



# South Central Waterfront

2020 South Central Waterfront Vision Framework Plan Update



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# Financial Framework

# 4

The SCW Plan’s Financial Framework provides a path to ensure that the SCW Vision can actually be funded and achieved. The financial analysis looks to how the impending wave of potential redevelopment can be leveraged for value capture and how public and private investments can be coordinated to realize the public realm improvements and affordable housing goals.

The 2020 Implementation Update builds upon the analysis and methodology of the SCW Financial Framework. The Update

# THE SCW FINANCIAL FRAMEWORK

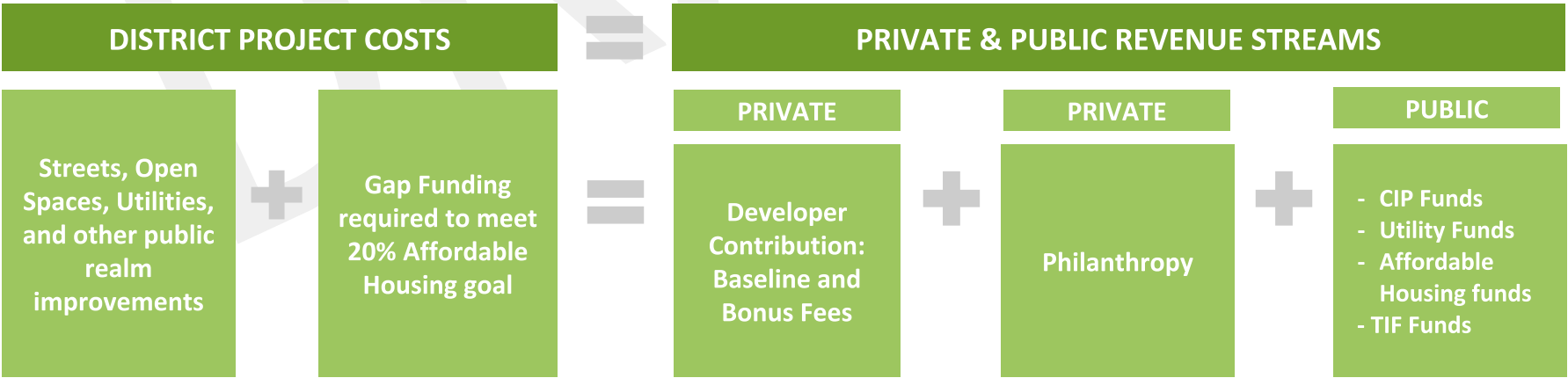
Realizing the vision for the South Central Waterfront will require coordinated partnerships among many different players. The SCW Vision Framework Plan proposes an implementation approach that builds upon the following tenets:

- A shared vision: Buy in on shared vision for the area among key stakeholders: property owners, neighborhoods, the City, vested interest groups (e.g., affordable housing providers, open space entities). This includes the recognition that enhanced entitlements will be required to enable more robust private development that then provides a primary resource base for public realm and public purpose improvements, and expansion of affordable housing opportunities.

- Partnerships: The City envisions partnerships with developers to help pay for public realm improvements. This includes financial incentives and binding development agreements between City and property owners/developers about which parties are responsible for providing which public realm improvements.
- Phased Implementation: The City anticipates that improvements will be built in phases based on which owners/ developers are prepared to redevelop as well as the City’s ability to craft mutually beneficial development agreements. The potential implementation strategy could give preference for public resources to those property owners/developers prepared to move forward.

The Financial Framework lays out the SCW District’s project costs and discusses a variety of public and private revenue streams that could help pay for the District’s project costs and projected buildout.

