



# **Introduction and Update**

Austin Economic Development Corporation

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July 2021

# Council Direction Leading to AEDC Creation

# Council investigated the creation of an EDC since 2014

A series of resolutions identified the need to first investigate and then create a real estate focused entity that could assist with inclusive growth outcomes and the preservation of existing cultural spaces as well as the development of new affordable spaces.

- 20141211-122: Directed the CM to explore the feasibility of an EDC
- 20160303-019: Music & Creative Ecosystem Omnibus
  - Included the coordination of the preservation and creation of affordable cultural and music space by a specialty entity that could also negotiate in public/private projects and be integrated into public projects.
- 20170216-040: Directing the CM to bring forward proposals for the EDC
- 20180215-082: Use an EDC to create a Cultural Trust
  - Directed using the Cultural Asset Mapping Project (CAMP) as a guide for broad inclusion
  - Cultural Trust to be integrated into an EDC
  - Investigation of code revisions, retail incentives and other real estate mechanisms to assist as needed
- 20190808-072: Authorizing the creation of the EDC (see next slide)

## In August 2020, Council Directed Staff to Create EDC

"to complement the City's vision and programming for inclusive economic development through the formation of public-private partnerships and facilitation of resulting projects that generate additional resources or revenues for the City"....

- City Council directs the City Manager to initiate the necessary processes to authorize the Creation of an economic development entity, identify potential funding sources, solicit stakeholder feedback on the entity's governance and operational structure, and, if necessary, contract with a subject matter expert to develop an implementation plan.
- City Council directs the City Manager to structure the entity broadly enough to **manage a range of projects**, which could include affordable housing development, public-private Partnerships with private-led development such as the **South Central Waterfront** that could provide community benefits, and shall include a **Cultural Trust** to support acquisition and preservation of creative space.
- City Council directs the City Manager to bring forward a recommendation for funding needs to implement this direction for consideration during the Fiscal Year 2020 budget deliberations.

# EDD spent 2020 -2021 exploring how to best follow Council direction

**EDD contracted with QBL Real Estate in November of 2020 to pursue four work streams...**



# Research & Stakeholder Engagement

# Stakeholder Meetings

Meetings December 2020 – January 2021 to understand precedent work and stakeholders

Follow-up meetings February 2021 – April 2021 to delve into structures, governance and project-specific details

## Topics of Discussion

- Structure
  - Governance
  - Funding
  - Powers
  - Projects
  - Examples from other cities
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- **Places of Agreement: In the next several slides, we indicate items on which a majority of interviewees agreed as suggestions for consideration by Council.**

# Interview Summary: Places of Agreement

Areas in which stakeholders agreed on structure, governance, funding and powers

- **Formation of an outside entity accountable to Council**
- **Blended funding model focused on real estate and contract services:**
  - Real estate fees through management, leases, sales and transactions
  - Contract fees from the City to perform certain services that save the City from hiring additional staff
  - Philanthropic donations, Investment management and conduit financing (bond) management
- **Focus on maximizing the ability of the EDC to act as a public real estate developer**
  - Direct transfer of real estate from the City
  - Sale, lease, management of public real estate
  - Act as a developer, leading and funding inclusive growth
  - Lead Public/Private negotiations at the pace of the private market
  - Expedite public approvals and "be more nimble than the City"
  - Managing large-scale development districts and projects on behalf of the City.



# Conclusions of Interviews and Research

- **A “Family” of organizations is most able to fulfill all Council purposes with appropriate oversight for critical decisions.**
  - A new AEDC combined with existing AIDC and contracted with EDD management
- **Critical governance decisions should be city-controlled**
  - Financing and bonding should be approved by City (as part of AIDC)
  - Board should be mixed (public employees and private citizens) appointed by Council
  - Annual budget, contract and projects approved by Council
- **To insure long-term sustainability, the AEDC should focus on real estate, revenue bond projects and contracts for services on behalf of the City**
- **Coordinate Inclusive Growth amongst departments and organizations, including projects such as:**
  - Cultural Trust
  - International investment fund
  - South Central Waterfront
  - Utilize upcoming transit investments as a nexus for creating affordability and cultural programs
  - Support for real estate transactions and infrastructure projects of the City
  - Promote and support affordable housing, workforce housing, homelessness, affordable commercial space, workforce development, MWBE, and equitable financial programs.
  - Provide immediate staff support on other priority projects, in particular negotiations, as directed by Council and staff.

