



**To:** Mayor and Council  
**From:** Alan Holt, Planner Principal, Planning & Zoning (PAZ)  
**Through:** Rodney Gonzales, Assistant City Manager, and Jerry Rusthoven, Interim Lead, PAZ  
**Date:** July 28, 2020  
**RE:** Update on Resolution No 20200220-044: Status of South Central Waterfront Efforts

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This memorandum addresses City Council Resolution No. 20200220-044. This resolution, in part, directed the City Manager to provide a memo to Council with a status of all City efforts currently on-going in the South Central Waterfront District by March 31, 2020. Due to the timing of the COVID-19 crisis, staff was unable to meet the initial deadline. However, as staff and consultants have since regrouped, key deliverables have now been completed which would not have been available for inclusion in an earlier memorandum.

This memorandum provides a current summary of work recently completed, as well as work coming due. Throughout this memorandum, hyperlinks are provided to access source materials referenced.

### **Background**

The South Central Waterfront Vision Framework Plan (SCW Plan), adopted by Council in June 2016, established a vision to guide redevelopment in this district over the next 20 years. The adopted SCW Plan is based on a district-wide, public/private partnership model that will transform the district by:

- Retrofitting 17 acres of new connected parks, trails, plazas, and open spaces across a patchwork of 34 private properties.
- Adding over 2 miles of refurbished or new streetscapes, expand the street grid, and promote transportation options to create a lively, walkable and transit-friendly district.
- Enhancing connections and open spaces to and along the waterfront.
- Incentivizing affordable housing to ultimately equal 20% of the district's new residential units.

To fully realize the vision, the adopted SCW Plan includes recommendations on developing and adopting 14 interdependent policies, programs, agencies, and tools. Foremost among these interdependent measures includes:

- Developing opt-in zoning regulations (i.e. *Regulating Plan*).
- Establishing innovative financing tools - most importantly, Tax Increment Financing (TIF).
- Creating an Economic Development Entity.
- Leveraging the single City property in the district, One Texas Center, for affordable housing.

In summer 2019, the Planning & Zoning Department (PAZ) procured consultants' services to assist with efforts to implement the adopted SCW Plan. Since then, PAZ has coordinated with consultants and other CoA departments on implementation efforts, which are now coming to fruition.

## **RECENTLY COMPLETED WORK**

Since the beginning of 2020, major deliverables have been completed and posted as backup for monthly meetings of the [South Central Waterfront Advisory Board](#) (SCWAB). These materials are milestones in themselves, and they are foundational prerequisites for completing the draft Regulating Plan, which is in process.

**SCW Implementation Update: July 20, 2020** (staff presentation): At the July 20, 2020 meeting of the SCWAB, PAZ staff presented an implementation summary update which highlighted key findings from an array of recent deliverables. The linked staff summary presentation provides a useful overview and guide to this memorandum, to understand the individual deliverables and how those deliverables relate to and inform each other.

In brief, the hyperlinked staff presentation highlights:

- How the updated 2020 SCW Modified Physical Framework network of streets, parks, plazas, trails, open spaces, and utilities has changed since the adopted SCW Plan in 2016.
- Updated estimated costs for the Modified Physical Framework network at \$252 M.
- Updated the projected 2040 buildout under the adopted SCW Plan at 6.4 million square feet of new development.
- Estimated 568 units of new affordable housing (20%) of the updated projected buildout by 2040, given test scenario inputs.
- Updated Financial Framework Calculator which can adjust an array of input assumptions (bonus entitlements, infrastructure costs, affordable housing options, density bonus fees, gap financing requirements, etc) to test financial impact of policy decisions and implantation strategies. Depending on input selections, most scenarios indicate a financial gap of between \$400 M to \$600 M to achieve all adopted SCW Plan community benefits.
- According to a 2018 study, which needs to be updated, the potential tax valuation for the SCW district could go from \$858 M in 2018 to \$6.7 B in 2040 under the adopted SCW Plan.