- District Project Costs:
  - Infra Costs - how much and how are the costs allocated
  - Affordable Housing Costs and Strategies laid out in the Plan that informs these costs
- Potential Development Capacity by 2040
- Funding Toolkit



# FUNDING TOOLKIT

Explain funding toolkit below

	OPERATIONS & MAINTENANCE	TRANSPORTATION & INFRASTRUCTURE	OPEN SPACES (Parks, Trails, Plazas)	AFFORDABLE HOUSING
<b>PRIVATELY FUNDED</b>				
Baseline Development Requirement		✓		
Bonus Development Requirement		✓	✓	✓
Public Improvement District	✓			
Philanthropy (Conservancy)	✓			
<b>PUBLICLY FUNDED</b>				
Tax Increment Finance (TIF)		✓	✓	✓
Capital Improvement Projects (CIP)		✓	✓	
Public Utilities		✓		
Affordable Housing (AHTF, tax credits)				✓



DISTRICT PROJECT COSTS

COST Allocation by parcel

- How we assigned infrastructure to parcels
- How much of the assigned infrastructure are individual properties actually responsible for:

- Baseline vs Bonus Costs
- Baseline Costs = Street Impact Fees + Parkland Dedication Fees + Water/Wastewater Impact Fees
  - These are all dependent on the actual buildout.
  - To help understand approximate share we considered a hybrid buildout that is an evolution of the 2016 Test Scenario based on the 2020 Modified Physical Framework

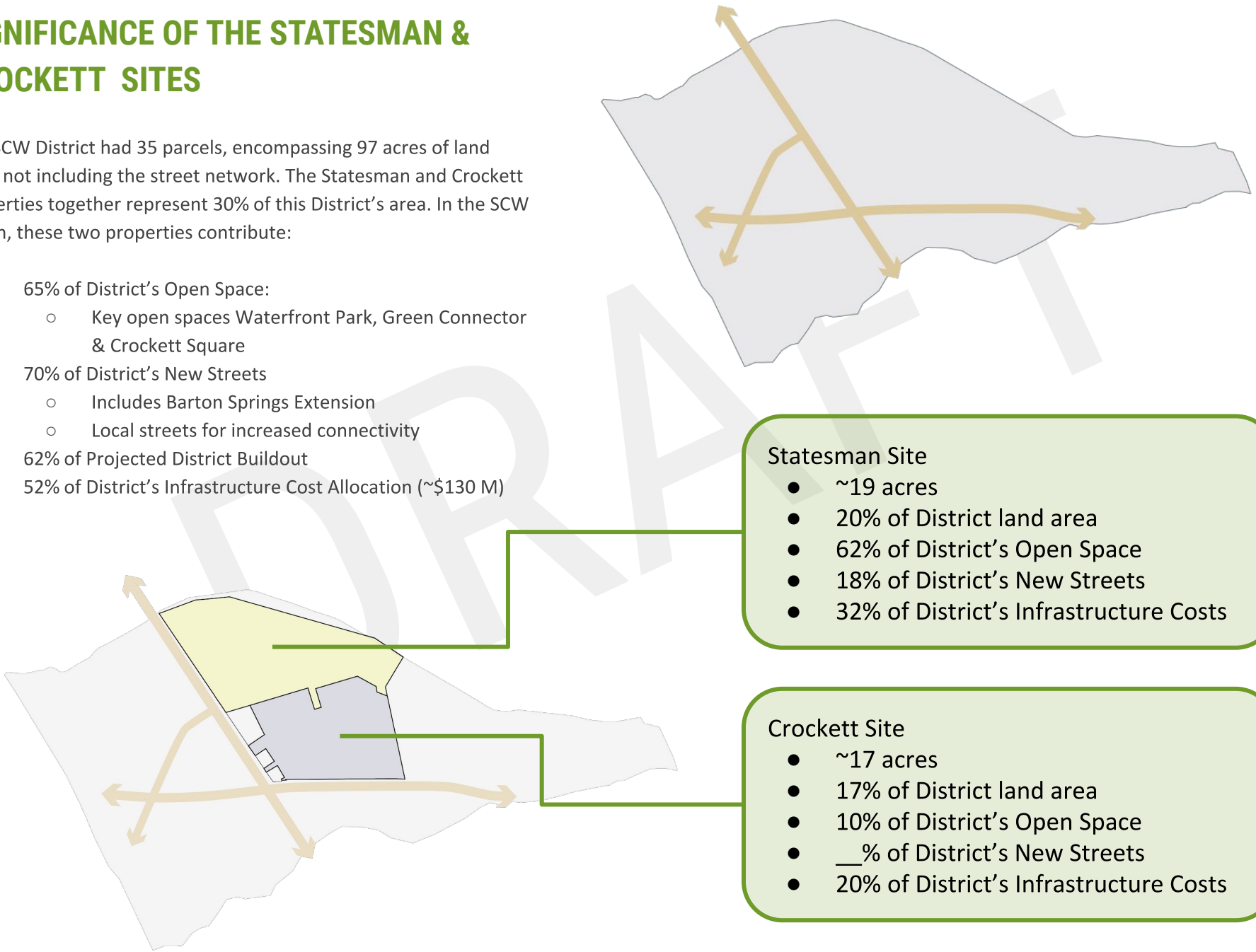
- Bonus Costs = A combination of Funds + CIP Funds + TIF Funds + Development / District Fee levied on developer
- Financial Calculator helps weigh these options