# Subsequent Council Legislation and Direction

# Subsequent Council legislation during the formation process

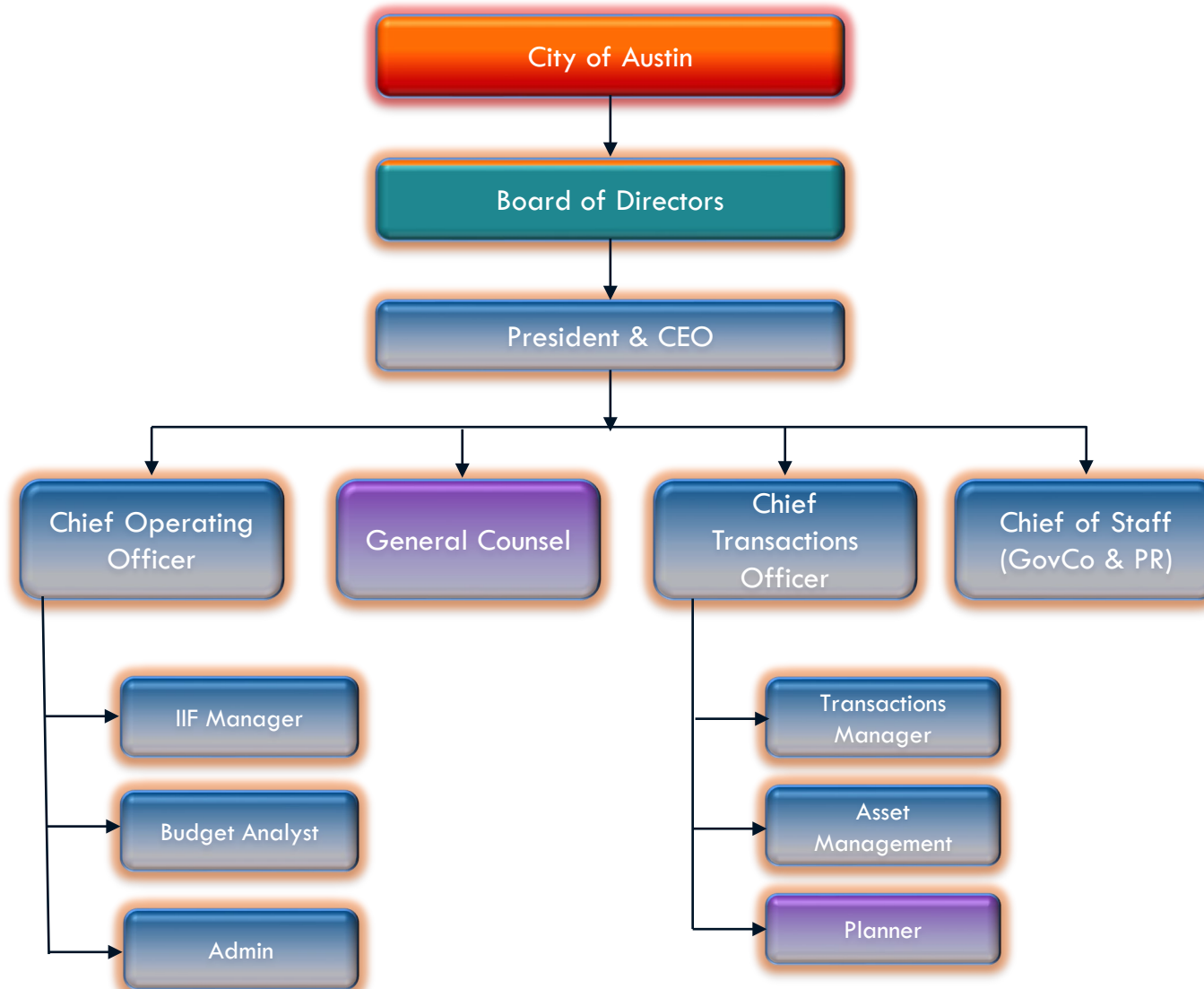
A series of resolutions further clarified Council's direction as to the nature and purpose of the AEDC.

