

Framework for Redevelopment of City Land

*City Council Work Session
March 6, 2018*

Weatherization
improvements
Recommended
(not limited to
identified areas)

Enhanced transit service
will provide mobility
options to people within &
visiting the Colony Park

activities & programs
for families

employment or
entrepreneurship
opportunities

NEIGHBORHOOD
CENTER 1

NEIGHBORHOOD
CENTER 2

NEIGHBORHOOD
CENTER 3

Neighborhood centers
bring community retail and
services closer to existing
and future neighborhoods

Weatherization
improvements
Recommended
(not limited to
identified areas)

Today's Discussion

Council has passed various resolutions related to the use of City-owned land

- Optimizing land, while considering specific uses to address policy objectives
 - Affordable housing, creative space, parks, partnerships with non-profits, etc.

Objective of Today's Briefing

- Provide framework and go-forward process for redevelopment of City-owned land
- Receive Council feedback on this process

PRIOR REDEVELOPMENT PROJECTS

City's Past Experience: *Projects*

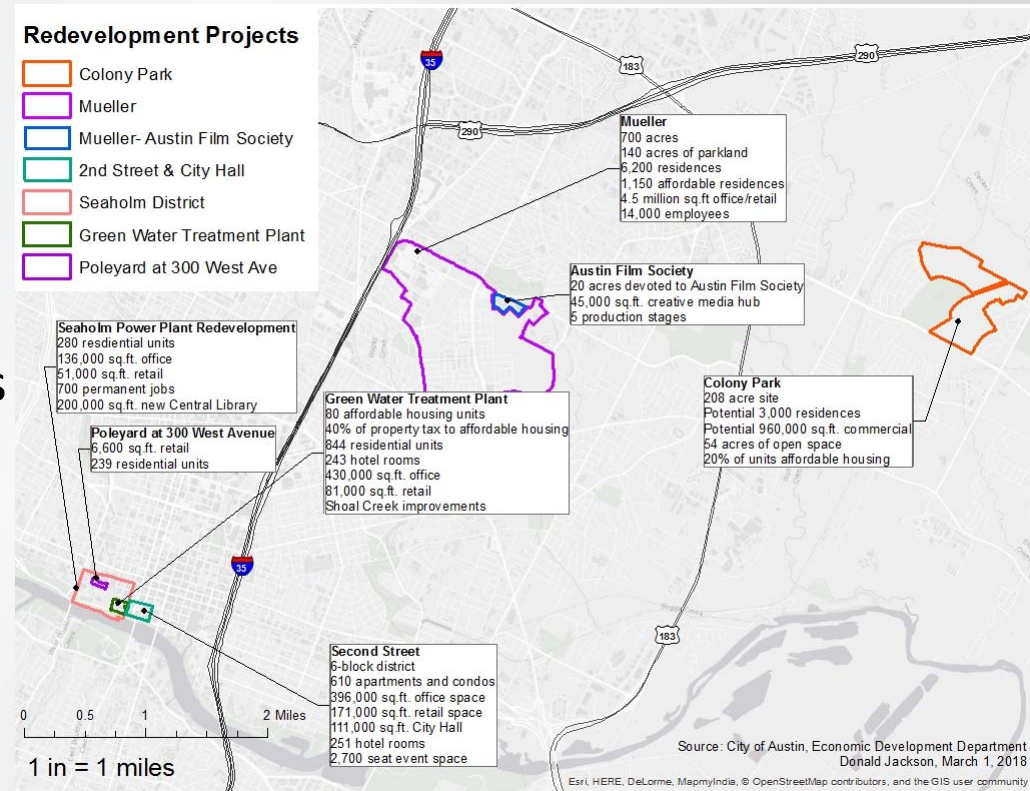
Revitalization ... Revitalization + Place Making

- Revitalization efforts began late 1990's

- Pole Yard
- AMLI
- City Hall / 2nd Street

- Place-making efforts began early 2000's

- Mueller
- Green Redevelopment
- Seaholm
- Colony Park



City's Past Experience: *Lessons*

- Looking back
 - Upfront planning and visioning
 - Competitive vs. non-competitive processes
 - Risk taking ... patient capital to achieve long-term policy objectives
 - Complexities of development
 - Market timing risks
 - Lease vs. sell

