



South Central
Waterfront and
Statesman PUD
July 26, 2022
Council Work Session

Agenda

1. SCW Background & Overview
2. SCW Estimated Infrastructure Costs & Financing Scenarios
3. TIRZ #19 Decision Points & Funding Gap
4. SCW Regulating Plan Status
5. Economic Analysis of 305 South Congress (Statesman) PUD
6. Next Steps

South Central Waterfront Vision Plan

PURPOSE

- To establish conceptual framework to allow site-specific building enhancements in exchange for on-site and citywide community benefits.
- Lays out set of tools to guide area redevelopment for next 20 years

HISTORY

- | | |
|----------|--|
| 1960-70s | Creation of Lady Bird (Town) Lake & beautification efforts led by First Lady |
| 1980s | Town Lake Corridor Study & Waterfront Overlay Combining District |
| 2012-13 | Sustainable Places Design Assessment |
| 2014-16 | Stakeholder Meetings & Council Briefings |
| 2016 | 'Greening of SCW Report' outlines vision |
| 2016 | Council adopts SCW Vision Framework Plan as amendment to Imagine Austin |
| 2020 | Modified Physical Framework updated costs |



South Central Waterfront Vision Plan 2016 & 2020



Credit: Project Connect

Vision Framework Plan (Adopted 2016, Updated 2020)*

SCW District includes 118 acres with 34 privately-owned parcel & 1 City parcel.

*Project Connect's major mobility improvements in area were not yet determined.

- **Build New Infrastructure** : expand street grid, add miles of sidewalks, and approximately 17 acres of parks, plazas, and trails
- **Promote Density**: add 6.4+ million sf of new residential, office, retail, and hotels by 2040
- **20% Affordable Housing**: add 575 units by 2040

Multiple Sources for Financial Toolkit

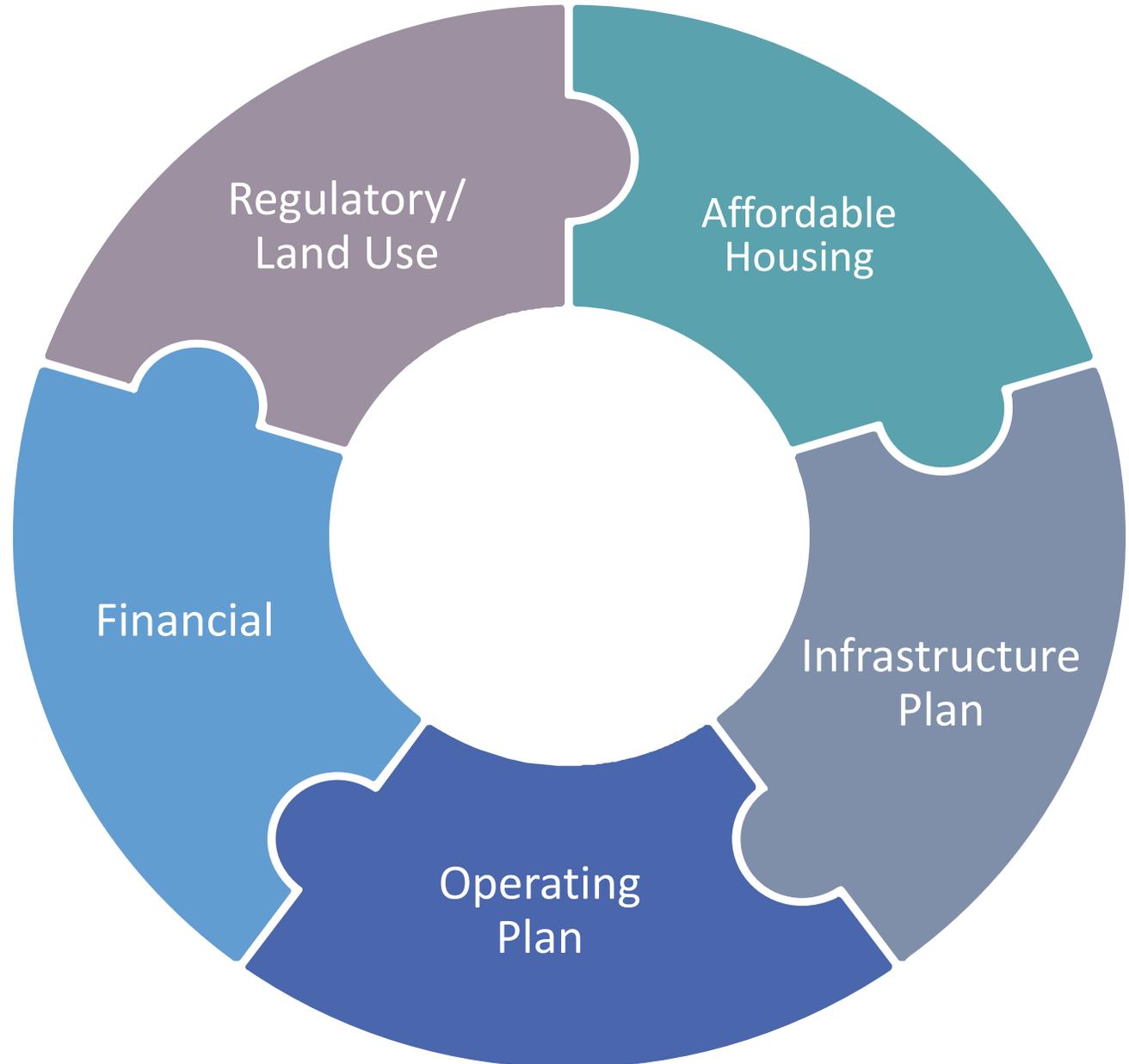
- **Private Funding**: Development Bonus Fees, Public Improvement District, Philanthropy (Conservancy)
- **Public Funding Sources**: Tax Increment Financing, Capital Improvement (bonds), Parking, Affordable Housing Subsidies
- **Estimated Gap = \$400-600M** (based on 2020 assumptions)