- 20190808-072: Authorizing the creation of the AEDC, as well as major projects to undertake (SCW, Trust)
- 20200326-091: Explore expanding uses of existing resources to assist COVID-impacted organizations
- 20200521-095: Accelerate the creation of AEDC to assist live music.
  - Directing the exploration of the use of city-owned property as well as a public pipeline of assets.
- 20200521-096: Accelerate the AEDC with a focus on assisting Red River District and exploring the use of TDR programs and regulatory changes to support music venues.
- 20201001-055: Creation of the AEDC
- 20201203-046: Repurposing HOT funds to create the Iconic Venue Fund and assigning up to \$15M of those funds to AEDC to manage as a part of the Cultural Trust. Directing the expansion of the authorized use of those funds to cover “Iconic” music venues, cultural spaces, restaurants and businesses through an interpretation of an expansion of the visitor information center, as authorized by the State of Texas.

# Start-Up of AEDC | Governance Development

# Organizational Chart: 3 -Year Stabilized View

*Purple roles can be initially outsourced. Orange roles not compensated by the organization itself.*



# Board Development and Onboarding

**March 25 | Council Action for Board nominations.**



**April 12 | Orientation and First AEDC full Board meeting.**



**May | Deep Dives and Committee Development**

Subject Matter for Board Seat	Nominating Body	Focus	Term
Director, Economic Development Department	Standing	Public/Private	On-going
Director, City Neighborhood Housing & Planning Department	Standing	Housing	On-going
Chief Equity Officer, City of Austin	Standing	Equity	On-going
City Chief Financial Officer	Standing	Finance	On-going
City of Austin Arts Commission	Standing	Arts	2022 Renewal
City of Austin Music Commission	Standing	Music	2022 Renewal
City of Austin Historic Preservation	Standing	Preservation	2022 Renewal
Board, local Continuum of Care organization	Austin ECHO	Homelessness	2022 Renewal
Board, Downtown development	Downtown Austin Alliance	Downtown	2022 Renewal
Board, Ethnic or Multi-Ethnic Chamber of Commerce	MECA	MWBE Business	2023 Renewal
Board, local area chamber of commerce	Greater Austin Chamber of Commerce	Industry	2023 Renewal
Board, local area urban land use and planning organization	Urban Land Institute Austin	Urban/Regional Planning	2023 Renewal
Board, local real estate and construction planning organization	Real Estate Council of Austin	Real Estate Development/Construction	2023 Renewal
Board, local area transportation planning organization	Cap Metro	Infrastructure/Transportation	2023 Renewal
Board, local workforce development board	Workforce Solutions: Cap Area	Workforce Development	2024 Renewal
Board, local community college	Austin Community College	Vocational and Workforce Education	2024 Renewal
Representative of a local university of higher education	University of Texas	Higher Education	2024 Renewal
Board, local independent school district	Austin Independent School District	K-12 Education	2024 Renewal
Board, local senior services organization	AustinUp	Senior Services	2024 Renewal
Board, local early childhood education organization	United Way	Early Childcare/Child Education	2024 Renewal
President/CEO	Standing	Ex-Officio Officer	On-going

# AEDC Board





# Transition of Governance

Executive Committee	
President	Rosie Truelove, COA Housing and Planning
Vice President	Xavier Pena, Downtown Austin Alliance
Secretary	Sylnovia Holt-Rabb, COA Economic Development
Treasurer	Ed Van Eenoo, COA Finance Office
	David Steinwedell, Urban Land Institute
	Kellee Coleman, COA Equity Office
	Sharmila Mukherjee, CapMetro



Transition Milestones	
Recruit CEO	Start July 2021
CEO Seated	October 2021
1 <sup>st</sup> Term Board Renewal	Start November 2021
Annual Report to COA	February 2022
New Board Orientation	March 2022
Transition of Executive Committee	April 2022