A detailed narrative of recently completed work and work coming due follows:

### **2020 Modified SCW Framework:**

The adopted SCW Plan in 2016 included a comprehensive "Physical Framework" section, which illustrated the projected 2040 district buildout for the network of streets/streetscapes (both new and improvements to existing) and other mobility elements; parks, trails, plazas and open spaces; and green infrastructure and utilities. The Physical Framework includes improvements on both private properties and in public rights-of-way (ROW). The 2016 SCW Appendices included details on the designs of these physical framework elements and the estimated costs.

Over the past year, staff and consultants conducted a thorough review and update of the 2016 physical framework. This update involved review of assumptions on the locations and alignments of physical elements, incorporation of latest street standards and transportation planning, inclusion of all utilities, and schematic design of district open spaces. Collectively, this update is titled the “2020 Modified SCW Physical Framework”.

A fundamental difference between the 2016 Physical Framework and the 2020 Modified Physical Framework is in the location and alignment of future streets and the open space network on the two largest properties – colloquially known as the Statesman Site and the adjacent Crockett Property.

- The 2016 Physical Framework assumed a co-development of these two properties that would allow for the primary new collector street, East Barton Springs Road, to cross both properties but primarily built on the Crockett Property. According to the adopted SCW Plan in 2016, this new street and its location would have been facilitated by a recommended development corporation and funded through recommended tax-increment financing. Given that neither of these recommendations have been initiated, the 2016 recommended street alignment has not been secured and the opportunity has been lost, due to market timing on development.
- In contrast, the 2020 Modified Physical Framework places the new collector road fully on the Statesman site, as allowed for in the flexibility provided in the draft SCW Regulating Plan and as proposed in the current Planned Unit Development (PUD) application for the Statesman site. Within the 2020 Modified Physical Framework, the overall amount of open spaces and district-serving streets that the adopted SCW Plan calls for are inserted and achieved across these two properties, but with an added burden on the Statesman site to accommodate approximately 1.6 acres for the new East Barton Springs Road extension that otherwise would have been on the neighboring Crockett Property under the 2016 plan. The Modified Physical Framework also adjusts the street grid and increases the size of the required plaza on the Crockett Property to accommodate the shift.

Based on the 2020 Modified SCW Physical Framework, the following key deliverables have been accomplished:

### **2020 SCW Modified Physical Framework: Street Classifications and Sections, Transportation System, and Open Spaces (final draft: 7/17/2020)**

The update was produced by PAZ staff in cooperation with Austin Transportation Department (ATD), Public Works Department (PWD), and the Capitol Metropolitan Transportation Authority (Capitol Metro). The update incorporates latest ATD policies and best practices, accommodates the proposed Project Connect Blue Line and Orange Line, and integrates recommendations from the [Congress Avenue Urban Design Initiative](#).

Besides the street network, the key maps associated with this document also incorporate other mobility infrastructure (bike lanes and proposed high-capacity transit, as well as the district open space network and green infrastructure). These key maps help to understand how all these components work together as an integrated district system.

**Significance of the SCW Street Classifications and Sections, Transportation System, and Open Spaces:**

- a. This document forms the basis for updating cost estimation for all SCW streets and streetscapes – both for construction of new streets and for upgrades to existing streets.
- b. This document is referenced in the pending SCW Regulating Plan to identify requirements for the location and design of new streets on redeveloped properties and for upgrades to existing public streets.

**2020 SCW Modified Physical Framework: Open Spaces – Schematic Designs, Quantities, and Cost Estimates (final draft: 7/20/2020)**

This document focuses on the Open Space components (parks, trails, and plazas) of the SCW Physical Framework. This document includes schematic designs for the key open spaces, prepared with PAZ consultant support<sup>1</sup> and involvement from Public Works Department (PWD) and Parks and Recreation Department (PARC). Cost estimates for the open spaces were provided with PAZ consultant support<sup>2</sup> and City departments.

