



MEMORANDUM

TO: Mayor and Council

FROM: Kevin Johns, Director
Economic Growth and Redevelopment Services Office

DATE: April 2, 2012

SUBJECT: Council questions regarding Green Water Treatment Plant Development

Below are responses to the questions posed by Council related to the Green Water Treatment Plant Development briefing at the Thursday, March 22, 2012 Council Meeting.

1. What is the Timing of the Development (Council Member Riley)

Answer: As described in the Master Development Agreement (MDA), the first block purchase (Block 1) must occur within six (6) months of the execution of the MDA and Texas Commission on Environmental Quality's (TCEQ) issuance of a Certificate of Completion (COC) for Block 1. All environmental remediation for Block 1 has been completed, and we are currently awaiting administrative approval from TCEQ and the receipt of the COC. Based on conversations we have had with Trammell Crow and the City's external environmental consultant, URS, it is understood that the COC should be issued in April, 2012. Assuming that the execution of the MDA and issuance of the COC occur in April, Trammell Crow would be required to close on the purchase of Block 1 within the 6 month takedown period stipulated in the MDA (approximately October 2012) and would be required to diligently pursue construction activities on the site thereafter.

The purchase of Block 1, and subsequent start of construction, is not predicated on any physical environmental work required on Block 1 and the receipt of a COC is generally an administrative matter. Trammell Crow anticipates construction commencing on Block 1 by the first quarter of 2013.

All physical environmental remediation work required under the terms of the MDA is limited to the blocks north of 2nd Street (Blocks 23 and 188) and will be commenced as soon as permits can be obtained and well within the required takedown dates for either Block 23 or Block 188.

2. Parking (Quantity, Public Spaces, Decoupling, Sharing) (Council Member Riley)

Answer: It is Trammell Crow's intent to provide efficient and innovative parking facilities that meet the demands of their tenants, guests, and the general public. To that end, in late 2010, while still considering options for a publicly owned and financed garage, Trammell Crow commissioned a shared parking facilities analysis from Walker Parking Consultants. The report studied the current parking facilities in downtown Austin, the parking demand that would be generated by the planned mix of uses, and the ability to share parking spaces between the various uses. As a result, Walker's study suggested a requirement for approximately 3,000 parking spaces.

Trammell Crow has used this information as well as the current market realities for parking demand and supply in the Central Business District (CBD) to target an aggressive parking count of approximately 2,700 – 2,800 spaces. The projected parking supply utilizes a number of innovative techniques to meet the parking demand including:

- ❑ Decoupling of residential parking spaces from residential leases to provide flexible options for residents who might not require on-site parking or might utilize alternative means of transportation
- ❑ Sharing of parking spaces between the office and hotel components
- ❑ Sharing of parking spaces between the office and residential components
- ❑ Availability of a portion of the office parking spaces to the general public during non-business hours

It is also important to note that the phased development of Trammell Crow's overall project requires that sufficient non-shared parking is provided for the first buildings delivered. As later phases of the development are completed, the ability to effectively share spaces will increase. As a result, Trammell Crow's parking garages will be designed to accommodate both the phased development and changes in parking requirements for their tenants by allowing them to vertically move secured gates and access points in the future to optimize parking utilization. Trammell Crow believes, for instance, that utilization of urban rail and other public transit will increase in the future, and that their office tenants may ultimately require less parking resulting in an increase in the number of parking spaces available for public use.

In regards to public parking, Trammell Crow's project will provide a minimum of 250 parking spaces for public use, and may provide more as their design evolves. A current breakdown of Trammell Crow's current parking estimates are provided below:

- ❑ Office – 2.0 / 1,000 rsf – Approximately 900 parking spaces
- ❑ Residential – 1.5 / unit – Approximately 1,240 parking spaces
- ❑ Hotel – 1.0 / key – Approximately 200 parking spaces
- ❑ Retail and Public – Approximately 360 parking spaces (approximately 4.5 / 1000 sf of retail space)

The office component of the project is anticipated to share daytime spaces with both the hotel and the residential buildings to provide parking that is more competitive with other office developments within Austin's CBD. Generally, other Class "A" office buildings in the CBD provide parking ratios of 2.5 to 3.0 parking spaces per thousand rentable square feet, as evidenced by Frost Tower at 2.5:1,000 rsf, 300 W. 6th Street at 3.0:1,000 rsf, and 100 Congress at 2.6:1,000 rsf.

