



Austin Housing Finance Corporation

P.O. Box 1088, Austin, TX 78767-1088
(512) 974-3100 ♦ Fax (512) 974-3161 ♦ www.austintexas.gov/ahfc

To: Board of Directors, AHFC

From: Rosie Truelove, AHFC Treasurer

Date: September 10, 2020

Subject: Update on 900 Gardner and 1127 Tillery Development Projects

This memo describes the stakeholder engagement and solicitation processes conducted by the Austin Housing Finance Corporation (AHFC) in accordance with AHFC's Procurement Policy to identify a preferred development team to develop affordable housing on two AHFC-owned properties located at 900 Gardner Road and 1127 Tillery Street.

Seven parcels totaling approximately 5.15 acres located at 1127 Tillery Street were acquired and assembled by AHFC through multiple transactions between 1997 and 2006. In 2013, the City of Austin transferred ownership to AHFC of one parcel totaling approximately 6 acres located at 900 Gardner Road.

In accordance with the Austin Strategic Housing Blueprint and multiple community policy papers published over the last decade supporting the development of City-owned land for affordable housing, AHFC staff and consultants began stakeholder engagement activities in April 2020 to position the properties for development. AHFC contracted with Adisa Communications to assist with the public outreach and engagement activities. Economic & Planning Systems, McCann Adams Studio, and Civiltude provided site analysis, conceptual design, and financial feasibility analysis.

Summary of Engagement Activities

AHFC with the support of Adisa Communications conducted two virtual community meetings in April and May for each property. AHFC presented general plans and goals for development of the sites and solicited community input. Meetings were advertised using multiple methods. Materials and presentations were provided in English and Spanish, and participants were provided multiple ways to submit comments and responses both before, during, and after each meeting. More than 30 individuals participated in the meetings for 900 Gardner, and more than 70 for the meetings for 1127 Tillery Street. Additional details regarding the community engagement process or feedback received can be provided upon request.

AHFC began drafting Request for Proposal (RFP) solicitations concurrently while conducting stakeholder engagement activities, and focused on drafting RFPs that incentivized three high-level development objectives for the sites:

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1. Maximize the number of income-restricted affordable units and depth of affordability;
2. Maximize the number of multi-bedroom units for families, dedicated continuum of care (CoC) units for persons experiencing homelessness, and units reserved or marketed for hard-to-serve and especially vulnerable populations; and
3. Minimize City of Austin/AHFC subsidy.

Following each community meeting AHFC staff reviewed, discussed, and considered all public input received for incorporation into the RFPs. The most notable community input incorporated was the inclusion of a requirement to preserve approximately 1 to 2 acres of the existing pecan orchard located on the property at 1127 Tillery Street. Upon conclusion of community engagement both RFP's were finalized and released on June 15th and remained open for the submission of proposals until July 25th. Both RFP's may be found at: <https://www.austintexas.gov/page/request-proposals-gardner-and-tillery-affordable-housing-projects>

Summary of RFP Results

The RFP for 900 Gardner resulted in 6 responses with 5 meeting the minimum requirements to be evaluated. The 1127 Tillery RFP received 5 responses all of which met the minimum requirements to be evaluated. Proposals were evaluated by an interdisciplinary panel of subject matter experts from AHFC and the City of Austin. The Panels conducted two rounds of evaluation and scoring for each RFP. The first round evaluated the following five elements in each proposal:

1. Executive Summary
2. Development Concept
3. Development Timeline
4. Development Team
5. Organizational & Financial Capacity

AHFC then selected up to the three highest scoring proposals to advance to the second and final round of evaluation and scoring, which included the following elements:

1. Financial Feasibility
2. Presentation

The highest scoring proposal for 900 Gardner was submitted by DMA Development Company and Big Medium and proposed developing 219 multifamily units and 26,000 square feet of art and office space. The proposal is for 205 of the units to be income-restricted affordable units, with 90 of those units being restricted to households earning at or below 50 percent of the area median family income. Additionally, the proposal envisions providing significant financial benefits to AHFC through the payment of an up-front ground lease and future partnership benefits.

The highest scoring proposal for 1127 Tillery was submitted by MRE Capital and Imagine Art and propose developing 64 multifamily units, 8,000 square feet of art space, and preserving the entire pecan orchard, as well as all existing Protected and Heritage trees on the site. The

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proposal is for 59 of the units to be income-restricted affordable units, with 36 of those units being restricted to households earning at or below 50 percent of the area median family income. In addition, the proposal contemplates dedicating 7 continuum of care (CoC) units and more than 25 percent of all units accessible for persons with disabilities.

Subject to approval by the AHFC Board of Directors, AHFC anticipates beginning negotiations with the selected proposers and finalizing and executing an agreement to develop both properties by the end of this calendar year. The established timeframe positions both developers to pursue Low-Income Housing Tax Credit (LIHTC) and/or Private Activity Bond financing. Construction could begin in late 2021 or early 2022.

Should you have any questions, or require additional information, please do not hesitate to reach out to me or Mandy DeMayo, Community Development Administrator, (512) 974-1091.

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