into a “strike fund” that could be used to purchase and preserve existing affordable housing stock.¹⁶



14. One successful model can be found in Columbus, Ohio — a city of similar size to Austin, also its state's capital, and home to a major research university, <https://www.columbus.gov/development/Land-Redevelopment-Office/>. Another well-established land-bank program is Philadelphia's: <http://www.philadelphialandbank.org>. 15. An example is another state capital, St. Paul, Minnesota: <https://www.stpaul.gov/departments/planning-economic-development/housing/inspiring-communities>. 16. <http://www.mayoradler.com/great-cities-do-big-things-state-of-our-city-feb-16-2016-austin-texas/>.

RECA CALLS ON PUBLIC LANDOWNERS IN TRAVIS COUNTY TO:

1. Initiate ongoing efforts to develop jurisdiction-wide facilities plans — not siloed within particular departments — that account for current and future public service and public safety needs, to be updated at regular intervals (no more than every 5 years).
2. Identify opportunities for properties that are not needed for public services or public safety to be returned to the tax rolls and the real-estate market, including analysis of commercial and/or residential development potential and prospective increases in appraisal value. These analyses should take into account community goals to provide a sufficient and diverse array of housing products and job-supporting commercial spaces, price points and locations to help address Austin's affordability crisis and ameliorate our housing shortage and existing economic segregation.
3. Develop strategies, with appropriate public input, for making vacant, underutilized, or obsolete public properties available for redevelopment by the private market. Optimally, these will — without sacrificing appropriate due diligence and community oversight — lower current barriers to entry for private-sector investment and move toward standardized approaches, rather than developing ad hoc approaches for the disposition of individual properties when a perceived need or opportunity arises.