**Significance of SCW Open Spaces – Schematic Designs, Quantities, and Cost Estimates:**

- a. Cost estimates from this document are incorporated into the master 2020 update for cost estimates for the physical framework.
- b. The schematic open space designs provide a basis for evaluating proposed open space designs for compliance with the intention of the adopted SCW Plan.

**2020 SCW Modified Physical Framework Cost Estimates (final draft: 7/20/2020)**

The 2020 SCW Modified Physical Framework Cost Estimates cover all components of the SCW Physical Framework (2040 buildout) across the full SCW district. The Physical Framework includes all utilities infrastructure; streets and streetscapes for both new streets and improvements to existing streets; and the open space system (i.e., parks, trails, plazas, raingardens, and other open spaces). Cost data for streets, utilities, and green infrastructure was sourced by PWD and CoA utilities, based on 2019 work. Cost data for open spaces was supplied by consultants<sup>3</sup>.

*Compared to 2016, the new cost estimates are more reliable and usable by virtue of (1) inclusion of detailed schematic designs for the key open spaces to provide for more accurate cost estimation, and (2) integrating data into an interactive database to provide for more precision and adaptability.*

**Significance of the 2020 SCW Modified Physical Framework Cost Estimates:**

- a. This document and the associated database detail the *full cost of the SCW Physical Framework (2040 buildout) at \$252M<sup>4</sup> including:*
  - i. Open Spaces: \$85.2M (34%)
  - ii. Roadway & Drainage: \$75.8M (30%)

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<sup>1</sup> Asakura Robinson Landscape Architecture

<sup>2</sup> Project Cost Resources, as a subcontractor to Asakura Robinson

<sup>3</sup> Asakura Robinson Landscape Architecture and Project Cost Resources

<sup>4</sup> 2019 dollars. Includes all direct cost and indirect costs, with contingencies.

- iii. Streetscapes: \$51.2M (20%)
- iv. Utilities: \$32.5M (13%)
- v. Green infrastructure in ROW: \$5M (2%)
- vi. Reclaimed water: \$2.2M (~1%)
- b. The city-created/owned database provides benchmarking for current planning, and it can be readily updated with new cost information to remain an adaptable tool for future use.
- c. The cost estimates are a critical input into updating the SCW Financial Framework model.
- d. The cost estimates provide the basis for assigning project costs for a potential SCW TIF Project Plan.
- e. This document will be reference by the pending SCW Regulating Plan to inform developing properties of the physical framework elements which will be required on their properties.
- f. The cost estimates provide a method to assess the anticipated costs and quality of the open spaces and street network in the current Planned Unit Development (PUD) proposal for the Statesman site.

### **2020 Hybrid Buildout for Financial Analysis (final draft: 7/20/2020)**

Within the physical framework of streets, blocks, open spaces, and green infrastructure, the adopted SCW Plan envisions buildout scenarios on “tipping properties” (i.e., properties most likely to redevelop over the next twenty years, according to analysis in the 2016 adopted SCW Plan). Creating a buildout scenario involves two steps: (1) drawing site-specific, rational building concepts (i.e., building footprints, massing, and height) and (2) applying corresponding building program assumptions (i.e., square-footage of uses for office, hotel, residential, and retail). Creating a buildout scenario is a critical input into the financial analysis.

The adopted SCW Plan in 2016 modeled a potential of approximately 5.7 million square feet of new development across 10 tipping properties. One of those tipping properties, the Statesman Site, accounted for 2.1 million square feet of potential new development.

In 2019, a PUD proposal for the Statesman Site was submitted which includes taller buildings than was envisioned in the 2016 adopted SCW Plan. The PUD submission also proposes to put 90% of on-site parking underground, a significant improvement over the 2016 adopted SCW Plan which envisioned approximately 25% of parking underground and 75% in above-ground parking plinths (typical of downtown development). With the proposed additional density at the Statesman Site, the districtwide buildout across all ten tipping properties would generate approximately 7.4 million square feet of new development by 2040.

