



# **Downtown Commission Update**

## Austin Economic Development Corporation

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April 21, 2021

# AEDC Roles

**AEDC is working with EDD, HPD, and Finance to support several future objectives...**

**Implement the  
South Central  
Waterfront TIRZ**



**Design and  
develop the  
Cultural Trust**



**Manage the  
public pipeline  
assets**



**Negotiate future  
real estate  
transactions**

# AEDC Formation: Progress

	Oct.-Nov. 2020	Dec. '20-Jan. '21	February 2021	March 2021
<b>AEDC Board Activity</b>	Council votes to create AEDC	<b>Dec. 14:</b> First Board meeting Jan. Board meeting	Board meeting	Board meeting
<b>Management</b>	QBL retained to launch organization	Obtain copies of other Master Contract agreements	Ongoing Interlocal Agreement (ILA) negotiations	Final ILA negotiations
<b>Executive Search</b>	RFP prepared for executive search firm	RFP released	Negotiations & Selection of Korn Ferry as firm	First job postings released
<b>Legal</b>	RFP prepared for Legal RFP	RFP released; Winstead retained as counsel; Creative Bond Negotiations	Creative Bond Negotiations & Administrative set-up	Bond negotiations; Banking RFP; Board support

*Stakeholder meetings held in Dec, Feb and March. Public (ULI) Meetings held in Jan, Feb.*

# AEDC Formation: Interlocal Agreement

## Initial Projects

- Cultural Trust
- South Central Waterfront
- Public & Private Pipeline
- Management of AIDC (as staff to Council)

## Funding

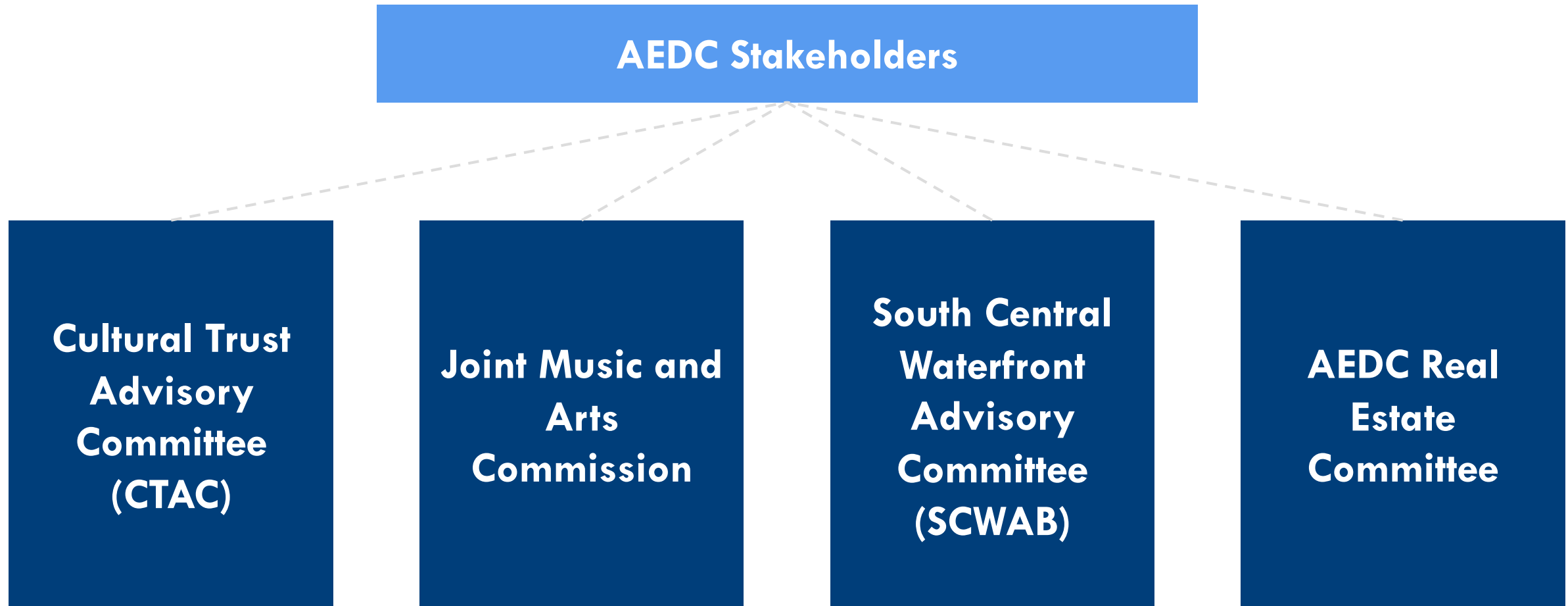
- Transfer of EDD Funds and AIDC balance
- Creative Space Bond
- Iconic Venue Fund

## Annual Oversight

- Annual Contract
- Budget
- Real Estate Reporting
- Inclusive Growth and DE&I Reporting

