

Austin Neighborhoods Council

Established 1973 • Strength Through Unity
Post Office Box 176 • Austin, Texas 78767

02 July 2010

Dear Mayor Leffingwell, Mayor Pro Tem and Council Members,

The Austin Neighborhoods Council, an umbrella organization representing over 80 neighborhood associations across the city, adopted at its June 23 general meeting the following resolution regarding the redevelopment of the East 11th and 12th Street corridor.

Resolution in support of a New Approach to Redevelopment of the East 11th and 12th Street Corridors

WHEREAS, the City of Austin (City), the Urban Renewal Agency (URA) and Austin Revitalization Authority (ARA) entered into a Tri-Party Agreement, to undertake the East 11th and 12th Street Redevelopment Project as an Urban Renewal project in October 1999, providing \$9 million in funding for the Project; and

WHEREAS, the Tri-Party Agreement and subsequent agreements between the City and ARA have conveyed to ARA exclusive status in the project via annual operational funding from the City, exclusive development rights to a substantial sector of the project, powers to amend the Urban Renewal Plan (URP), and to collect fees from private development entities in the Renewal area; and

WHEREAS, these exclusive powers are at odds with the spirit and intent of Chapter 374 of the Texas Local Government Code (Texas Urban Renewal Law), which mandates that a municipality exercising Urban Renewal project powers shall use public resources to “afford the maximum opportunity...for the rehabilitation or redevelopment of the urban renewal area by private enterprise;” and

WHEREAS, the execution of these arrangements has resulted in \$38 million expended, a 27:1 debt-to-net asset ratio for ARA, \$4.9 million in ARA debt service due in December 2012, a compromised city investment in East 11th Street, should ARA default in its obligations, major blocks of East 11th Street still vacant and the majority of the project, the East 12th Street corridor, hardly begun; and

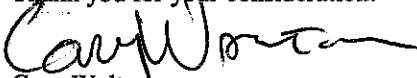
WHEREAS, a November 3, 2009 City Auditors report on the Project concludes that all Tri-Party members share responsibility for the lack of progress and the precarious financial position of the project; and

WHEREAS, resolutions prescribing curative measures have been passed by Stakeholder neighborhoods including Swede Hill, Robertson Hill, and Guadalupe, and affirmed by the Central East Austin Neighborhood contact team (O.C.E.A.N); and

WHEREAS, ARA removed from its board representatives of stakeholder neighborhoods after these resolutions were circulated;

THEREFORE, the Austin Neighborhoods Council urges the City Council to bring City Urban Renewal efforts into line with the spirit, intent and letter of Texas Urban Renewal Law: by not renewing the Tri-Party Agreement or entering into any new, similar arrangement; by adopting more fiscally sound, timely and transparent use of City taxpayer dollars in the 11th and 12th Street revitalization, such as the curative measures articulated in stakeholder neighborhoods’ resolutions; and by setting a new model for future City Urban Renewal efforts that precludes exclusive or other special status to any development entity in any project.

Thank you for your consideration.


Cory Walton

President, Austin Neighborhoods Council