Transition from Conceptual Vision to Market Reality

Implement a complex, interrelated set of policy and programmatic tools - financial, regulatory, and operating

Collaboration and coordination with public entities (AHFC, APFC, AEDC, Project Connect/ATP)

Private Owners' Participation



SCW Essential Components & Variables

Essential Components

- 305 South Congress (Statesman) PUD sets entitlements for prominent parcels
- SCW Regulating Plan sets vision by subdistricts, allowing owners to evaluate options
- Tax Increment Reinvestment Zone 19 offers dedicated revenue stream for District activities
- Downtown Public Improvement District funds Downtown Austin Alliance

Variables

- Project Connect will impact portions of waterfront subdistricts.
- Regulatory tools are set for district & subdistrict goals; no legal path for parcel-by-parcel planning.
- Private owners' participation is voluntary with multiple options, making TIRZ revenue uncertain.
- Infrastructure & operations plans depend heavily on market participation and coordination.
- Lack of City-owned land in SCW district; City only owns One Texas Center tract in district.

2021 Estimated SCW Infrastructure Costs

Estimates do not include AEDC administrative expenses, affordable housing, or operations and maintenance of amenities.

*****Using 2022 market factors reflecting 30% cost increases from 2020, estimate rises to \$330M***

Public Benefit	Description	Cost Estimates* (\$ in millions)
Open Spaces	Parks, trails, plazas (+/-17 acres)	\$93.7
Roadway & Drainage	New (0.6 miles) & refurbished (0.8 miles) streets, including Barton Springs extension	\$83.4
Streetscapes	Sidewalks, street trees	\$56.3
Utilities	Water, wastewater, electric, gas, and telecommunications network	\$35.7
Green Infrastructure	Water quality rain gardens within right of way	\$5.5
Reclaimed water	--	\$2.4
	TOTAL	\$277.0**

*Modified Framework 2020 estimates adjusted for projected cost escalation on 11/2/2021.