# AEDC Next Steps: Engagement

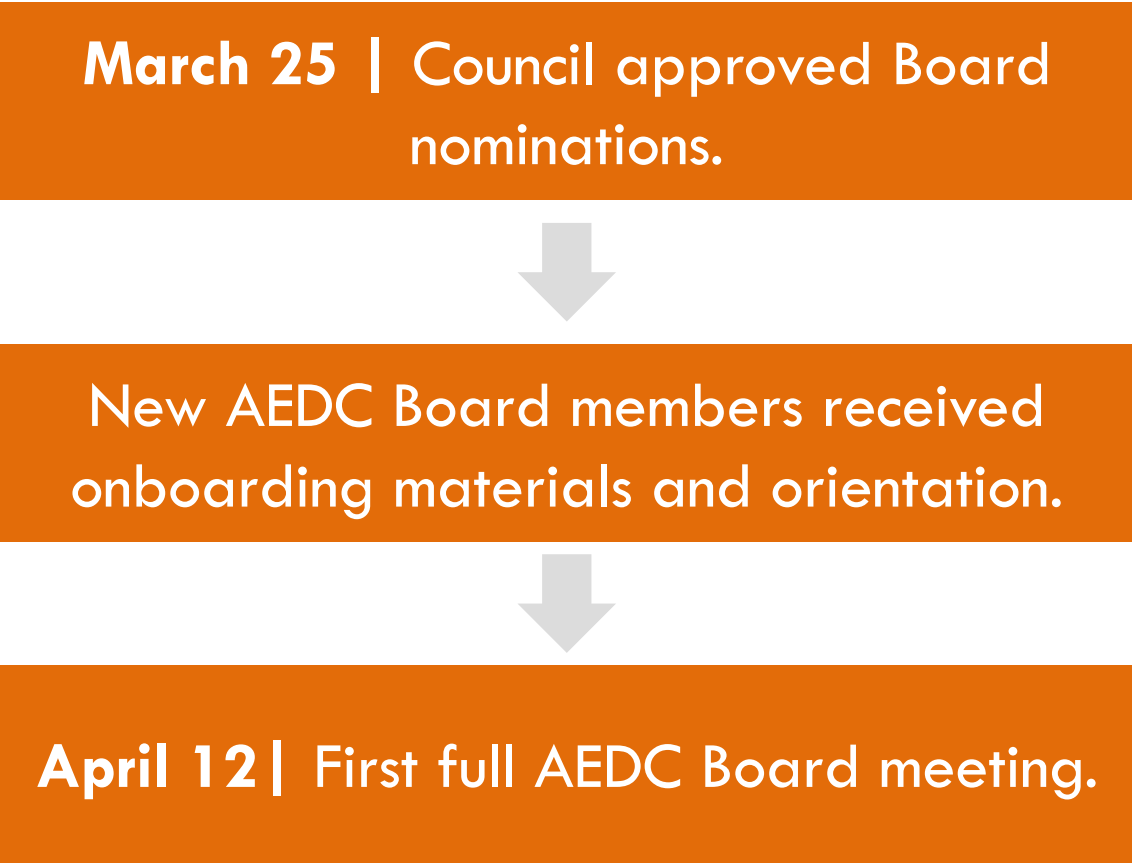
**AEDC will transition from general stakeholder meetings to targeted committees and public discussions:**





# AEDC Next Steps: Board Onboarding

## ONBOARDING PROCESS



## BOARD NOMINEES

Rosie Truelove (Chair)	Diana Maldonado
Sylvia Holt-Rabb	Jeremy Martin
Kellee Coleman	David Steinwedell
Ed Van Eenoo	Stephen Levy
Carl Settles	Sharmila Mukherjee
Emmett Beliveau	Tamara Atkinson
Bradford Patterson	Molly Beth Malcolm
Xavier Peña	Suchitra Gururaj
Awais Azhar	Matias Segura
Cathy McHorse	Char Hu
Veronica Briseño (Acting CEO)	

# South Central Waterfront

# Key Steps for TIRZ Designation & Implementation

## Step 1

### City Council Forms TIRZ

- Prepare preliminary financing plan
- Accept but-for analysis
- Host public hearing on TIRZ Approve ordinance establishing
- TIRZ Board of Directors Freeze tax increment base

## Step 2

### City Council Votes on Final Project & Financing Plans

- Finance to review/approve final Financing Plan
- Housing & Planning to review/approve final Regulating Plan
- AEDC to approve final Project Plan and explore partnership(s) with other taxing units via Real Estate Committee

## Step 3

### City Council & TIRZ Board Implement Plans

- Contracts with AEDC to administer TIRZ
- AEDC & TIRZ Board negotiate development agreements
- Bonds issuance to fund infrastructure & affordable housing (requires City Council approval)