# Start-Up of AEDC | Interlocal and Priority Project Development

# 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

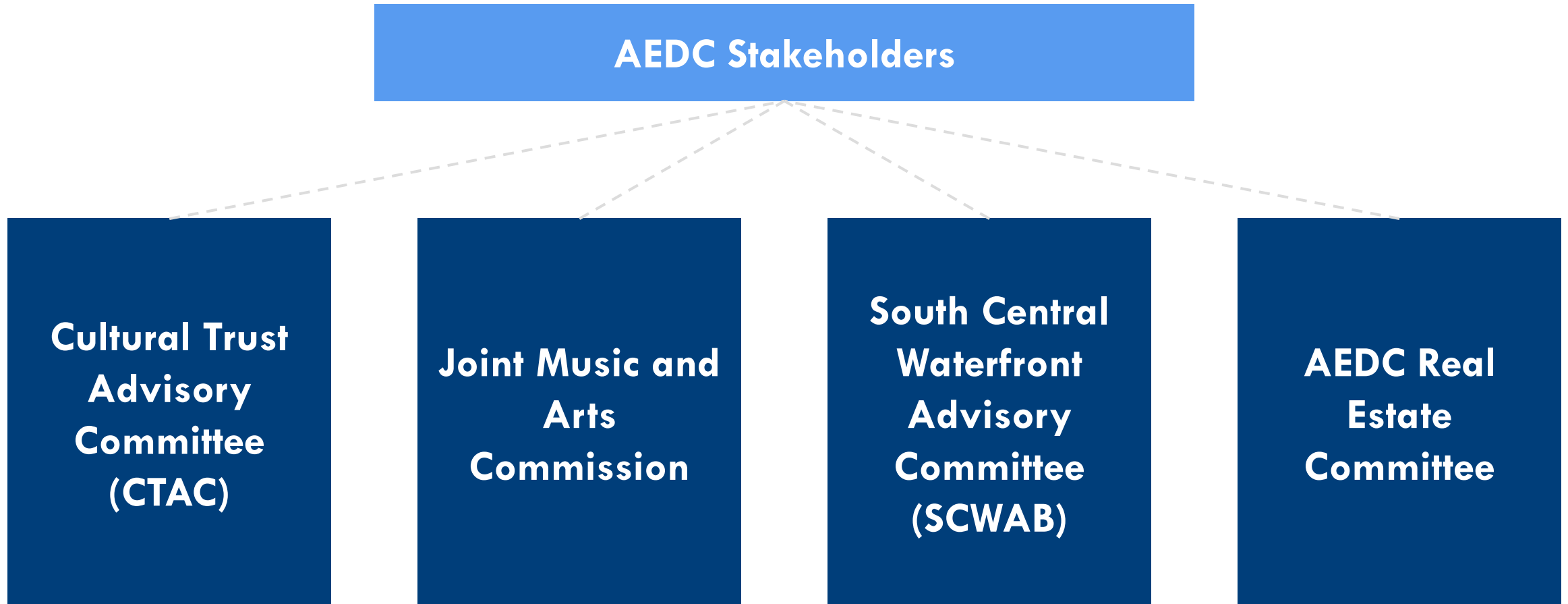
# AEDC Focus and Roles

**AEDC is working with the City of Austin to support several future objectives.**



# AEDC Next Steps: Engagement

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



Priority Project | 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**



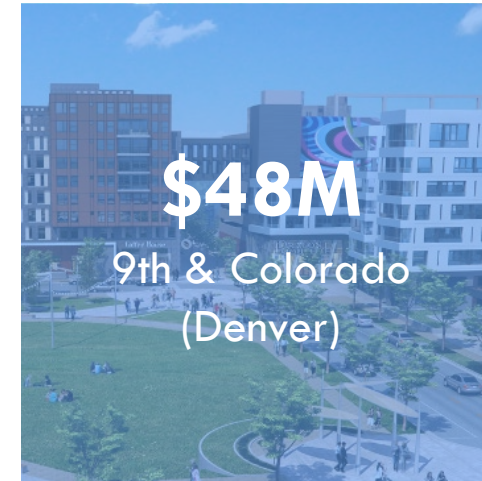
**Direct drafting  
of final project  
plan, including  
timing of  
investments**



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

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

# TIF Examples





# South Central Waterfront TIF (As Considered)

<b>Precedent TIF</b>	<b>Challenge:</b> why subsidy required for development	<b>Investment:</b> infrastructure costs funded by TIF	<b>Development:</b> private investment enabled by TIF
<b>South Central Waterfront</b>	<b>Inadequate lot layout and insufficient street layout</b>	<b>New &amp; upgraded streets, utilities, and open space</b>	<b>2.8M sf office, 3,000+ resi units, 352K sf retail</b>
<b>Mueller</b>	Obsolete structures and improvements from airport	Demolition, utilities, roadways, and landscaping	4,900 units, 1.1M sf office, 1.2M institution, 790K retail
<b>Waller Creek</b>	Unsafe conditions and obsolete structures from flooding	<i>Phase 1:</i> Waller Creek Tunnel <i>Phase 2:</i> 35-acre chain of parks	1.6M sf office and over 6,000 housing units
<b>Seaholm</b>	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
<b>Capital Riverfront</b>	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
<b>Cortex Innovation District</b>	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
<b>9th &amp; Colorado</b>	Environmental contamination, blight, lack of infrastructure	Remediation, public space, parking, streetscapes	100-200K office, 235-300K sf retail, 900-1,100 units

Priority Project | 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.