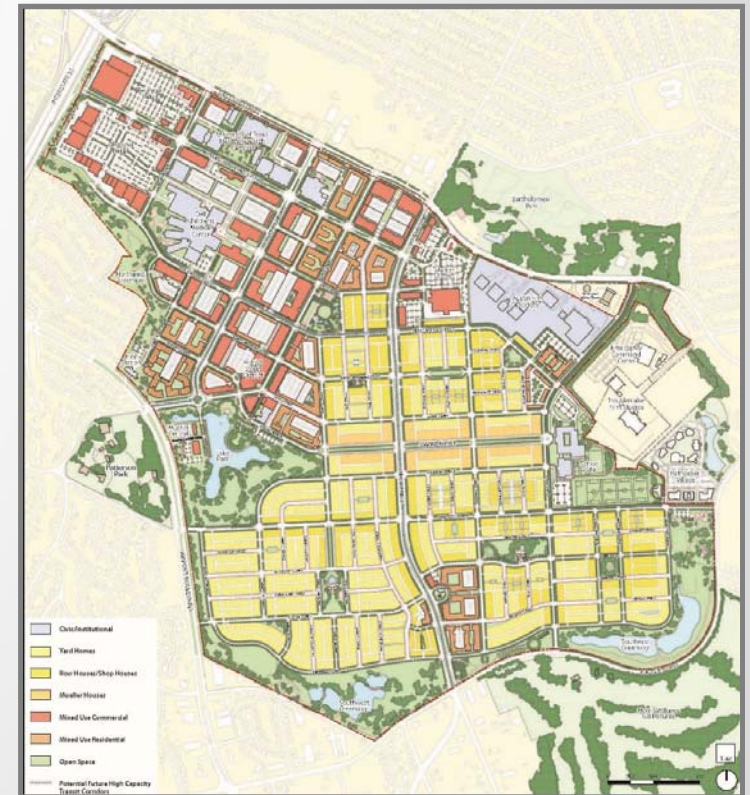
Past Experience: *Mueller*

Redevelopment of former 700 acre airport

An interactive mixed-use community, pedestrian friendly, and a model of urban development

- Community involvement
- **Competitive process via RFQ & RFP** led to Master Development Agreement (MDA)
- Pays for itself

- Developer responsible to achieve vision and goals
- MDA creates obligations for City & Developer
- Must adhere to Master Plan and PUD Zoning
- Allows for Market Flexibility for long-term project



A DIVERSE MIX OF USES with a balance of jobs and housing

Mueller Redevelopment: *Planning History*

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Community Visioning

Master Planning

Implementation Planning

Care Plan

Process &
Goals
Task Force

Advisory
Group

Redevelopment
and Reuse
Master Plan

RMMA
Commission

RFQ
Issued

Catellus
Selected as
Master Dev.

PUD Zoning
Approved

Master
Development
Agreement

Implementation
Ongoing



1984-84

1995-96

1997

2000

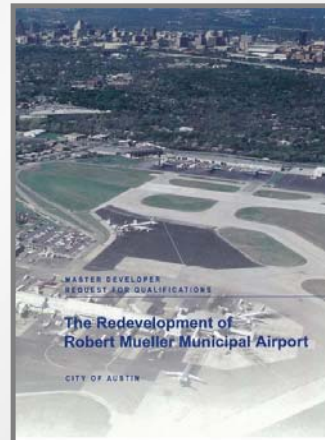
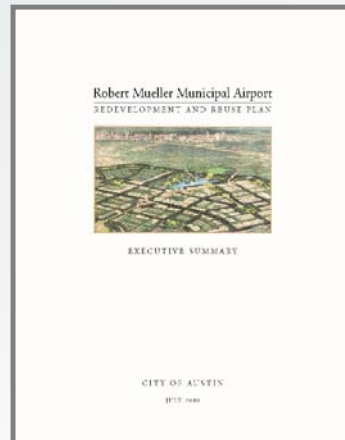
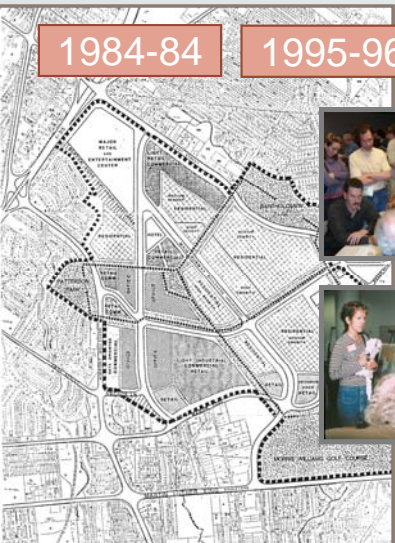
2000

