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City to buy, sell land near ABIA for industrial use

Hundreds of acres near airport to be acquired, marketed for industrial

Austin Business Journal - by [Jean Kwon](#) ABJ Staff

The city of Austin in coming months will begin acquiring more than \$30 million dollars worth of land around Austin-Bergstrom International Airport for resale to industrial and commercial developers.

The city has identified 65 parcels totaling around 200 acres for acquisition. Grants from the **Federal Aviation Administration** that enable cities to purchase buffer areas surrounding municipal airports will fund 80 percent of the effort. Airport revenue will cover the rest.

Ultimately, more than \$32 million will be spent to acquire the land and demolish any structures there, according to city records. Planes fly too close to the tracts identified, and are deemed too noisy for residential uses -- but they are suitable for industrial parks, city officials say. Small homes, churches and a few businesses currently dot the land to be acquired, says the city's noise compatibility program manager, Melinda Ruby.

Luke Ellis, an attorney specializing in eminent domain at **Jackson Walker LLP** says that because the parcels aren't contiguous and vary widely in size, the city may cobble together land to make it more suitable for large industrial parks and other commercial users who can cope with jet engine noise.

"The city's intent may be to assemble all the tracts and sell them to a major industrial park," says Ellis. "Whether the city would immediately turn around and try to sell the parcels -- I bet they wouldn't. There is value in assembling and packaging them into one big tract to convert into the industrial use they want."

The southeast industrial submarket is prime for long-term redevelopment, says David Blackbird, partner in the Austin office of **Stream Realty Partners**. Historically, development along State Highway 71 has been concentrated around I-35, but that is gradually being pushed east due partly to the completion of State Highway 130, Blackbird says. As the closest industrial submarket to downtown and bolstered by access to major roadways, all the long-term fundamentals are in place for a natural progression where industrial development should go, he says.

Since the opening of the airport in 1999, the city has purchased or resold 68 parcels of nearby land totaling hundreds of acres. An auction for an 88-acre tract will be held within the next few months, Ruby says. Some of the land may be held for airport capital improvements or a future expansion, says Ruby.

An airport overlay zone, a half-mile buffer around the airport, already forbids residential use in the area. Parcels targeted for acquisition are within that no-residential zone.

Ruby says the city can receive up to \$4 million annually from the FAA for land purchases, which means it will take four to five years to fully implement the noise compatibility program and set aside incompatible land for redevelopment. Proceeds from land sales go back into the pool of money to buy more land, says Lauraine Rizer, the manager of the city's real estate division.

The city is likely to begin approaching landowners in three to four months, says Ruby. She demurs from calling the process condemnation or eminent domain proceedings -- when a government exercises its right to take private real or personal property. Condemnation will only be used if the city and landowners can't come to an agreement, Ruby says, adding that 350 families have been relocated since the airport's inception.

The tracts' appraised values range from less than \$100,000 to almost \$7 million. The city will pay roughly the appraised values or more due to the high costs of relocating families, Rizer says.

"Landowners need to ensure that they get constitutional or just compensation for their property," Ellis says. "Oftentimes when landowners are staring down the barrel of getting condemned, some are open to negotiation and some take the position 'Over my dead body.'"

Condemnation proceedings could take several years, Ellis says, but the law gives the city the ability to take control of the property early in the process. A few years ago, for example, Austin began constructing a convention center parking lot downtown on condemned land even before legal proceedings challenging the condemnation were finalized.

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