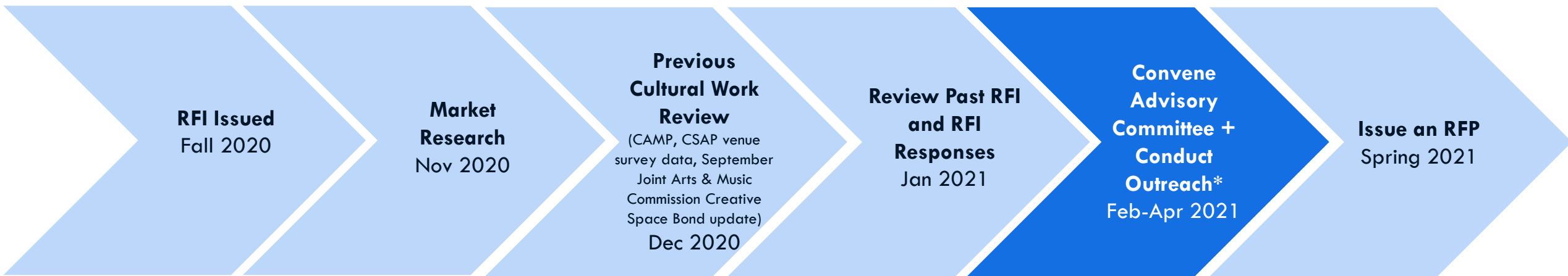
- *Resolution 20201001-055*

# Cultural Trust Goals – First Initiative

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 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 an appropriate use agreement, lease, license, operating agreement or other.**
- **Prioritize** support for organizations based on **Diversity, Equity, and Inclusion principles**
- Spaces would be **made available to organizations at affordable rates**
  - Organizations would have to provide an equity match for purchase
  - Organizations would have to demonstrate capability to make payments

