



MEMORANDUM

TO: Mayor and City Council

FROM: Sylnovia Holt-Rabb, Acting Director, Economic Development Department

DATE: August [DATE], 2021

SUBJECT: Update on Resolution No. 20181101-024 (Redevelopment of the Ryan Drive Site)

On November 1, 2018, Council passed [Resolution No. 20181101-024](#) directing the City Manager to issue a Request for Proposals for the redevelopment of 6909 Ryan Drive (known as the Ryan Drive Site) prioritizing numerous City goals and community benefits including mixed-use development with parkland; affordable, energy-efficient, and family-friendly housing; pedestrian and bicycle amenities; and flexible space for creatives. At the August 26, 2021 City Council meeting, Council will consider staff's recommendation for a development partner for the redevelopment of the Ryan Drive Site.

Background

In 1997, Austin Energy purchased the Ryan Drive Site and has used the site primarily as a storage facility. Since then, Council and Austin Energy determined that the industrial use represents an underutilization of the site given its location adjacent to the Crestview MetroRail Station and active commercial and neighborhood areas. In 2013, Council passed [Resolution No. 20130117-054](#) directing the City Manager to evaluate development scenarios for this site, including parkland and affordable, family-friendly development. The resolution also directed staff to study the environmental conditions of the site and conduct community outreach to collect input from stakeholders. In early 2018, a community-led working group formed to further explore and express the community's objectives for redeveloping the Ryan Drive Site. The working group solicited community feedback and gathered information from a diverse group of residents through a community survey. Their work culminated in the [April 2018 Ryan Drive Working Group Report](#).

In November 2018, Council passed [Resolution No. 20181101-024](#) directing staff to issue a Request for Proposals for the site that would prioritize: transit-oriented, mixed-use development; quality parkland; family-friendly, affordable housing; affordable and flexible creative space; pedestrian and bicycle amenities, including rail connectivity; energy efficiency and innovative water strategies; and family-friendly amenities, such as childcare. The resolution also directed staff to consider potential redevelopment together with adjacent parcels to maximize community benefits and to include the April 2018 Ryan Drive Working Group Report as an attachment to the RFP.

EDD staff and their consultants performed site planning, market analysis, and stakeholder engagement to refine development scenarios for the Ryan Drive Site based on community feedback and goals in the 2018 Council resolution. On August 25, 2020, EDD issued a memo to [Mayor and Council](#) providing an update on [Resolution No. 20181101-024](#) and also outlining the minimum development criteria to be included in the RFP.

On October 8, 2020, City staff issued [RFP 5500 SMW3010](#) which sought to either sell or lease the Ryan Drive Site to a development partner who could realize the goals for the site including: 1) a mixed-income housing development with at least 300 housing units, 2) significant investment in affordable housing options with a minimum of 50% of all units on site set aside as income-restricted affordable; 3) a minimum of 1.25 acres of parks and open space, 4) space for community retail, creative users, and/or community organizations and events, and 5) pedestrian and bicycle access improvements to the Crestview MetroRail Station through the site. Proposers were allowed to consider an assemblage of the Ryan Drive Site with the adjacent privately held parcels; however, for parity among proposals, the evaluation of the proposals was restricted solely to what could be achieved on the City-owned property. As part of the solicitation, staff held a virtual Pre-Solicitation meeting on November 6, 2020 to provide an overview of the Ryan Drive redevelopment opportunity and to answer questions from prospective development teams. This was followed by optional on-site visits held on November 20, 2020.

Based on feedback received from the development community and to allow prospective bidders more time to review additional environmental studies for the site, the RFP submittal deadline was extended from December 17, 2020 to February 11, 2021. Additionally, due to the series of unprecedented winter storm events that took place in February 2020 throughout Texas, the initial submittal deadline was first postponed to February 23, 2021 and later postponed again to March 4, 2021. Overall, eight (8) proposals were submitted, one of which was disqualified due to being unresponsive. On March 5, 2021, staff initiated a multidisciplinary review and evaluation of the RFP submissions by an interdisciplinary and interdepartmental panel of executive and subject-matter experts.