# TIF Summary

**Designating the TIRZ district enables City Council to...**

**Freeze the tax  
increment base  
in the current  
year**



**Establish the  
TIRZ Board and  
delegate  
implementation  
to AEDC**



**Direct drafting  
of final project  
plan, including  
timing of  
investments**



**Authorize AEDC  
to negotiate  
agreements  
with developers  
on behalf of  
TIRZ Board\***

*\*Final agreements likely require  
approval of City Council*

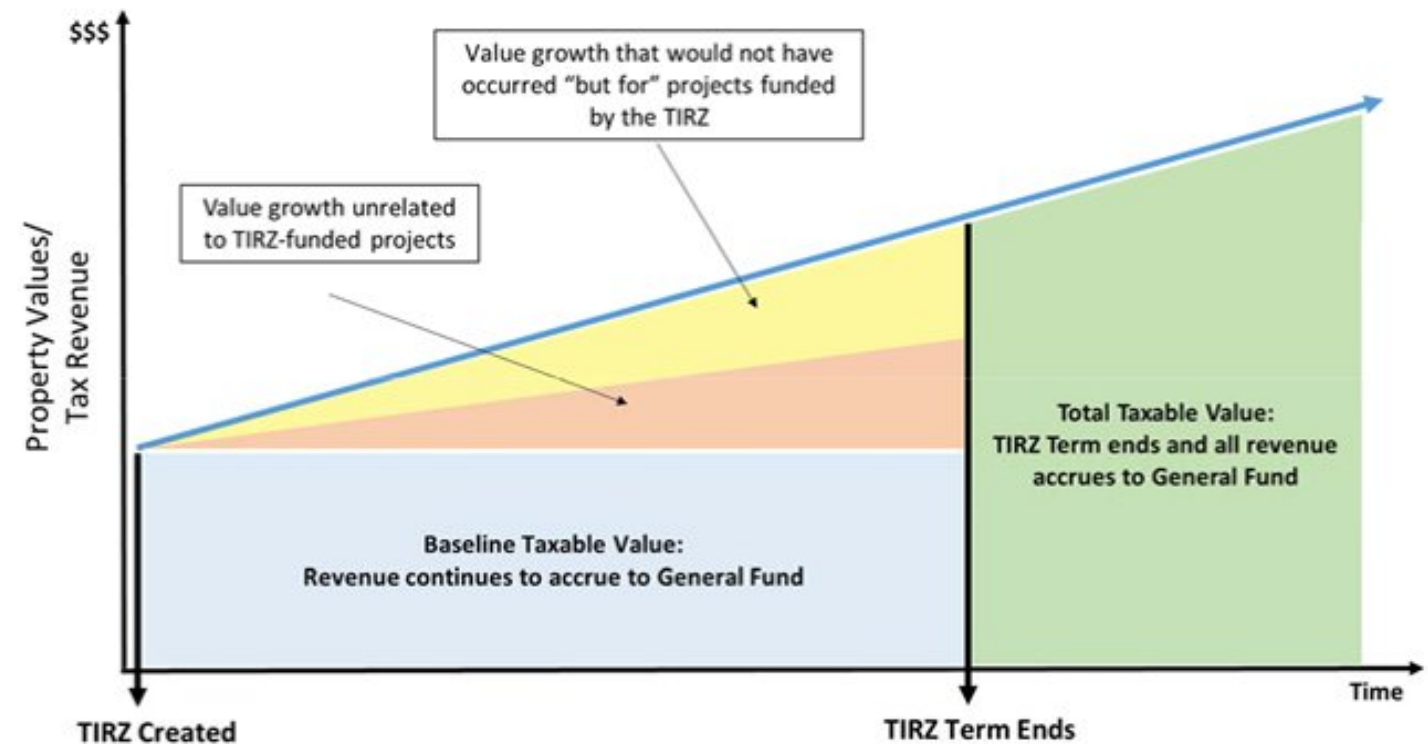
# TIF Summary

Finance and CMR are currently investigating key TIRZ questions, including:

How much property tax growth would occur without TIRZ investments? (*shaded in orange*)

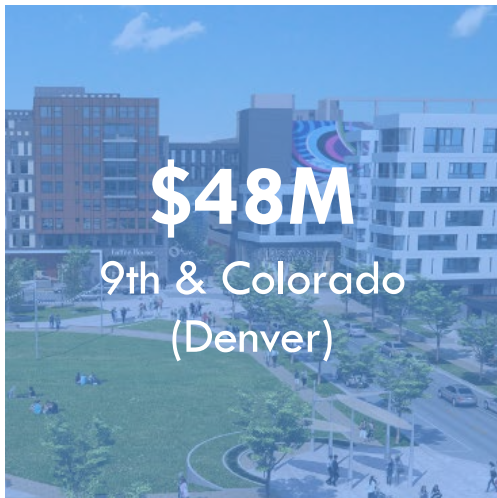
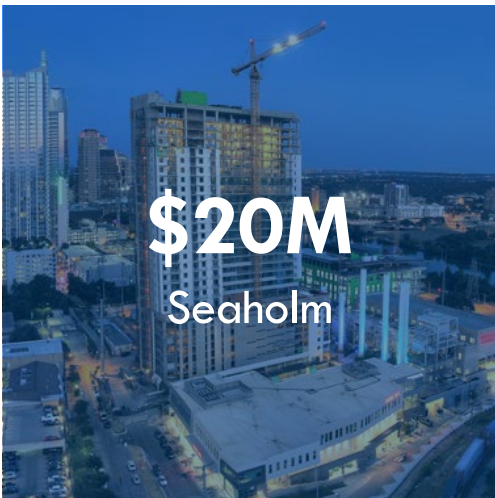
If the SCW TIRZ is approved, what would be the aggregate taxable value in TIRZs? (*10% limit*)

## DEPICTION OF TIRZ INCREMENT CAPTURE



Source: <https://www.austintexas.gov/edims/document.cfm?id=325495> Memo to Council

# TIF Examples



# Local TIF Examples | Mueller



- **TIF Approved: 2004**
- **Total Development Cost: \$1.4B**
- **TIF Investment: \$50M** (\$212M project costs)