Financing Options

- Require Council approval only:
 - Department CIP appropriations
 - Tax increment financing
- Require additional approvals (greater uncertainty):
 - New voter approved bond funding (Voter approval)
 - Economic incentive agreements (Developer approval)
 - Public Improvement District (Approval by majority of property owners in district)
 - Municipal Management District (Legislative approval)

Tax Increment Financing Scenarios (Fall 2021)

	46% Contribution*		80% Contribution**	
	With River South	Without River South	With River South	Without River South
Cumulative Revenue	\$167.2M	\$153.6M	\$290.8M	\$267.5M
Est. Debt Capacity***	\$104.0M	\$95.5M	\$180.5M	\$166.5M

* 46% contribution is based on contributing only that property tax revenue associated with the “but for” value growth and less the revenue dedicated to Project Connect/Austin Transit Partnership.

** 80% contribution is based on contributing 100% of the property tax revenue less a conservative estimate of the portion dedicated to Project Connect/Austin Transit Partnership.

*** Debt capacity is calculated based on entire total revenue estimate. This amount will be reduced once accounting for any cash contributions required for administration and other needs of the TIRZ.

TIRZ recapture rate is currently set at 0%. Increasing the recapture rate before the end of the calendar year would divert revenue from the FY23 General Fund to the TIRZ.

TIRZ #19 Principal Decision Points

- Geographic Boundary
 - With or without River South property
 - General Fund impact of \$13.6M over 20 years by including in the TIRZ base (assuming 46% recapture rate)
- Project Prioritization
 - Street network deemed to be foundational to supporting development
 - Affordable housing
 - Tiers
- Tax increment contribution rate
 - General Fund impact from allocating new construction value to the TIRZ that would have occurred without public investment

Funding the Gap

- **Debt capacity is not sufficient for TIRZ to fund all SCW plan infrastructure improvements**
 - **TIRZ bonding capacity estimated between \$95.5M and \$180.5M; dependent on final TIRZ boundaries and recapture rate**
 - **District infrastructure cost estimated at \$330M**
 - **Cost estimate does not include AEDC admin. Expenses, affordable housing, or O&M of amenities**
- Consider reducing scale of project scope
- Negotiate with developers to fund certain improvements (e.g. affordable housing)
- Look to other financing options such as voter-approved bonds, etc.
- Utilize a “tiered” infrastructure plan for TIRZ funded projects
 - Tier One projects are prioritized and remaining tiers would be implemented as revenue is available
- Staff will update market analysis of TIRZ following completion of the regulating plan

Status of Regulating Plan

SCW Vision Framework Plan adopted in 2016

- Envisioned host of community benefits that are provided by developer in return for additional entitlements
- Optional, voluntary participation

Implemented via Regulating Plan

- Initially anticipated as amendment to CodeNEXT LDC, then draft LDC, now current code
- Anticipated adoption via boards and commissions September - November 2022.

PUDs in SCW currently being guided by Framework Plan

Economic Analysis of Statesman PUD

- City contracted with Economic and Planning Systems (EPS) to conduct an economic analysis of 305 South Congress (Statesman) PUD in 2 phases:
 - First phase analyzes overall feasibility of the project and economic impact of amendments which applicant has not agreed to and examination of previous ECONorthwest cost estimates
 - Second phase of report expected to be done in September will analyze the economic value of entitlements and community benefits
- First phase summary
 - ECONorthwest cost numbers are outdated due to rising construction costs
 - Statesman project as proposed is not economically feasible
 - Proposed amendments add significant costs to the project (Range of \$2.7M to \$265.9M each)

Next Steps

Statesman PUD

- July 28, 2022: *Council consideration of second reading of the PUD Ordinance which sets entitlements for prominent parcels.*

South Central Waterfront District Regulating Plan

- Current – November 2022: *Staff will work on the regulating plan and present it to boards and commissions for consideration.*

Tax Increment Reinvestment Zone (TIRZ) 19

- December 2022 – January 2023: *Staff will update the TIRZ to reflect the approved regulating plan as well as changes to market conditions.*

South Central Waterfront Vision Plan

- Post-January 2023: *With an approved regulating plan and TIRZ plan, a revised SCW Vision “Funding Gap” will be known. Staff and consultants will seek ways to reduce the gap, including but not limited to reducing the project scope of the SCW Vision.*



Questions and Discussion