SIGNIFICANCE OF THE STATESMAN & CROCKETT SITES

The SCW District had 35 parcels, encompassing 97 acres of land area, not including the street network. The Statesman and Crockett properties together represent 30% of this District's area. In the SCW Vision, these two properties contribute:

- 65% of District's Open Space:
  - Key open spaces Waterfront Park, Green Connector & Crockett Square
- 70% of District's New Streets
  - Includes Barton Springs Extension
  - Local streets for increased connectivity
- 62% of Projected District Buildout
- 52% of District's Infrastructure Cost Allocation (~\$130 M)





BUILDOUTS FOR FINANCIAL ANALYSIS

The Financial Framework requires private properties to "buy-in" to the Vision by building the public realm on-site, as well as financially contributing to city-led improvements. To incentivize property owners to contribute, their costs must be offset through increased development allowances.

The 2020 SCW Financial Calculator modeled two development scenarios:

- Hybrid Buildout
- Statesman PUD Buildout

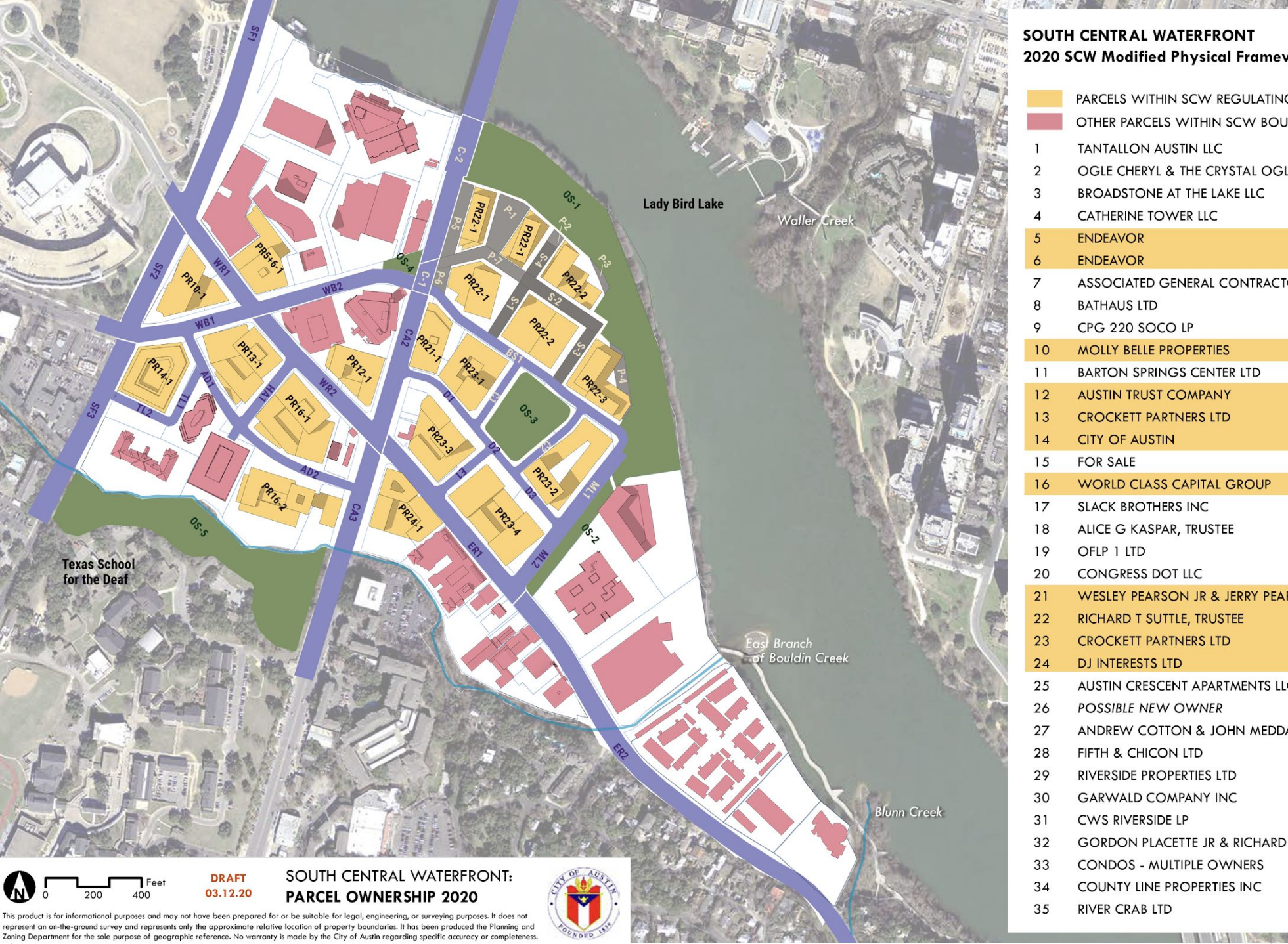
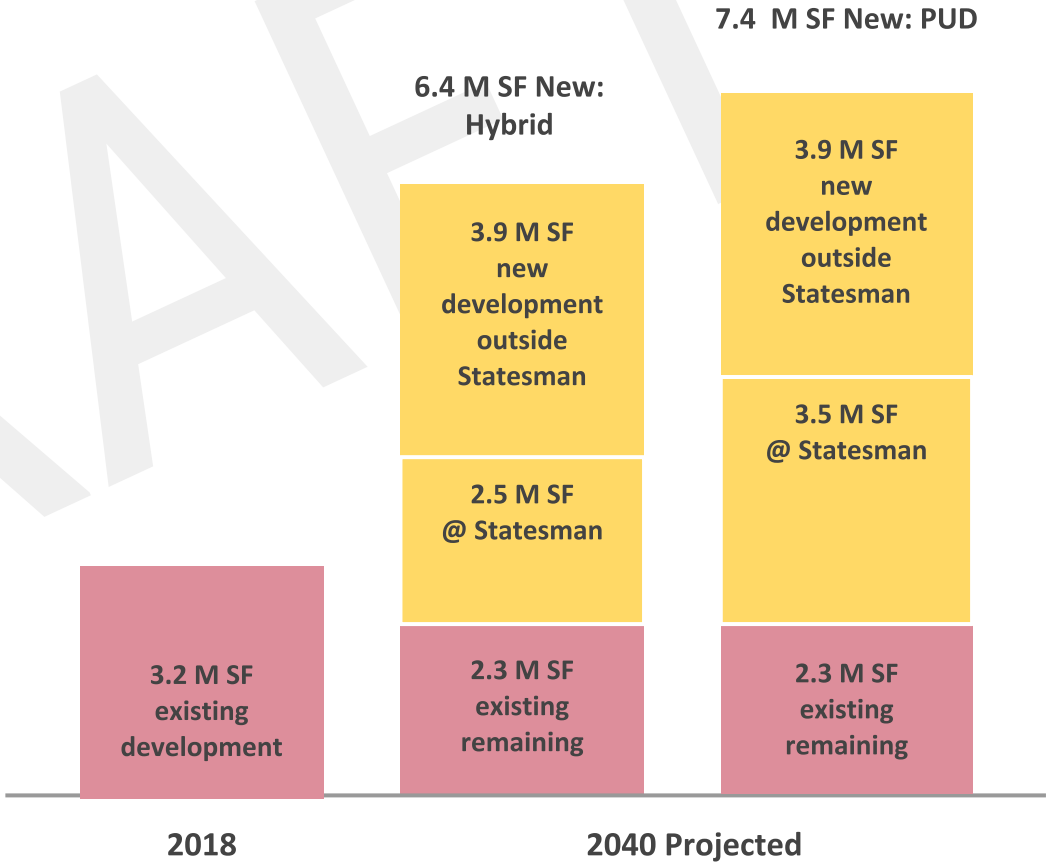
These development scenarios allows for a parcel-by-parcel proforma financial model to calibrate the range of bonus development entitlements required to provide economic incentive for properties to redevelop and fund the community benefits (public realm and affordable housing) within a system of value capture financing tools.