It is our belief that parking demand in downtown and specific to the Green Water Treatment Plant Redevelopment project will continue to evolve, and it is Trammell Crow's intent to provide parking structures that allow them the flexibility to effectively and efficiently meet that demand as it changes.

3. What is the Value of the Limited Fee Waiver (Council Member Spelman)

Answer: The City's Request for Proposals stated, "The Proposer should note that there is the ability to place a portion of the parking under 2nd Street and Nueces Street near the GWTP properties." The City extended this opportunity to encourage the developer to place as much of the structured parking underground as possible. The proposed MDA allows the developer to extend underground parking into the right-of-way, without being subject to annual license agreement fees. Should the developer choose to extend parking 15 feet into the right-of-way on each block face fronting 2nd Street, we estimate that the total annual license agreement fee would be \$402,000. However, at this time the developer only plans to extend its parking garage under the 80 foot Nueces Street right-of-way between 2nd Street and the 2nd Street alley. We estimate that the annual license agreement fee for this one area would be \$138,000.

On March 27 we met with Council Member Riley. He raised additional questions about parking garages, bicycle parking, and noise control, which we forwarded to Trammell Crow. Attached to this memo for your information and use are Trammell Crow's responses.

On March 28 Council Member Tovo submitted additional questions. Following are those questions and responses:

1. Please provide the original RFP for the Green Water Treatment Plant site – or detail what requirements regarding affordable housing were contained in the original RFP.

Answer: Attached is a copy of Section 0500, Scope of Work, from the Green Water Treatment Plant (GWTP) and Energy Control Center Request for Proposals (RFP) issued by the City in March 2008. Section 0500 contains the meat of the City's redevelopment requirements, which reflect Council policy direction established in Resolution Nos. 20080214-054 and 20080228-076. If you wish to see the balance of the RFP document, or any specific exhibit referenced in Section 0500, please let us know.

Paragraph 6.3.2 of Section 0500 established the affordable housing requirements and stated, "To the extent that a Proposer decides that rental housing will be part of the redevelopment, the City requires that a minimum of ten percent of the units be allocated to individuals earning at or below 80 percent of the area median income. For any proposal that includes a housing component (rental or owner-occupied), the Proposer shall include an option for the City to participate in a public/private partnership for additional units and/or deeper affordability." The RFP did not define a minimum term for the affordable housing specified in this paragraph, or the maximum percentage of household gross income that the rental rate could represent.

2. Please provide documentation of the commitments Trammell Crow made to affordable housing on this site during the RFP process.

Answer: The affordable housing proposal submitted by TC Austin Development, Inc. (TC Austin) was affected by the City's decision not to finance a public parking garage on the GWTP site. The RFP (Reference Section 0500, Paragraph 6.1.6) set out that each proposal must contain two public parking options: 1) the City owning and publicly financing the parking structure and, 2) the Proposer owning and privately financing the parking structure. TC Austin's proposal was based on the first, City-financed public parking option. TC Austin noted in its response that "our financial analysis and our financial offer to the City presume this option." TC Austin also noted that a privately financed parking garage would "impact their overall financial model and proposal to the City."

TC Austin's RFP response included 25% of rental units at 80% of mean family income (MFI) and 75% of rental units at 120% MFI. Since TC Austin initially expected to build 320 rental units, this would have equated to 80 units at 80% MFI and 240 units at 120% MFI (workforce).

However, when the City chose not to finance the parking structure (approximately \$60 million), project economics precipitated a change in TC Austin's affordable housing proposal. The proposed Master Development Agreement (MDA) for GWTP requires the developer to provide 10% of rental units at 80% MFI, plus five (5) units at 30% MFI. And, rental rates must not exceed 28% of a qualifying household's gross income. This was negotiated in consultation with Neighborhood Housing and Community Development. TC Austin currently anticipates building 820 rental units, which would equate to 82 units at 80% MFI, plus five (5) units at 30% MFI.

3. Please explain why the proposed agreement includes only a seven-year term for the affordable units.

Answer: TC Austin noted in their RFP response that, even though the then-current S.M.A.R.T. Housing Ordinance only had a affordability period of two years, they planned to exceed the S.M.A.R.T. housing guidelines by sustaining affordable housing for at least 5 years, if not longer. The proposed MDA requires that affordable units be provided at the developer's expense for seven (7) years, but the City retains an option to extend the affordable housing period beyond the initial seven (7) years on a year-to-year basis at the City's expense.

Should additional information be needed, please contact me at 974-7802.

xc: Marc A. Ott, City Manager
Sue Edwards, Assistant City Manager
Fred Evins, Redevelopment Project Manager, EGRSO