2000

2002

2004

2004



Mueller Redevelopment: *Current Plan*

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Deal Structure

- Total development is \$310 million
- Leverages value of land
- Risk transferred to developer

City Commitment

- \$62 M in TIF Debt
 - separate credit
 - amount set in 2004, has never changed
- Funds backbone infrastructure

Development Program

	Complete or under constr.	At Build Out
Housing	3,717 units	6,200 units
Affordable Housing	988	1,550
Residents	6,500	14,000
Commercial	2.2 M SF	4.5 M SF
Employees	5,000	14,000
Public Parks	90	140 acres (20%)



Residential

Commercial

Institutional

Retail

Greenspace

Infrastructure

Mueller Redevelopment: *Affordable Housing*

- Indistinguishable and interspersed
- Good faith effort for longer and deeper affordability
- Requires partnership with Developer & Builders



RENTAL

Market Rate Apartments

- 10-15% units per project
- Up to 60% MFI
- Affordable 50 Years



Three Tax Credit Projects

- Mixed-income developments
- Below 30% MFI to Market Rate units
- Affordable 40-99 Years

FOR SALE

- Originally serving up to 80% MFI for new sales
- Additional program created to provide units up to 120% MFI
- Long-term affordability sustained by non-profit Mueller Foundation



BEST PRACTICE

Best Practice: *Peer City Summit*

January 2017 Peer City Summit on Real Estate Redevelopment



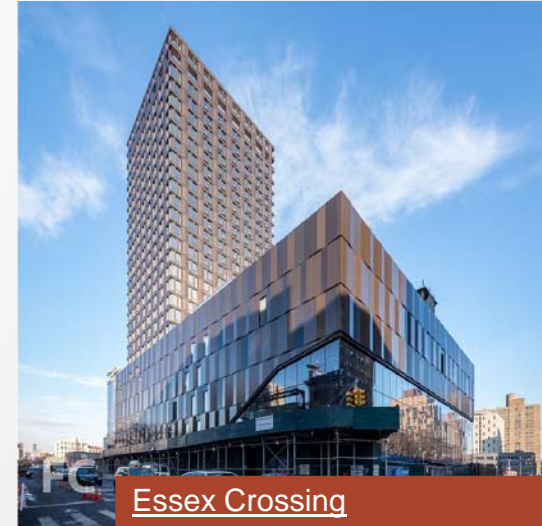
Best Practice: *Peer City Summit*

- Economic growth is a required pre-requisite to funding social good
- Leveraging City assets to deliver on policy objectives
- **Maximize value from developers in competitive RFP process**
 - **Leverage this value against other goals, such as affordable housing, creative space, small business**
 - Developer / non-profit partnerships
 - Create anchors that can increase value ... and enhance ability to achieve policy objectives
- Look for cross-subsidy opportunities (value capture, etc.) to achieve additional benefits
- Engage with community on redevelopment efforts
- Lease vs sell
- Create value re-set provisions
- Strategic view across portfolio

Best Practice: *Example Projects*

BAM South - Brooklyn Cultural District

- Former surface parking lot
- 379 total units; 76 affordable
- 50,000 square feet for cultural facilities
 - Brooklyn Academy of Music
 - The Museum of Contemporary African Diasporan Arts
 - Brooklyn Public Library