It is important to note that the development scenarios analyzed are not a prescription or recommendation on what should be built; it is a test to see how a set of financial tools could leverage the private market to fund the SCW Vision. The Test Scenario provides a foundation for the City to further explore the potential value-capture tools and offers direction for potential public/ private partnership opportunities.

TIPPING PARCELS

The map on the next page shows the Test Scenario on “tipping parcels” – properties most likely to redevelop within the next 15 years.

Non-tipping parcels do not feature in the district financial analysis and currently cannot opt into the SCW Regulating Plan.





HYBRID BUILDOUT

- Different Statesman & Crockett program and uses based on altered street grid.
- Same height as 2016 Plan
- Expanded underground parking and its impacts on built form
- Use Mix: Market conditions have shifted since 2016. Condos added to the housing mix.
- Approved PUD buildout for RiverSouth / Snoopy



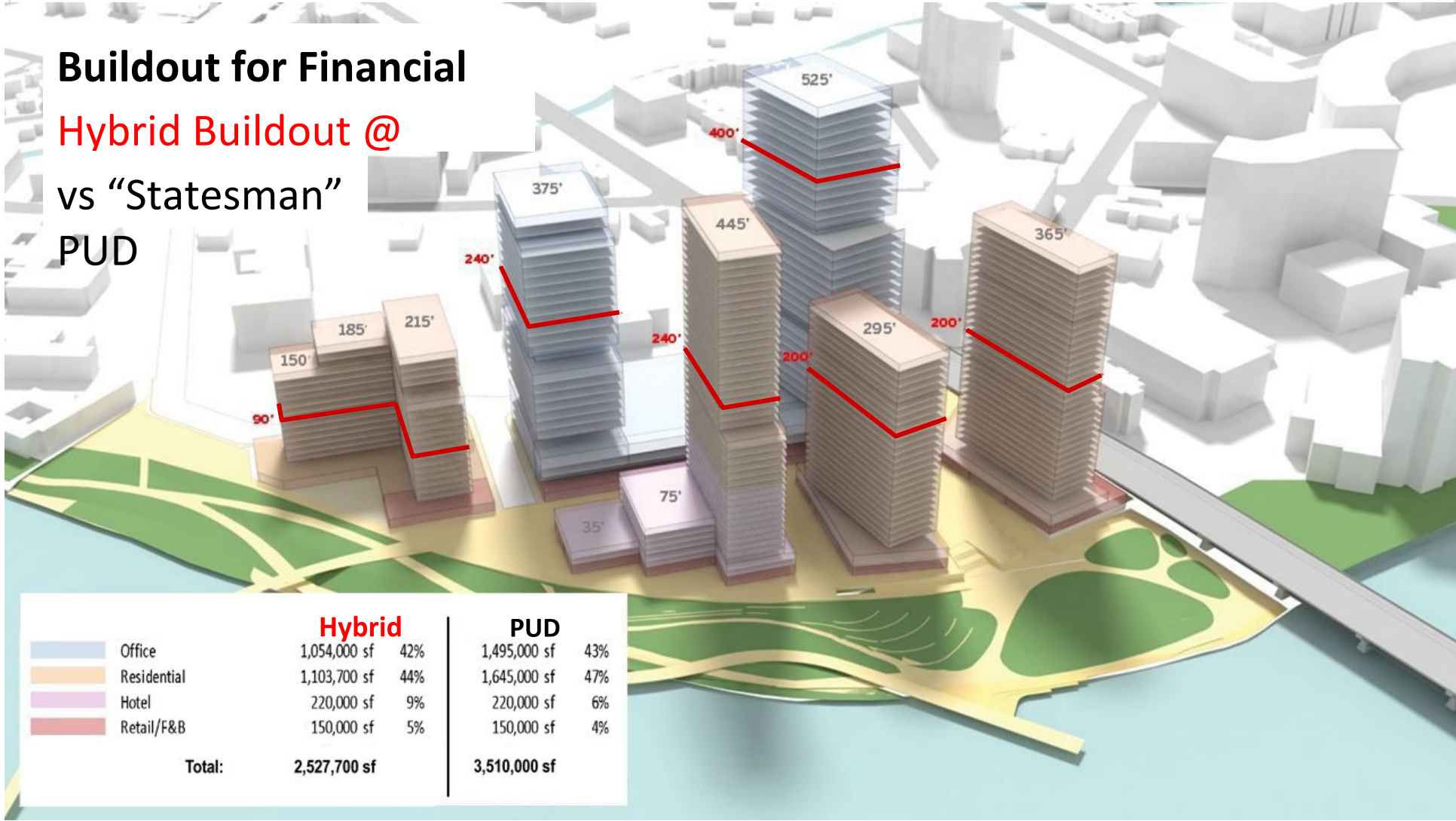
UPDATED 3D MODEL -  
COULD BE GOOD TO  
SHOW USES TOO

Name	Property Code	Area (ac) <small>(Source: TCAD)</small>	Parcel	2016 Plan Code	Office	Residential	Residential	Retail	Hotel	TOTAL GFA	Parking		Height