*\*[2020 City Audit Report](#)*

- **CHALLENGE:** The costs to remove obsolete structures at former Robert Mueller Airport and lack of infrastructure required public funding were great enough that public investment was required to enable redevelopment.
- **INVESTMENT:** TIF funded infrastructure necessary for mixed-use redevelopment, including utilities, roadways, and landscaping. Developer contributed to both infrastructure and private improvements as part of a Master Development Agreement.
- **DEVELOPMENT: \$1.4B\*** in assessed value increment generated to enable repayment of TIF expenditures, driven by:
  - 4,900 Housing Units (25% affordable)
  - 1.1 M SF of Office
  - 790 K SF of Retail
  - 1.2 M SF institutional uses
  - 20% dedication to open space & parks



# Local TIF Examples | Waller Creek



- **TIF Approved:** 2007
- **Total Development Cost: \$1.1B**
- **TIF Investment: Phase I > \$109M** (\$128M project costs),  
**Phase II > \$110M** (\$354M project costs)

*\*[2020 City Audit Report](#)*

- **CHALLENGE:** Nearby flooding created unsafe conditions and rendered existing structures obsolete (Phase 1). Former floodplain space limited new development (Phase 2). Investment was required on public land to facilitate development in the surrounding area.
- **INVESTMENT: Phase 1)** TIF funded construction and maintenance of Waller Creek Tunnel to restore 1.5 miles of the creek. Travis County provided 50% of increment. **Phase 2)** TIF funded development of 35-acre “Chain of Parks” along the former floodplain. Developers, the Conservancy, and CIP shared the costs of the new parks, trail connections, and the ongoing operations.
- **DEVELOPMENT: \$1.1B\*** in assessed value **increment** that supported repayment of TIF expenditures, driven by:
  - 1.6M SF Office
  - 6,055 Housing Units

# South Central Waterfront TIF (As Considered)

Precedent TIF	Challenge: why subsidy required for development	Investment: infrastructure costs funded by TIF	Development: private investment enabled by TIF
South Central Waterfront	Inadequate lot layout and insufficient street layout	New & upgraded streets, utilities, and open space	2.8M sf office, 3,000+ resi units, 352K sf retail
Mueller	Obsolete structures and improvements from airport	Demolition, utilities, roadways, and landscaping	4,900 units, 1.1M sf office, 1.2M institution, 790K retail
Waller Creek	Unsafe conditions and obsolete structures from flooding	Phase 1: Waller Creek Tunnel Phase 2: 35-acre chain of parks	1.6M sf office and over 6,000 housing units
Seaholm	Inadequate street layout and obsolete power plant structures	Power plant repairs, public plaza, streets, and utilities	280 resi units, 143K sf office, and 48K sf retail
Capital Riverfront	Lack of infrastructure on former industrial waterfront	Roadways, infrastructure, and waterfront open space	12.6M sf office, 15K resi units, 1,270 hotel rooms, 1M sf retail
Cortex Innovation District	Underutilized “blighted area” with high vacancies	New office space as locus of innovation district	3.0M sf office, 700K sf retail, 1,000 resi units
9th & Colorado	Environmental contamination, blight, lack of infrastructure	Remediation, public space, parking, streetscapes	100-200K office, 235-300K sf retail, 900-1,100 units

# Adopted SCW Plan Scenario | Sources & Uses

## ESTIMATED USES

Project Cost	Amount
Existing Streets & Utilities	\$52M
New Streets & Utilities	\$115M
Parks & Open Space	\$85M
TOTALS	\$252M

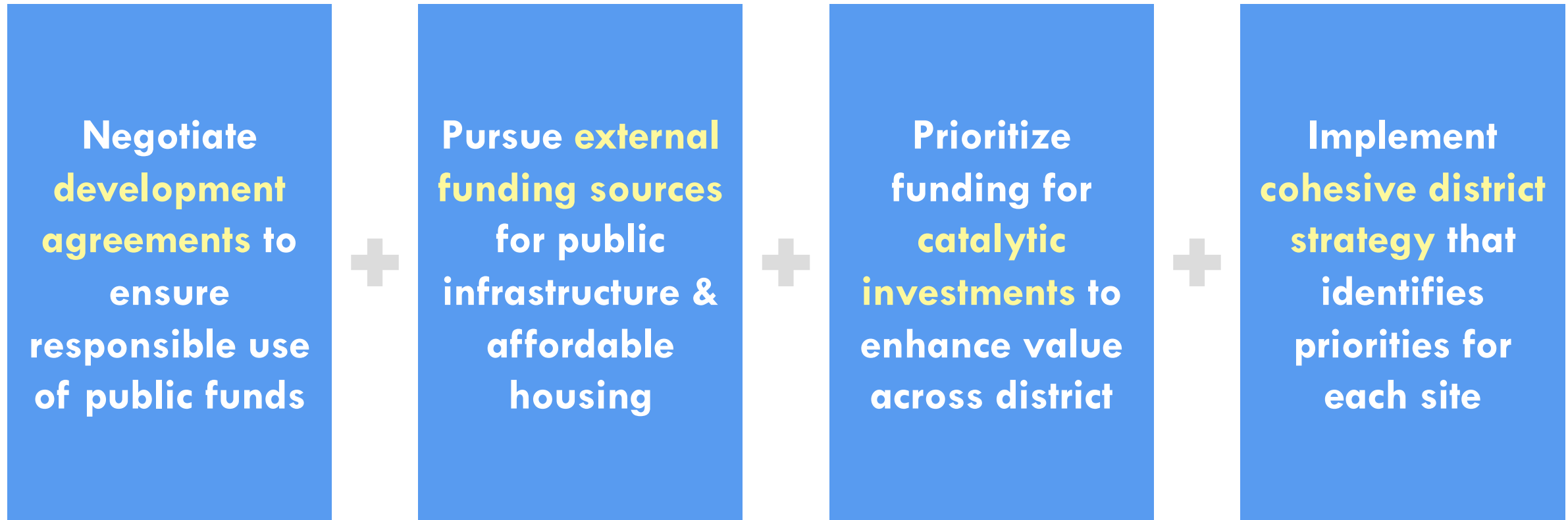
## ESTIMATED SOURCES

Funding Sources	Amount
Private Developers	\$35M
CIP Funding	\$60M
Utilities Reimbursement	\$17M
TIRZ + Other Sources*	\$140M
TOTALS	\$252M

