



# City of Austin

# MEMORANDUM

## Neighborhood Housing and Community Development

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**Date:** November 25, 2014

**To:** Mayor and Council

**From:** Betsy Spencer, Director

**Subject:** Resolution No. 20141016-037 - Staff Report – thinkEAST Project

City Council adopted Resolution No. 20141016-037 which directed the City Manager to determine, within 30 days, the feasibility of public financial support of the thinkEAST mixed use creative district project for affordable housing as well as any reduction of infrastructure costs, and capital recovery, connection, and development fees. The thinkEAST Austin Creative District Planned Unit Development is a new, for-profit, 24-acre mixed-use district for Austin's creative community that will offer affordable living, working and flexible studio spaces for a wide range of Austin's creative industries. Department staff has reviewed the Resolution and provided details. The following describes department's assessments of the project and recommendations regarding public financial support of the project.

### **Neighborhood Housing and Community Development (NHCD)**

Neighborhood Housing and Community Development (NHCD) certified the thinkEAST development for S.M.A.R.T. Housing on September 13, 2012 and a revision was issued on May 22, 2013. The current certification only applies to Land Use Area 1 and 2 where 332 multi-family units will be constructed. This certification will provide 100% of the development and capital recovery fee waivers provided through the S.M.A.R.T. Housing ordinance, for residential and mixed-use development that contains residential. These fee waivers do not apply to commercial development or commercial finish out in a development.

Staff has reviewed the thinkEAST project in accordance with this Resolution. At this time, this project lacks project readiness among other funding applications and developments that are ready to go, which is a key priority to NHCD's funding decisions as we are looking at how to prioritize limited resources. To date, staff has \$20 million in funding requests for affordable housing related projects with only \$10 million available to spend. If Council chooses to reprioritize existing funding requests for affordable housing projects to the thinkEAST project and development, staff will work with the applicant and report back on the amount of funding requested in greater detail.

### **Planning and Development Review Department**

At this time, the development related fees for this project are unknown due to the lack of a site plan and overall information about the project. PDRD staff will work with thinkEAST on the project details to ascertain all potential development related fees. Fee waivers beyond those permitted through S.M.A.R.T. Housing will need to be authorized by City Council.

### **Public Works Department (PWD)**

In May 2013, Public Works (PW) was approached by the Planning and Development Review Department with a request to fund road improvements on Shady Lane/Jain Lane as part of the thinkEAST PUD negotiation. Although this roadway was planned to be improved as part of a CIP in the 1980s, it was not then and is not currently programmed for any capital investment. In response, PW provided the attached email, stating that, if directed, PW would use 2012 Bond funds to pay for the roadway.

Because of the nineteen month gap between when PW identified potential funding that could be used for thinkEAST if directed, those funds have since been spent on other projects and are no longer available. PW has evaluated the 2000, 2006, 2010 and 2012 bond programs and none have available funding. A schematic drawing of the improvements and the most recent construction cost estimate are attached.

### **Austin Water Utility (AWU)**

Austin Water originally required, under draft SER 3430 for the thinkEAST project, the construction of approximately 2,850 feet of 12-inch water main to meet the proposed development's domestic and fire protection needs. Austin Water met with the developer and recommended changes to the development's proposed structures which would reduce the fire demands thereby eliminating the need for the 12-inch water main. A water related component in the current version of the draft SER is the construction of approximately 130 feet of 12-inch water main at the intersection of Bolm Road, Shady Lane, and Airport Boulevard. This 12-inch water main requirement is driven solely by the demand placed on the water system by the proposed development. The existing 1,150 feet of 6-inch water main in Jain Lane will need to be relocated to conform to the re-aligned right-of-way and the 6-inch water main will need to be replaced with an 8-inch water main in order to meet the proposed development's water demand. An existing 8-inch wastewater main is also within the portion of Jain Lane to be re-aligned. In lieu of replacing the wastewater line in Jain Lane, Austin Water believes that two shorter sections of 8-inch wastewater main could be constructed to provide wastewater service to the proposed think EAST development located north of Jain Lane.

Austin Water believes they have identified approximately \$670,000 in hard construction cost savings for the thinkEAST project. These are expenses that the developer would have incurred based upon the initial submittal of information by the developer. While cost savings have been identified, the developer would continue to be responsible for the water and wastewater improvements solely required for the development totaling approximately \$480,000 in hard construction costs.

Additionally, Land Use areas 1 and 2 of the thinkEAST project have been certified for S.M.A.R.T. Housing which provides Austin Water capital recovery fee waiver. The actual number of single-family residences, apartments, and apartment complexes will determine the actual waiver amount. The City's S.M.A.R.T. housing ordinance does not waive water and wastewater connection fees or other fees required by Austin Water.

### **Summary and Recommendations**

To be available for public financial support, the thinkEAST development and project must serve a municipal purpose and the City must receive a clear public benefit. Staff from individual departments that would be involved with this development identified costs and potential fee waivers to be applied to support this project should Council make that direction. While staff was able to develop certain water, wastewater and street improvement cost estimates, not all costs are

known at this time. Due to the lack of a site plan, project readiness, and actual development details, the total amount of public financial support that could be available is unknown. At this time, staff does not recommend public support for this project other than those provided for under the City's S.M.A.R.T. Housing ordinance. Lastly, if Council direction is to provide additional public financial support for this project, other affordable housing initiatives and street reconstruction projects currently planned will be delayed as existing funding would need to be reallocated to support thinkEAST.

Please contact me if you have any questions.

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