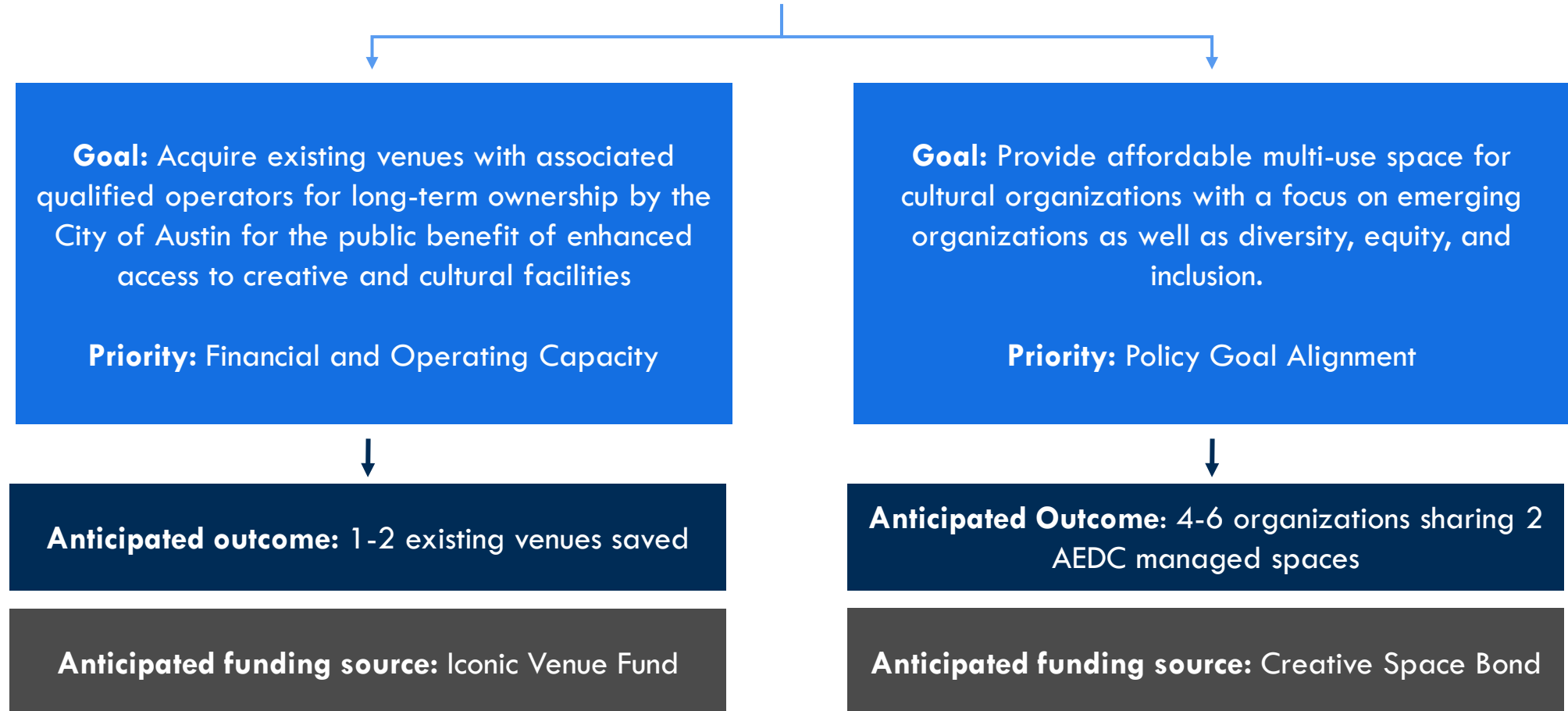
# Timeline



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

# First Initiative – Release RFP in Spring 2021

**Competitive RFP** funds two  
types of projects



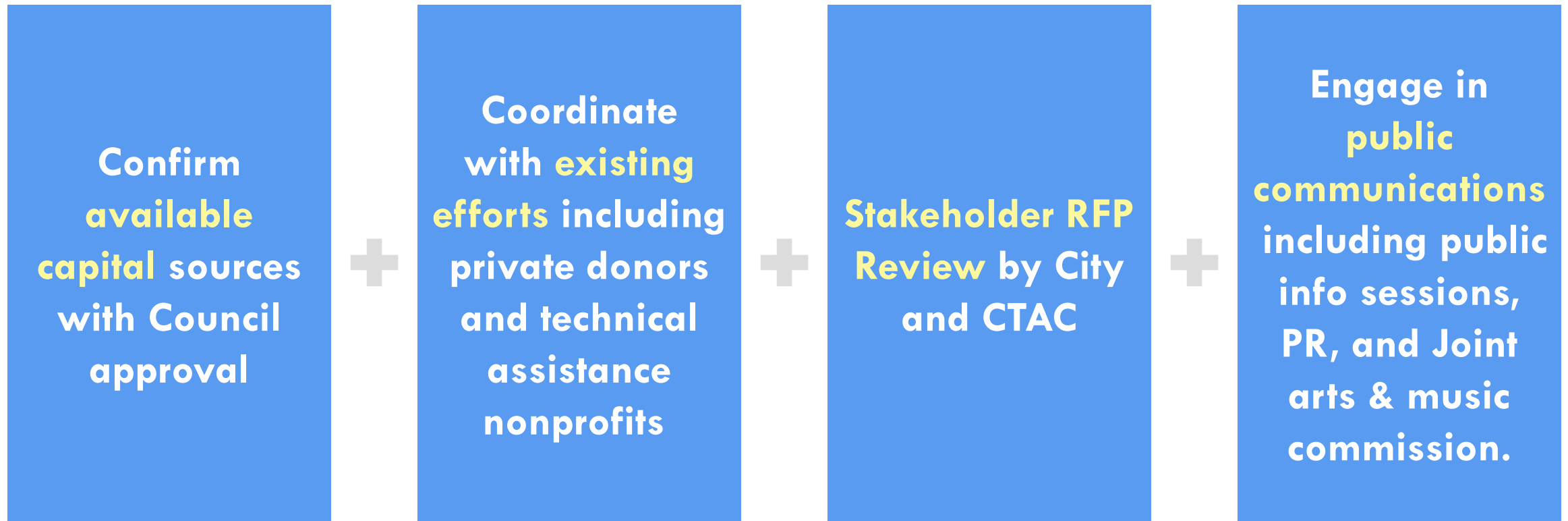