*\*2018 CMR analysis estimated \$217M in nominal 20-yr. tax increment.*



## How may AEDC reduce the TIRZ funding commitment?

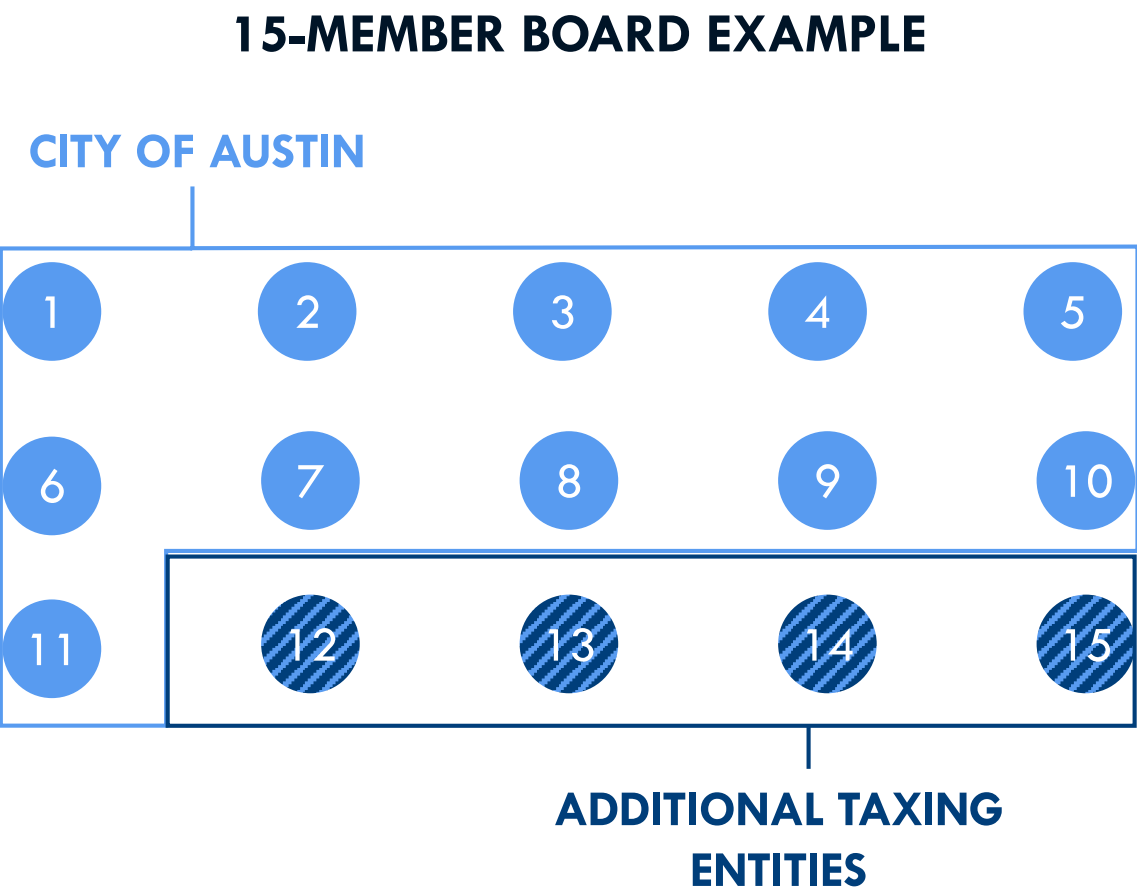


# TIRZ Organization Chart



# TIRZ Board Composition

5-15 members	Taxing units can join at any time
Each participating taxing unit may appoint 1 member	City appoints remainder (up to 15 total)



# Cultural Trust

# Cultural Trust Goals

## INITIAL GOAL OF CULTURAL TRUST

In 2018, the City resolved to support "a community arts stabilization trust, the "Austin Cultural Trust", that creates, through purchase and long-term lease, affordable spaces that supports artists and arts organizations, preserves historic and iconic cultural buildings and spaces for creative and cultural uses, and functions in a way that provides for cultural assets to exist in all parts of the city"

- *Resolution 20201001-055*

In 2020, the City identified "To support **acquisition and preservation of cultural spaces** within the City of Austin," as a function of AEDC.

- *Resolution 20201001-055*

# Cultural Trust Goals – First Initiative

Guided by the recommendations of the Joint Arts and Music Commission,\* research into best practices, and stakeholder feedback.

