



MEMORANDUM

TO: Mayor and City Council

FROM: Robert Spillar, P.E., Director
Austin Transportation Department

Kimberly Olivares, Deputy Chief Financial Officer
Financial Services Department

DATE: January 14, 2022

**SUBJECT: Council Resolution 20211014-047 – Evaluation of Seaholm Area
Multimodal Connectivity, Housing and Homelessness Services Funding
Strategies**

Council Resolution 20211014-047 directs the City Manager to evaluate, with area stakeholders, previous and new alternatives to the connectivity envisioned with the Bowie Street Underpass Project as well as options for funding such alternatives along with housing and homelessness services strategies through the Seaholm Redevelopment District Tax Increment Finance Reinvestment Zone No. 18 (TIF #18) and/or other sources.

Alternatives Analysis

Following transfer of the project leadership from the Economic Development Department (EDD) to Austin Transportation Department (ATD), staff have begun to identify alternatives to achieving the purpose of the Bowie Street Underpass. ATD has begun to seek input and coordinate with a variety of stakeholders including community-based nonprofit organizations, representatives from the Bicycle and Pedestrian Advisory Councils, real estate professionals, property managers and neighborhood association leadership.

New alternatives include near-term and long-term options informed by the Shoal Creek Conservancy's Cyprus and Shoal Public Space Strategy as well as recommendations in the Austin Bicycle Plan, Urban Trails and Sidewalk plans. These options are influenced by Dutch multimodal design, as directed in the Resolution, to achieve high comfort and seamlessly connected mobility infrastructure for all ages and abilities. As noted in the resolution, the need for this infrastructure far exceeds the currently available funding through the current TIF #18 budget. Capital funding in the form of mobility bonds for sidewalk, bikeway and trail infrastructure will be limited as these programs must serve the entire City equitably.

Staff are currently developing a menu of mobility options including quick build, near-term approaches as well as more robust design and construction strategies. These options will be further vetted with the stakeholder groups and brought through a broader public engagement process as funding options are explored.

Funding Analysis

Tax increment financing is a tool regulated by State law used to spur economic growth in an area in which development or redevelopment would not occur in the reasonably foreseeable future *but for* public investment. TIF #18 was established in accordance with State law to redevelop the historic Seaholm Power Plant and surrounding grounds because the site impaired the City's growth due to deteriorating structures, inadequate street layout, and unsafe conditions. Such criterion is fundamental to the "but for" analysis. In addition to State law, the City Council adopted the most recent TIF policy in Fiscal Year 2019-20 that includes the following major provisions:

- Project/finance plans must include participation by the private sector and/or other tax entities
- City must conduct a rigorous "but for" analysis demonstrating development/redevelopment within the zone would not occur solely through private investment
- Any housing development that is part of the TIF project plan must provide for at least 20% of the units to be affordable to households at or below 60% MFI for rental and 80% MFI for ownership
- Bonds issued to fund TIF development are subject to coverage tests, debt service reserve requirements, and must mature on or before the termination date of the zone

The existing TIF #18 Project and Financing Plan cannot accommodate the Bowie Street Underpass alternatives without amendment. The Plan includes specific boundaries and approved projects that limit the application of revenue collected in the TIF. As project alternatives are further defined, staff from the FSD and ATD will assess the most appropriate financing mechanism(s) and what additional steps would be required. In addition, staff will include evaluation of options for funding related to homelessness services and housing the final recommendation.

Next Steps

Staff from FSD and ATD will coordinate on further financial analysis. Stakeholder engagement on the alternative multimodal connectivity analysis will continue, with a goal of finalizing those options by Spring 2022.

For more information contact Kimberly Olivares, Deputy Chief Financial Officer at kimberly.olivares@austintexas.gov or 512-974-2924 or Laura Dierenfield, Division Manager with Austin Transportation at laura.dierenfield@austintexas.gov or 512-974-7189.

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