

**Staff Recommendation on
Development Team for
1215 Red River & 606 East 12th
Streets (former HealthSouth tracts)**

December 1, 2020 Item #B2

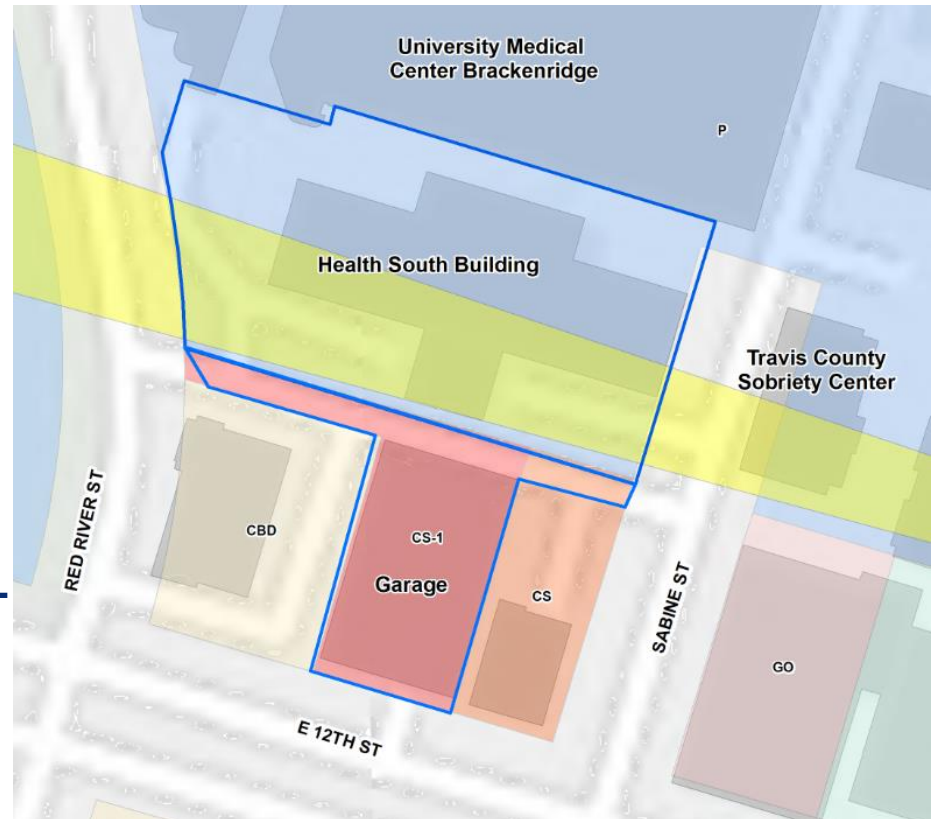
December 3, 2020 Item #9



**Economic
Development**
CITY OF AUSTIN

AGENDA

- HISTORY OF SITE
- CITY COUNCIL GOALS – SOLICITATION OVERVIEW
- EVALUATION PROCESS & REQUEST FOR COUNCIL ACTION ON 12/03/20
- OVERVIEW OF RECOMMENDED PROPOSAL
- SUMMARY OF OTHER PROPOSALS
- NEXT STEPS



SITE HISTORY

1952-76: City purchased 1215 Red River through series acquisitions

1988-90: City offers site to Brackenridge Hospital. Rehab Hospital Service Corp. (RHSC) executes ground lease & builds rehabilitation facility.

1995: RHSC assigns lease to HealthSouth, which acquires 606 East 12th to build parking garage.

2016: HealthSouth closes facility & offers to sell City its interests.

2017: Acquisition complete; Council considers redevelopment options.

2018: Council directs staff to issue solicitation to redevelop site with priority on affordable housing.

2019: RFP issued 11/18/19; Purchasing notified 278 vendor contacts.

2020: RFP closed 4/23/20. Diverse staff panel evaluates four proposals received & selects highest scored for Council approval.