# Cultural Consortium

- 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



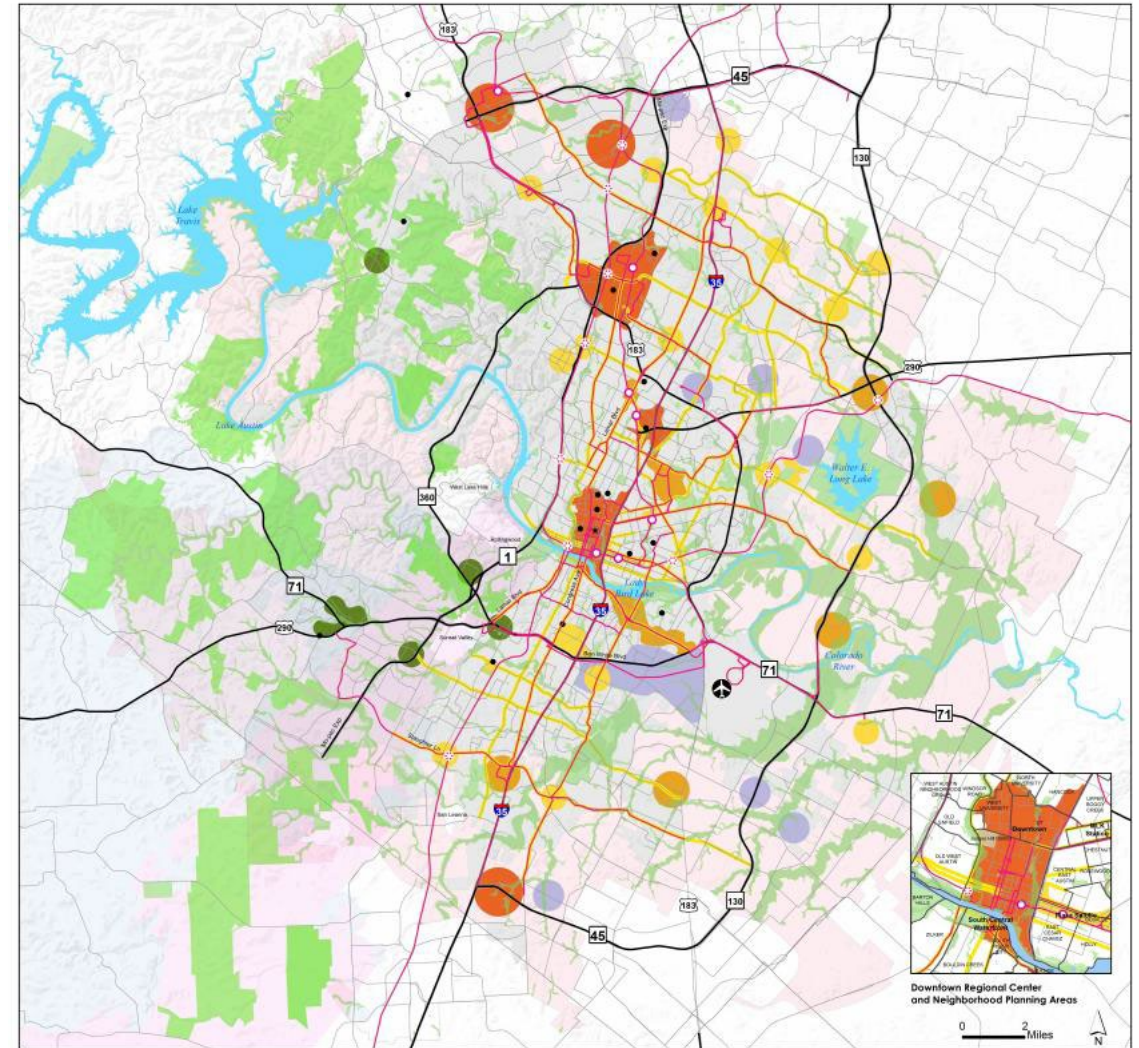


Priority Project | Public and Private Pipeline

# 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

# 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?