Essex Crossing

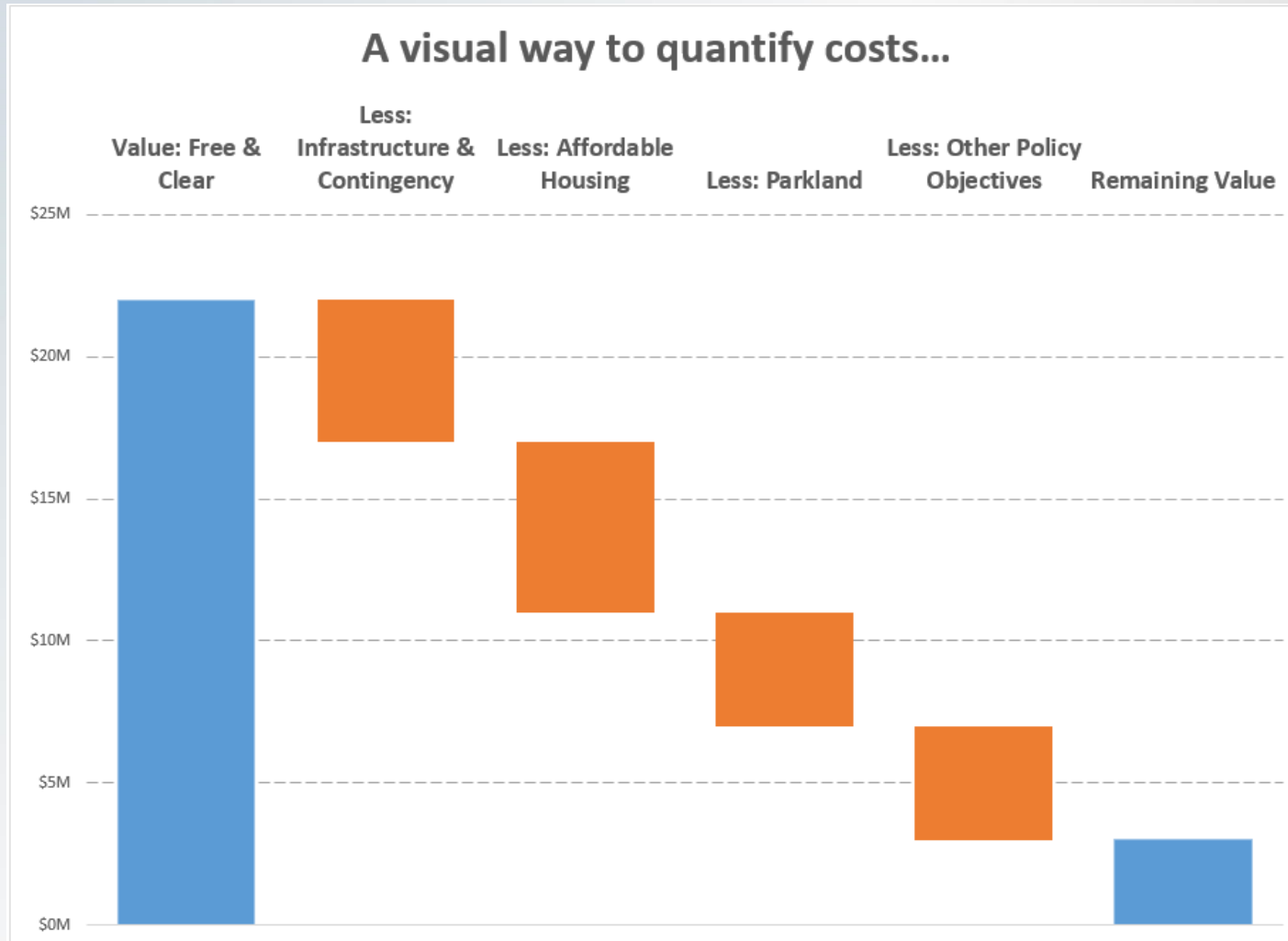
- 1.65 million square feet development
- 1,000 units of housing; 50% affordable
- Senior housing
- Urban Farm



Spofford

- Former Juvenile Detention Facility
- 740 units, 100% affordable
- 70,000 square feet office/retail/light industrial
 - Local, Bronx based businesses

Best Practice: *Peer City Summit*



Best Practice: *Role of EDCs*

Why have a singular external Economic Development Corporation (EDC) entity?