The **2020 Hybrid Buildout Scenario for Financial Analysis** takes the proposed building footprints and uses from the PUD proposal but reduces the building heights to limits as established in the 2016 adopted SCW Plan. The 2020 Hybrid Buildout also adopts the 90% underground parking for the Statesman Site, as proposed in the PUD application. Across the ten tipping properties, this scenario models a potential of approximately 6.4 million square feet of new development by 2040. The 2020 Hybrid Buildout becomes the basis for the 2020 update to the SCW financial analysis. A new key map, the **2020 SCW Modified Physical Framework Map**, is incorporated with this update. This new map,

which identifies all properties – tipping and non-tipping – and keys in references to all physical framework costs, is used to navigate all deliverables referenced in this memorandum.

**Significance of the 2020 SCW Hybrid Buildout Scenario for Financial Analysis:**

- a. Buildout assumptions are key inputs into creating the interactive Financial Framework Proforma Model, alternatively known as either the Financial Framework Tool or the Financial Framework Calculator. **2020 SCW Hybrid Buildout Scenario** will become the basis for the 2020 update to the SCW financial analysis.
- b. Buildout assumptions and the Financial Framework Proforma Model can be used to calculate potential development fees and financial gaps that might be expected from future development.
- c. The **2020 SCW Hybrid Buildout Scenario**, used as an input into the proforma model, can assess the financial impacts of the current PUD proposal but with building heights consistent with the 2016 adopted SCW Plan. However, the update to the financial proforma model also will allow an input for the building densities/heights at the Statesman site as proposed in the PUD application to understand financial impacts to the Statesman property and to the district as compared to the Hybrid Buildout heights.

**2020 Physical Framework Funding Sources (final draft: 7/20/2020)**

This stand-alone document draws from the **2020 SCW Modified Physical Frameworks and Project Costs Estimates** and the **SCW Hybrid Buildout Scenarios for Financial Analysis**. This document compares (1) Use of Funds (i.e., summary of cost estimates to build the physical framework for the full district) and (2) Source of Funds (i.e., summary of estimated contributions from potential funding sources).

At this stage, the potential funding sources identified and tabulated in this document include: Capital Improvement Programs (CIP); contributions from Utilities; and “Baseline Development” contributions (i.e., expected developer contributions before calculating “bonus fees”). To calculate baseline development contributions, this document uses existing and pending City policy and methodology to calculate impact fees. Staff coordinated with ATD for street infrastructure impact fees; Austin Water (AW) for water and wastewater impact fees; and Parks and Recreation Department (PARD) for parkland dedication fees.

**Significance of SCW Physical Framework Funding Sources:**

- a. This document identifies the financial gap that currently exists between Uses and Sources of Funds to pay for the full range of physical framework improvements. According to the adopted SCW Plan, the “Above and Beyond Costs” could be covered with potential density bonus fees and TIF.
- b. The “Above and Beyond Costs” are identified at \$114.8 M.
- c. This document informs the update to the SCW Financial Framework.

**2020 Update to the SCW Financial Framework (consultant memo: 7/16/2020)**

The 2020 Update to the SCW Financial Framework will include an interactive calculator (known variously as either the Financial Framework Tool, the Financial Framework Calculator, or the Financial Framework Proforma Model) and support documentation. Work has been led by PAZ staff and its financial

consultant, EcoNorthwest, with input from key departments. The consultant delivered a final memorandum (linked above) in July, and provided [a preview](#) of the pending SCW Financial Tool and Key Takeaways at the May meeting of the SCWAB. The interactive database (the Financial Framework Calculator) was released to staff mid-July for final review.