COUNCIL GOALS & SOLICITATION OBJECTIVES

RESOLUTION 20181004-042

- Increase supply of multiple-bedroom housing for households earning at or below 60% of Median Family Income on site with option to also provide affordable units within one mile of site
- Address City financial obligations:
 - Proposals for ground lease or purchase welcome.
 - Minimum offer set at \$12.2 million of which \$8.7 million addresses site acquisition costs per Resolution and up to \$3.5 million for the proportionate share of costs for realignment of Red River Street per City standards.

SOLICITATION ALSO HIGHLIGHTED CITY PUBLIC-PRIVATE PARTNERSHIP REQUIREMENTS

- Develop site according to Austin values, ex., MWBE procurement program and Third-Party Agreement standards
- Provide additional community benefits, if possible, such as:
 - art, music, film, cultural arts, health care, workforce and job training, child-care services, small and local businesses, and/or
 - a new Austin Energy district cooling plant facility to serve area.

EVALUATION AND SELECTION OF PROPOSALS

After scoring the four proposals submitted, Aspen Heights and Pennrose/Hunt were invited to interview with evaluation panel. Aspen Heights received the highest total score (101 of 125) and is recommended for Council approval. City Purchasing announced the' rankings on November 6, 2020, as follows:

Solicitation Number: RFP 5500 SMW3002

Description: Redevelopment of 1215 Red River Street and 606 East 12th Street

		Aspen Heights Partners	Intracorp Homes/ The DMA Companies	M Arthur Gensler Jr/ 2033 Higher Education Developmnt Foundation	Pennrose/ Hunt Development Group
Evaluation Criteria	Max Points				
Project Concept and Strategy	25	22	13	4	17
Affordable Housing and Other Community Benefits	25	21	13	4	17
Financial Proposal	25	21	13	0	21
Experience and Management Plan	25	17	13	4	21
Sub-Total	100	81	52	12	76
Interview/Presentation (shortlisted Offerors)	25	20	*	*	15
Total	125	101			91

Request for Council Approval on December 3, 2020

Agenda Item #9 requests Council act to authorize the negotiation and execution of an Exclusive Negotiating Agreement with Aspen Heights Partners, for terms governing a master developer contract for the redevelopment of 1215 Red River and 606 East 12th, the former Health South tract.

- During the Exclusive Negotiation Agreement (ENA) phase, financing terms, project phasing, M/WBE participation goals, affordable housing details, among other terms, will be negotiated.
- The resulting terms and conditions developed through the ENA will be brought to Council for approval in a proposed Master Development Agreement (MDA).
- The ENA and MDA will reflect requirements regarding City construction projects, such as MWBE procurement program, demolition of commercial buildings, as well as Third-Party Agreement standards, such as prevailing wage, worker safety and training, Better Builder and sustainability.

RECOMMENDED PARTNER: ASPEN HEIGHTS

12th & Red River: Tying Austin Together



ASPEN HEIGHTS PARTNERS



Austin-based team with more than 40 years experience

- Aspen Heights – developer
- STG Design – architecture, interior design, planning
- Civiltude – engineering, planning
- Studio Balcones – landscape architecture

ASPEN HEIGHTS' DEVELOPMENT PROGRAM

- Two Towers: 36-story residential tower of 420,000 sf of housing with 348 apts & 160 condos; 15-story office tower of 170,000 sf
- Affordable housing integrated on site; with over 25% of apartments serving residents earning 50% and 60% area median family income and ownership opportunities for those earning 80% area median family income.