AEDC will propose additional measures for the Cultural Trust to address other Austin cultural needs, but **this first step is targeted toward acquiring and preserving spaces.**

- Create a **competitive RFP** to fund an initial set of organizations
- Use AEDC as **broker, asset and facilities manager** to save City money
- **Leverage existing funds** using AIDC or private debt
- Spaces would be **owned by the City as permanent cultural infrastructure but made available for use to organizations under a lease, license, operating agreement or other appropriate use agreement.**
- **Prioritize** support for organizations based on **Diversity, Equity, and Inclusion principles**
- Spaces would be **made available to organizations at affordable rates**

\*<https://www.speakupaustin.org/bond-for-creative-space>

# Timeline

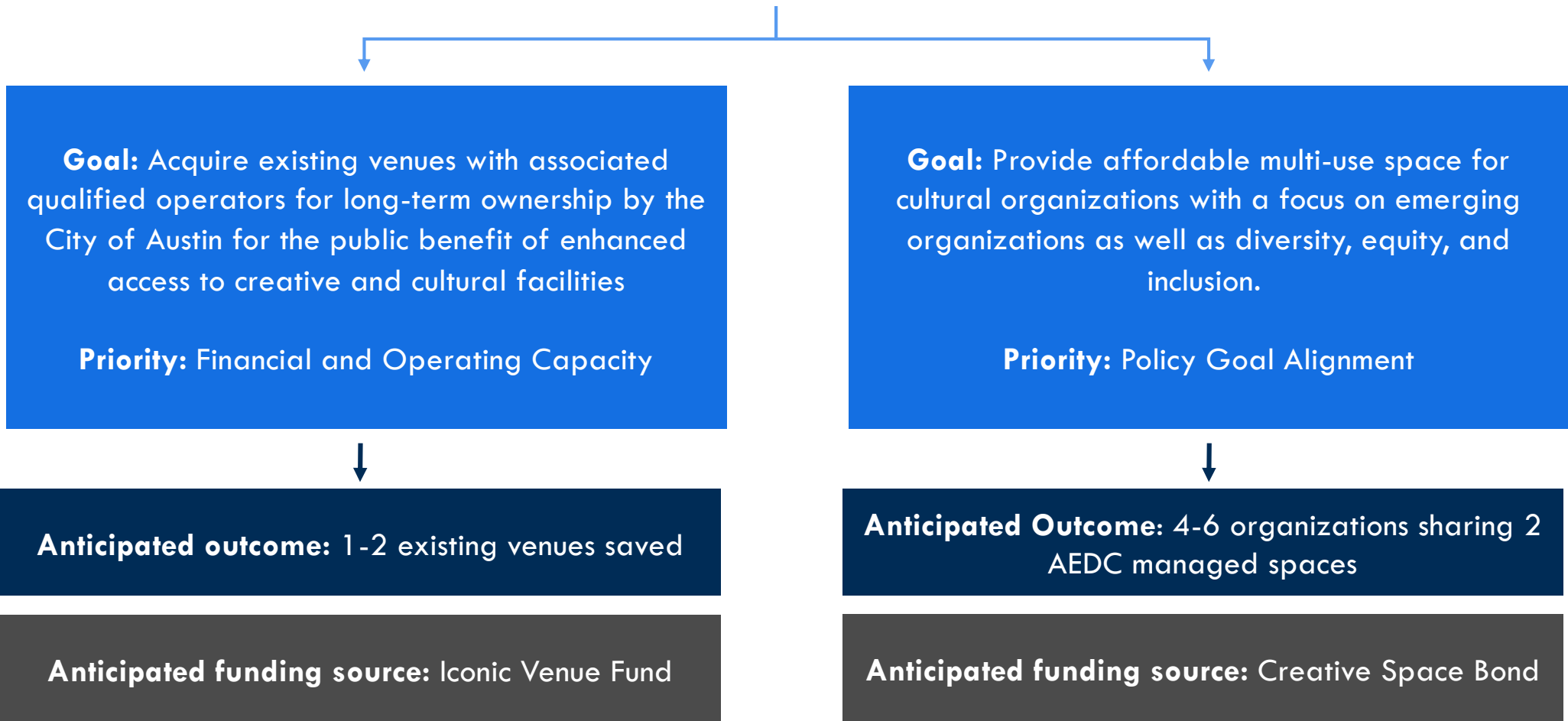


*\*Discussions with banks, philanthropy, impact capital, and City capital sources*