Staff Recommendation

Staff's recommendation to enter exclusive negotiations with the top-scoring team, 3423 Holdings, LLC is posted for Council Action on the August 26, 2021 Council meeting agenda. Final scores for the seven responsive proposals submissions for [RFP 5500 SMW3010](#) were released on August 6, 2021 as follows:

		3423 Holdings, LLC	DMA Development Company, LLC	Foundation Communities, Inc.	Lavoro Acquisitions, LLC	McCormack Baron Salazar, Inc.	NRP Lone Star Development LLC	Ojala Partners, LP
Project Concept and Strategy	25	21	17	13	5	13	9	9
Affordable Housing & Comm Benefits	25	21	17	9	9	13	13	13
Financial Proposal	25	21	21	9	9	4	13	13
Experience and Project Mgmt Plan	25	21	21	21	4	9	17	13
SubTotal	100	84	76	52	27	39	52	48
Presentations (Shortlist only)	25	20	15					
Total	125	104	91					

3423 Holdings, LLC's Proposal Highlights

3423 Holdings proposal furthers the City's and community's goals outlined in the RFP including:

- 344 total housing units, including 335 rental units and 9 for-sale units, with 50% of rental units at or below 60% MFI (Option A) and 100% of for-sale units at or below 80% MFI;
- Providing 3.2 acres of parkland, utilizing open space under floating sections of the building;
- Over 16,000 square feet of commercial, community services, and art space including a small grocer, two restaurants, artist studio/exhibition space, nominal/below-market rent for a free/affordable healthcare and wellness center, and childcare center with subsidized/affordable spots for income-restricted working families; and
- A transit plaza across from the current Crestview station and pedestrian access through the site to the station.

3423 Holdings proposal also provides additional community benefits and strengths including:

- No City subsidy is requested for rental units in the baseline proposal (Option A); Option B provides for more affordable units at deeper affordability with City subsidy;
- Both Options also include at least 34 continuum-of-care units coordinated through ECHO (10% of total) for Austinites exiting homelessness, with opportunity for up to 68 continuum-of-care units with additional City funding and resources;
- Under both Options, 58% or 200 units are family friendly, 2 and 3-bedroom units;
- Park planning and design and pedestrian routes will be further refined through a community-centered design process led by the Austin Parks Foundation with participation from area neighborhood associations;
- Proposed partnerships with several non-profit organizations, including People's Community Clinic, Family Eldercare, Austin Area Urban League, Mainspring Schools, Integral Care, SAFE (Stop Abuse for Everyone) Alliance, Austin Asian Community Health Initiative, and Boomer Collective;
- Development partnership with O-SDA/Saigebrook, MSquared, Habitat for Humanity and L+M Development Partners, with local development and City partnership experience;
- Long-term ground lease structure with upfront and annual payments; and
- Offer exceeds minimum required in RFP to compensate Austin Energy for its initial property acquisition cost.

Please note 3423 Holdings offered a secondary site plan as part of their proposal that illustrates what might be achieved through site assembly; however, the evaluation of the proposal was based solely on what could be achieved on the City-owned Ryan Drive Site alone.

Public Information Packets

The RFP required all proposers to include a Public Information Packet of no more than four pages that described the overall proposed concept and community benefits for the site. Please find attached seven (7) Public Information Packets for all the responsive proposers.

Next Steps

Upon Council authorization, staff will negotiate and execute an Exclusive Negotiating Agreement (ENA) with 3423 Holdings that establishes the roles and responsibilities of all parties in negotiation of a Master Development Agreement (MDA) or other legal instrument necessary for the

redevelopment of the Ryan Drive Site. Various City departments will be part of the City negotiating team to provide technical support and subject matter expertise, including but not limited to, the Housing and Planning Department (HPD) for the development of the affordable housing program. Staff anticipates approximately 6 months to negotiate and execute the ENA. Once the ENA is executed, City staff and 3423 Holdings will initiate community outreach and staff-led negotiations for approximately 12 to 18 months on the details for affordable housing, parks and open space, commercial space, transit access and other community benefits. Staff will present the proposed final terms and conditions for Council authorization prior to executing the MDA. While the negotiations between the City and 3423 Holdings are underway, Austin Energy will begin site demolition and cleanup, as they finalize relocation to their new facilities.

The City's Anti-Lobbying Ordinance applies to the process until the City and selected Proposer execute an Exclusive Negotiating Agreement (ENA) or 60 days after the ENA is authorized by Council. Please continue to refer all correspondences and questions regarding this item to Shawn Willett, Deputy Purchasing Officer (shawn.willett@austintexas.gov).

Attachments:

- Public Information Packet: 3423 Holdings, LLC
- Public Information Packet: DMA Development Company, LLC
- Public Information Packet: Foundation Communities
- Public Information Packet: Lavoro Acquisitions, Inc.
- Public Information Packet: McCormack Baron Salazar, Inc.
- Public Information Packet: NRP Lone Star Development, LLC
- Public Information Packet: Ojala Partners, LP

xc: Spencer Cronk, Austin City Manager
Anne Morgan, Interim Deputy City Manager
J. Rodney Gonzales, Assistant City Manager, Economic Opportunity and Affordability
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