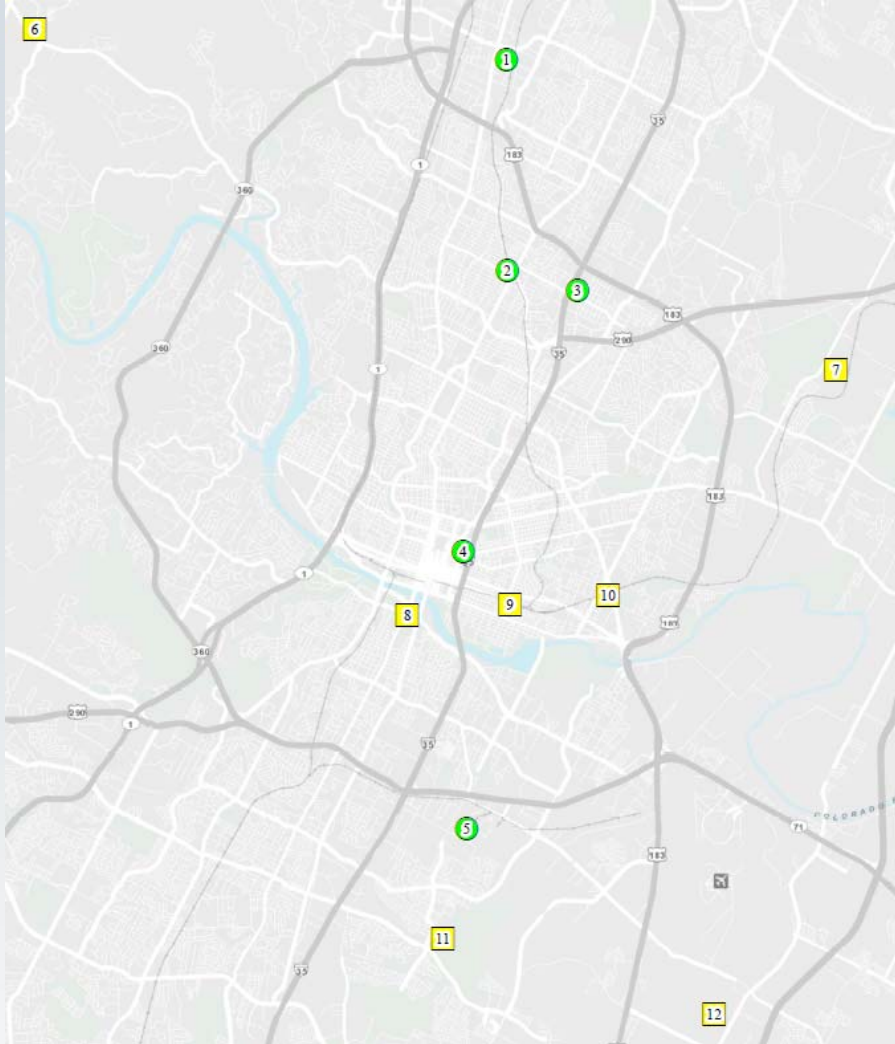
- A tool that helps to get socially beneficial real estate and/or business development projects done in partnership with the private sector
- Have powers through their incorporation to carry out community-benefiting economic development related transactions
 - Act as development partner on behalf of the community for publicly and socially beneficial projects
 - Negotiate capital, municipal incentives or real estate holding structures with private sector entities that cover the “gap” between market-supplied revenue and the cost of socially beneficial development; and/or,

What Benefits are there to a municipality to create a singular external partner?

- Creation of independent entity as an extension of the municipality
- Entity shoulders the transaction risk - not City
- Entity is able to provide a degree of continuity and consistency to the market for long-term projects

OPPORTUNITY SITES

Austin: *Opportunity Sites*



Initial Sites

- ① McKalla
- ② Justin Lane
- ③ Home Depot / Chrysler
- ④ HealthSouth
- ⑤ Winnebago

Longer Term Sites

- ⑥ FM 2222
- ⑦ Johnny Morris
- ⑧ OTC Surface Lot
- ⑨ 411 Chicon
- ⑩ Bolm Rd
- ⑪ Wm Cannon / Pleasant Valley
- ⑫ FM 812

NEW PROCESS

Framework: *New Process*

Advance redevelopment efforts ...

Revitalization + Place Making ... + New City Strategic Plan Outcomes

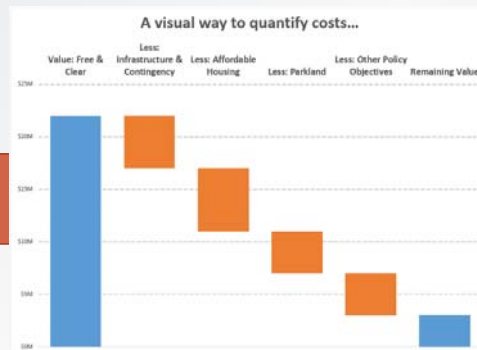
Land Planning Appraisals Environmental
Debt / Financial position

+

Strategic Plan Community Objectives



Quantify Value Model



Initial Staff Recommendation for Site
(Inter-departmental effort)
*Examples: achieve policy goals,
monetize, mix of both*



City Council Briefing



Competitive Process
(RFI, RFP)

LOOKING AHEAD

Next Steps

Take 5 Initial Sites through the Process

- Justin Lane
- Home Depot / Chrysler
- Winnebago
- McKalla Place
- Health South

Provide progress report update to City Council in June 2018

QUESTIONS / DISCUSSION