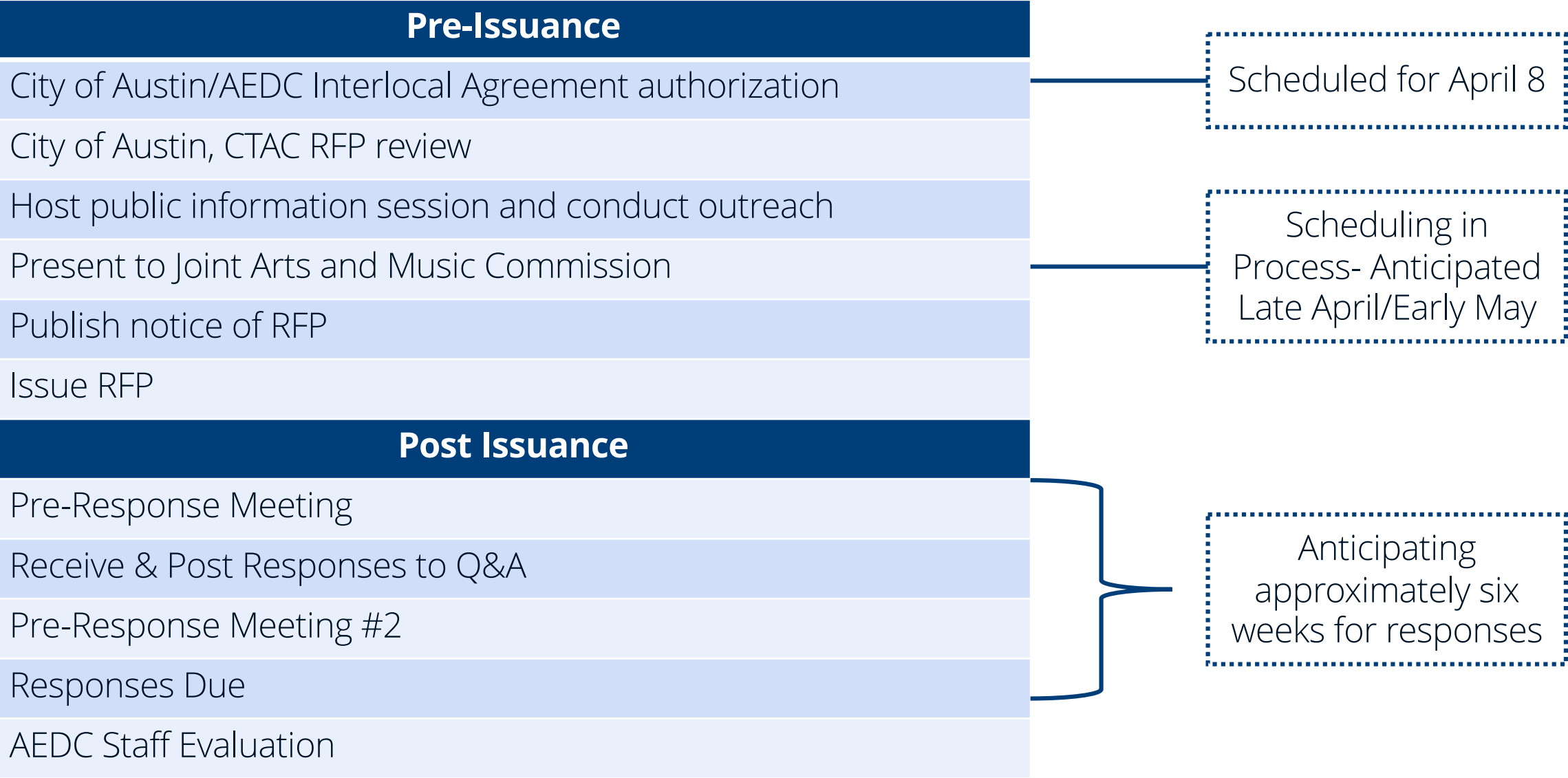


# First Initiative – Release RFP in Spring 2021

Competitive RFP funds two  
types of projects



# RFP Release Timeline

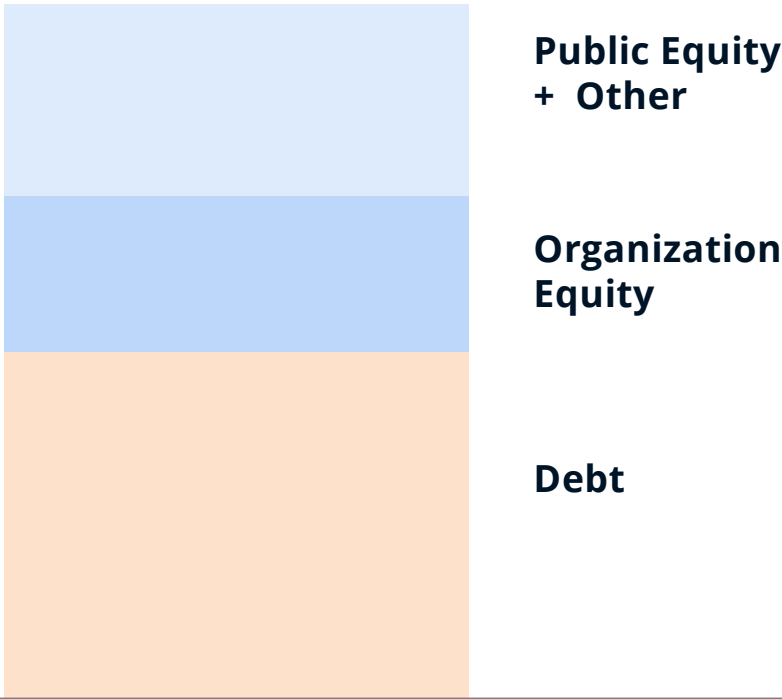


# Potential Financing Structure

Source	Anticipated Amount
Public Equity + Other*	Varies
Organization Equity	Competitive criteria for capacity, less weighted for policy
Debt	Maximum loan amount based on DSCR constraint

*\*Potentially includes philanthropic support or other sources of funding, as available.*

## Hypothetical Capital Stack



# Cultural Consortium

- The Long Center is establishing a Cultural Consortium, pooling organizations to improve access to services and reduce costs
- The initial phase of services is likely to include Professional Employer Organization (PEO) – HR/benefits management - and co-working/office space
- AEDC is exploring opportunity for organizations funded through Cultural Trust to opt-in and help pilot Cultural Consortium

## ***Next Steps***

- AEDC is corresponding with the Long Center to obtain survey data from potential Consortium members and further refined initial service offerings

