



## Recommendation for Action

**File #:** 21-2371, **Agenda Item #:** 26.

7/29/2021

### **Posting Language**

Authorize negotiation and execution of an exclusive negotiation agreement with Greystar Development Central, LLC, for terms governing a master developer contract for the redevelopment of 7211 N IH 35 (the former Home Depot) and 7309 N IH 35 (the former Chrysler Dealership), known as the St. John Site.

### **Lead Department**

Economic Development.

### **Purchasing:**

The Purchasing Office issued a Request for Proposal (RFP) 5500 SMW3005 for the redevelopment of the St. John Site. The solicitation was issued on September 16, 2020 and closed on March 2, 2021. Of the six offers received, the recommended Contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of the offers received is available on the City's Financial Services website, Austin Finance Online: [LINK](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134812) [<https://www.austintexas.gov/financeonline/account\\_services/solicitation/solicitation\\_details.cfm?sid=134812>](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=134812) to Solicitation Documents.

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

November 29, 2007 - City Council Resolution No. 20071129-015 authorizes purchase of 7211 N IH 35 (former Home Depot site).

December 7, 2017 - City Council Resolution No. 20171207-058 directs City Manager to work with St. John community on a new vision for the site that will better serve the St. John neighborhood.

June 6, 2019 - City Council Resolution No. 20190606-098 directs City Manager to negotiate an Interlocal Agreement with the University of Texas Center for Sustainable Design to assist the City with community outreach and site analysis during the 2019 summer semester.

July 29, 2020 - City Council Resolution No. 20200729-117 affirms community vision set forth in the University of Texas Study resulting from a 2 -year community engagement effort and initiates rezoning of city-owned parcels within the St. John Site to CS-MU-V-NP.

### **For More Information:**

Solicitations authorized contact person: Shawn Willett, Deputy Procurement Officer, (512) 974-2021 or [shawn.willett@austintexas.gov](mailto:shawn.willett@austintexas.gov).

### **Council Committee, Boards and Commission Action:**

No additional Council Committees or Boards and Commissions actions for this item.

### **Additional Backup Information:**

The Exclusive Negotiation Agreement (ENA) provides the framework for negotiating the terms of a master development agreement for a development partner with the City to create an innovative, catalytic, mixed-use project for the St. John neighborhood. At the direction of City Council, staff of the Economic Development Department and the Purchasing Office issued a Request for Proposals seeking a development team to redevelop the City-owned parcels at 7211 N IH 35 (former Home Depot) and 7309 N IH 35 (former Chrysler Dealership), known as the St. John Site. Greystar Development Central, LLC (Greystar Investment Group, LLC and The Housing Authority of the City of Austin - HACA) is the recommended Proposer. During the ENA, financing terms, project phasing, M/WBE participation goals, affordable housing details, and open space requirements, among other terms, will be negotiated. The resulting terms and conditions developed through the ENA will then be brought to Council in a proposed Master Development Agreement (MDA) or other appropriate mechanism tailored to the nature of the transaction for Council approval. The development agreement(s) will reflect standards for City construction projects, such as prevailing wage, worker safety and training, Better Builder, and sustainability.

The RFP solicitation was designed to harness the creativity of the market to provide significant community benefits such as on-site affordable housing, quality parks and open space, and community retail and support services. The proposals were to be consistent with Austin values, comport with the future vision for the site arising from approximately two years of community engagement, and enhance the history, cultural and economic vitality of the surrounding area. While the site could be developed for a variety of commercial and residential uses, City Council specifically directed that the site be used to (1) provide on-site affordable housing with a minimum of 50% of all residential units provided as income-restricted at 60% of MFI for rental and/or 80% of MFI for ownership, (2) provide open space for recreation and congregation available to existing neighborhoods as well as future residents of the site, and (3) that the development provide space for community retail and support services that are needed in the St. John neighborhood. Consistent with Council direction, Proposers were permitted to redevelop the site through a purchase or ground lease agreement. Due to the purchase of the two properties using 2006 General Obligation Bonds for the purposes of expanding public safety facilities, the City has required upfront defeasement of the remaining bond debt as a minimum requirement to the solicitation. A Public Information Packet containing information on the Greystar Development Central, LLC (Greystar Investment Group, LLC & The Housing Authority of the City of Austin - HACA) proposal is included as backup.

Over a four month period, a multidisciplinary evaluation panel of various City department executives evaluated the proposals and scored Greystar Development Central, LLC (Greystar Investment Group, LLC and The Housing Authority of the City of Austin - HACA) as the best to provide these services based on project concept and strategy, affordable housing and other community benefits, financial proposal, and Proposer experience and management plan.

### **Background:**

The St. John neighborhood has a rich history dating back to the 1890's when it was established as an African-American Freedman community. For the century following, the parcel located at 7211 N IH 35 served as a central anchor to the St. John community, first as the location of the St. John Industrial Institute and Orphanage and then to the St. John Elementary School. In the 1990's, it was sold and redeveloped into a Home Depot until its subsequent purchase by the City of Austin as part of the 2006 General Obligation Bond Election to expand public safety facilities. In addition to the 13.8-acre former Home Depot parcel, the 5.2-acre parcel located at 7309 N IH 35 (former Chrysler Dealership) was also purchased, creating a contiguous 19-acre site stretching from Blackson Avenue at the north to St. John Avenue at the south and I-35 to the west to the St. John neighborhood on the east. In the recent decades since the purchase of the two properties by the City of Austin, the St. John neighborhood has evolved into a majority Hispanic neighborhood. Throughout this evolution the St. John neighborhood has continued to be underserved by City services and amenities and in

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recent years has become subject to market pressures that may accelerate displacement of long-time residents and institutions.

For these reasons, City Council adopted two resolutions to advance the study of utilizing these City-owned properties to create benefits for the St. John community, first in Resolution 20171207-058 and then in Resolution 20190606-098. These resolutions resulted in the retention of a team of researchers from the University of Texas to conduct community engagement and planning for the St. John site, with a report of community priorities, site conditions, and conceptual programming responses published in early 2020 (the “UT Study”). The UT Study includes extensive information regarding the history of the site and its surrounding neighborhood, local demographic trends, infrastructure, and other site conditions. The UT Study also outlines community identified benefits for the site to be sought in future redevelopment scenarios for the parcels.

On July 29, 2020, Council passed Resolution 20200729-117, affirming the community vision and directing the City Manager to solicit a competitive Request for Proposal (RFP) process to achieve the community identified benefits with three key goals: 1) at a minimum 50% of housing units onsite be provided as income-restricted at 60% MFI for rental units and 80% MFI for ownership units, 2) the site provides open space for recreation and congregation for both the existing neighborhood and future residents of the site, 3) the site provides space for community retail and support services that are needed in the St. John neighborhood. Resolution 20200729-117 further provided support for financial prioritization of public financing options such as a Tax Increment Reinvestment Zone, issuances of new debt or reprioritizing planned debt issuance for infrastructure, utilizing parkland dedication fees, invoking fee waivers to support affordable housing, and other financial options. The solicitation to redevelop the 19-acre St. John site was issued on September 16, 2020 and closed on March 02, 2021 with six (6) total Proposals submitted.

During the RFP process, 7211 N IH 35 (former Home Depot) was used as a regional emergency site by Austin Public Health for COVID-19 related activities. This emergency site has since been decommissioned as Austin Public Health transitions from large mobilized regional facilities to neighborhood-based vaccine distribution centers.

**Strategic Outcome(s):**

Economic Opportunity and Affordability; Government that Works for All.