RETAIL HIGHLIGHTS – 25,000+ SF

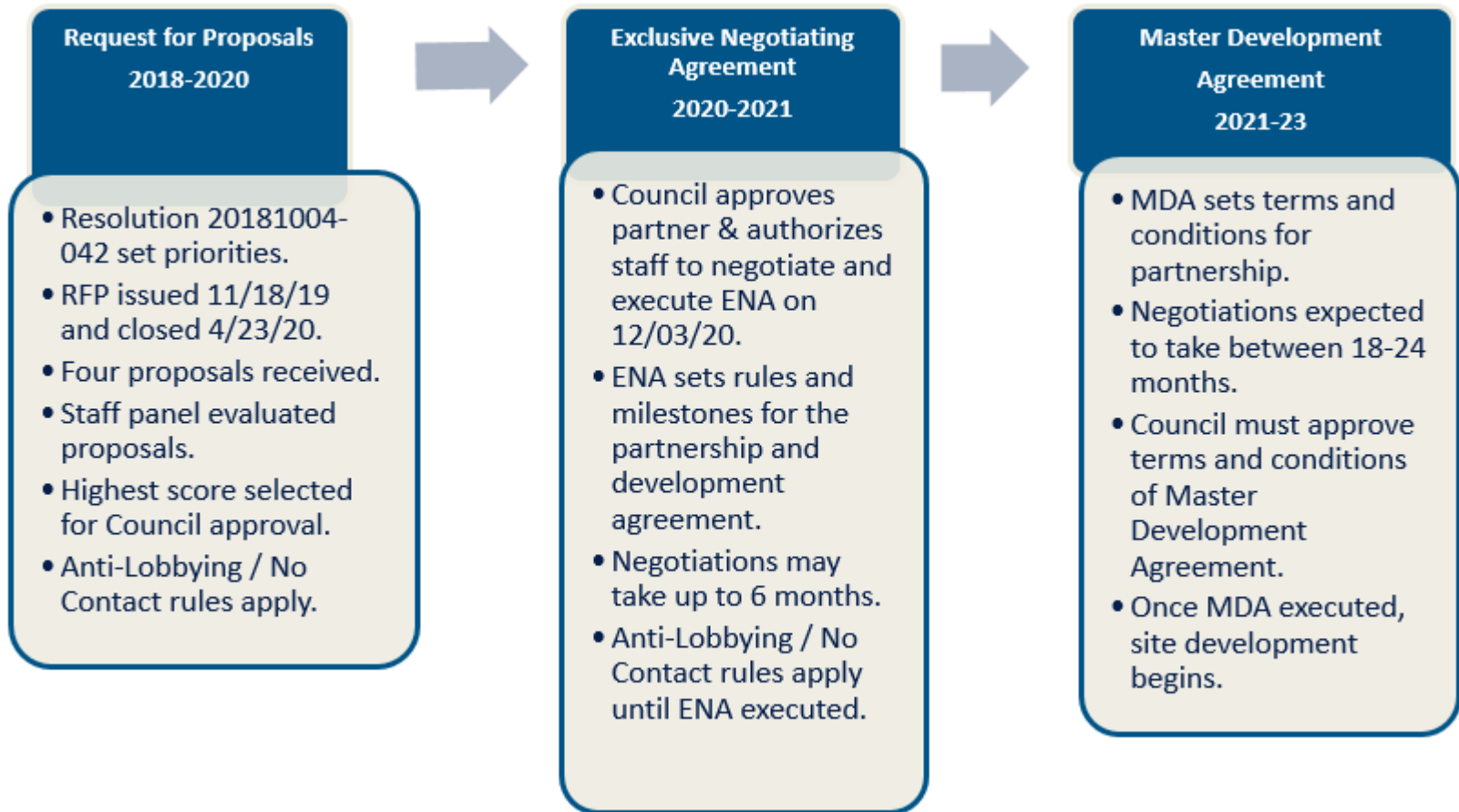
- 18,000 sf culinary destination with collaborative space for local food system
- Roof-top café & viewing deck open to public
- Retail serves residents, workers & visitors to UT, medical & State Capitol complexes

OTHER COMMUNITY BENEFITS

- 6,000 sf of music & arts space
- Mural on office tower west facade
- Seek highest sustainability ratings (LEED Gold, AE GB 4-Star)
- 22,000 sf elevated plaza connecting towers & protecting Capitol View Corridor

MASTER DEVELOPMENT AGREEMENT PROCESS

1215 RED RIVER & 606 EAST 12TH STREETS



The City's Anti-Lobbying Ordinance applies to this process until the City and Aspen Heights Partners execute an Exclusive Negotiation Agreement (ENA) or 60 days after Council authorizes the ENA.

Please continue to contact Shawn Willett, Deputy Purchasing Officer (shawn.willett@austintexas.gov) with questions. Economic Development Department is lead for negotiations and contract management.



**Economic
Development**
CITY OF AUSTIN



Redevelopment

CITY OF AUSTIN
ECONOMIC
DEVELOPMENT