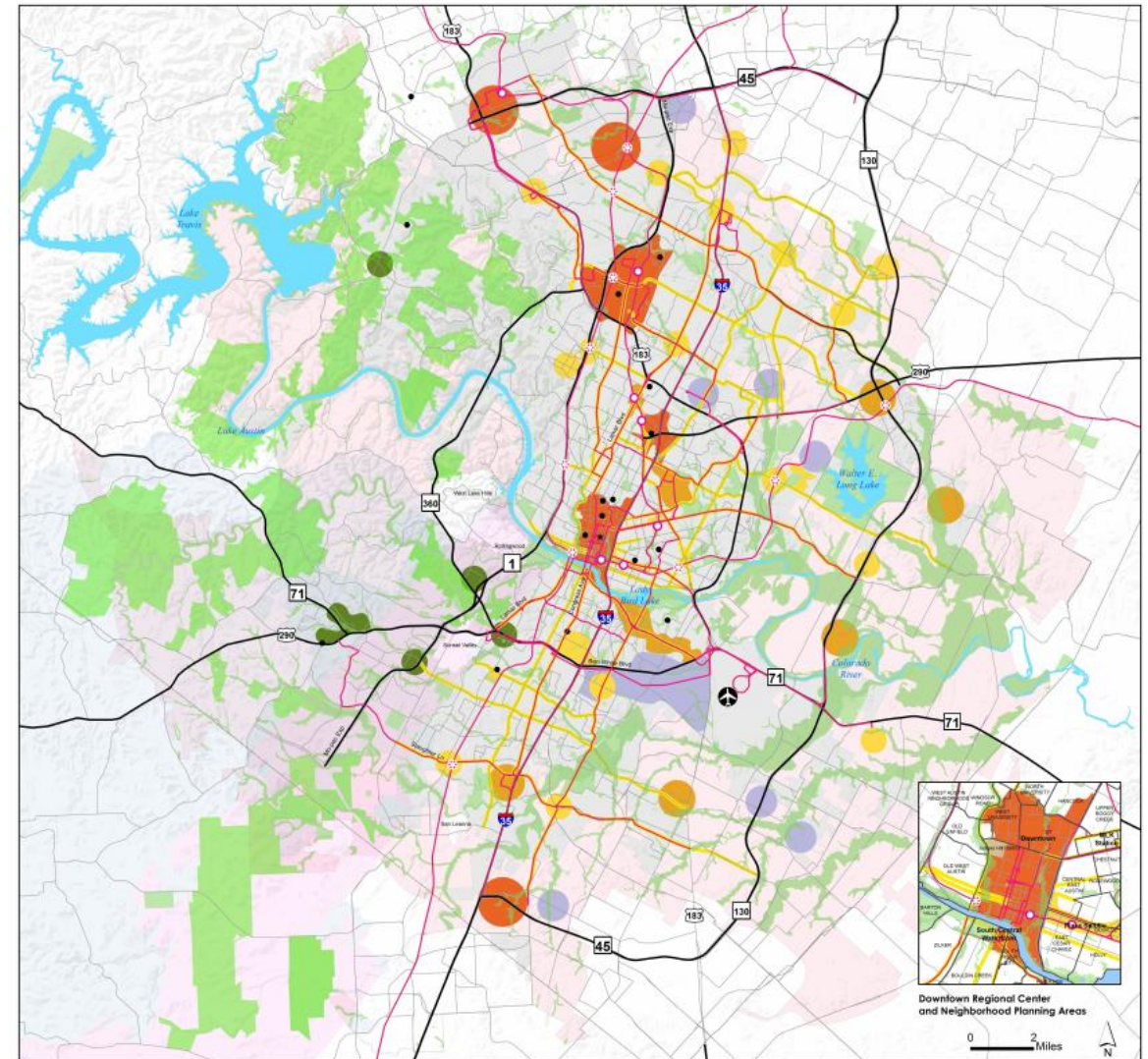
## AEDC Next Steps Before RFP Release



# Planned Follow-up RFP

## *City-Owned Sites (Public Pipeline)*

AEDC is currently reviewing publicly owned sites (with a focus on City ownership) to determine if any may be made available in a subsequent RFP for cultural arts and/or music uses. Depending on responses to the initial RFP, some monies from the Bond may be leveraged to support this program.



# Potential Future RFP: Cultural Space in SCW

Developing two cultural venues in place of ground-floor retail space would require up to **\$3.0M** in additional public investment.

	Retail	Music Venue	Cultural Arts Venue
Annual Rent PSF	\$50	\$32	\$18
RLV/SF	\$360	\$131	(\$44)
Typical Size (SF)		5,000	4,500
Incremental RLV Decrease by Venue		(\$1.2M)	(\$1.8M)



# Next Steps

# Next Steps

Council	AEDC	South Central Waterfront	Cultural Trust	Engagement
May Action planned to approve ILA  May action confirming Cultural Trust funding and AEDC role in SCW	Next full Board meeting in March	Ordinance finalization – early summer	Cultural Trust RFP to be released in the next few months	Seeing additional public meeting opportunities such as done with ULI.

# Future Projects

- **SCW Cultural Venues & City-owned facilities**
- **Public Pipeline / Asset Assessment Work**
- **Huston Tillotson University Master Planning & Transaction Support**
- Looking into other areas of **inclusive growth** and beginning conversations: affordable housing, childcare, homelessness, and other potential districts.
- We are seeking more **opportunities for projects and funding**

Questions?