The financial calculator can be used to provide insight into the financial viability of redevelopment parcels in the SCW District under market conditions as of late 2019/early winter 2020. Unlike the 2016 Financial Framework, which was a static spreadsheet printout, the new Financial Framework Calculator can be adjusted to update market inputs, modify costs, or run alternative scenarios. The input variables include entitlements, infrastructure costs, affordable housing options, density bonus fees, and gap financing requirements. The modeling tool looks at districtwide impacts but can consider individual tipping parcels as well. For instance, up to nine affordable housing options can be modeled for One Texas Center.

#### **Significance of the SCW Financial Framework:**

- a. The Financial Framework Calculator can provide data to allow the staff to model scenarios to provide City Council with options to assess and compare the financial feasibility of multiple “input scenarios” to inform choices on policy directions and plan implementation.
- b. Given the array of input variables that the Financial Framework Calculator provides, dozens of scenarios can be generated to assess financial impacts. Early testing of the calculator indicates that to achieve the full community benefits of the adopted SCW Plan (**all** physical framework improvements, and 20% affordable housing target) most scenarios modeled will generate a bottom-line financial gap of between \$400 M to \$600 M.
- c. The above listed range of financial gap assumes the 2020 Hybrid Buildout (6.4 M square feet of new development by 2040) but **does not assume** any TIF funds.
- d. It was not part of the EcoNorthwest consultant contract to calculate the market feasibility and potential tax revenues for the 2020 Hybrid Buildout. This needs to be done. However, a [2018 feasibility study](#) – a work that needs to be redone to correct for current conditions and accommodate the 2020 SCW updates – indicated market feasibility to achieve buildouts similar to the 2020 SCW updates, projecting a total taxable value of \$6.7 billion in 2040 (from \$868 million valuation in 2018).

#### **WORK IN PROGRESS**

Building on the deliverables which have been completed, PAZ staff is working with other departments and consultants to produce the next set of key deliverables. Work in progress includes:

#### **Recommendations for creating an Economic Development Entity:**

The Economic Development Department (EDD), studying a potential Economic Development Entity in response to Council Resolution No. 20190808-072, began work in December 2019 with a consultant and coordinated with PAZ to consider the adopted SCW Plan requirements. EDD staff engaged with PAZ staff and the SCWAB to consider how such an entity might serve to implement the adopted SCW Plan.



**Significance of the Economic Development Entity:**

- a. The adopted SCW Plan assumes that private developer contributions (in-kind and financial) will need to be supplemented with public financing/funds (most importantly, TIF) to achieve the envisioned physical framework and affordable housing goals. These assumptions have been supported with the recently completed update to the SCW financial analysis. The adopted SCW Plan recommends creating an economic development entity to coordinate public and private funds; facilitate project delivery; and potentially to assist with district management and maintenance of the public realm.

**2020 Update to the draft SCW Regulating Plan:**

This document will replace the [last public draft \(12/2018\)](#). Now that the other 2020 updates, identified in this memorandum, have been completed, the final update to the regulating plan can proceed. The update to the SCW Regulating Plan is being led by PAZ staff and its urban design consultant, McCann Adams Studio, with input from key departments. The draft Regulating Plan will reference and synchronize with the updates to the SCW Street Typology and Sections, the SCW Physical Framework and Project Cost Estimates, and the SCW Financial Framework to provide a method for calibrating and assessing potential bonus fees. The updated Regulating Plan also anticipates the role of the potential Economic Development Corporation, as called for in the 2016 adopted SCW Plan. Staff anticipates the updated SCW Regulating Plan draft can be accomplished by early fall, 2020.

**Significance of the SCW Regulating Plan:**

- a. The SCW Regulating Plan provides the opt-in zoning that provides a pathway for a developer to gain site-specific bonus entitlements (e.g., additional building height) in exchange for site-specific community bonus contributions, either in-kind or fee-in-lieu.

**CLOSING**

If you have question regarding the South Central Waterfront implementation efforts and materials referenced in this memorandum, you may contact Alan Holt – [alan.holt@austintexas.gov](mailto:alan.holt@austintexas.gov)