					(gsf)	(gsf)	(du)	(gsf)	(gsf)	(gsf)	Podium	Underground	(Ft)
Statesman	PR22	18.86	PR22-1	S1	684,000	452,700	370	111,800	220,000	1,468,500	156	1,679	
			BLDG 2		684,000	0	0	66,400	0	750,400	156	1,157	400
			BLDG 4		0	336,700	299	21,000	0	357,700	0	365	280
			BLDG 5		0	116,000	71	24,400	220,000	360,400	0	157	240
			PR22-2	S2	370,000	278,400	248	30,000	0	678,400	100	704	
			BLDG 1		0	278,400	248	14,000	0	292,400	0	302	240
			BLDG 3		370,000	0	0	16,000	0	386,000	100	402	240
			PR22-3	S3	0	372,600	331	8,200	0	380,800	0	292	
			BLDG 6&7		0	372,600	331	8,200	0	380,800	0	292	90/240
TOTAL					1,054,000	1,103,700	949	150,000	220,000	2,527,700			
Crockett	PR23	17.3	PR23-1	C3	0	287,225	262	10,000	0	297,225	210	52	180
			PR23-2	C4	0	370,250	336	30,000	0	400,250	375	0	200
			PR23-3	C2	0	367,350	362	19,000	0	386,350	247	123	240
			PR23-4	C1	340,900	0	0	20,000	0	360,900	460	460	110
TOTAL					340,900	1,024,825	960	79,000	0	1,444,725			
DJ Interests	PR24	1.87	PR24-1	K31-33	0	202,348	238	14,300	0	216,648	342	0	100
TOTAL					0	202,348	238	14,300	0	216,648			
World Class	PR16	6.09	PR16-1 & 16-2	H16,17,20	371,000	387,000	344	32,000	0	790,000	824	412	200
TOTAL					371,000	387,000	344	32,000	0	790,000			
City of Austin (OTC)	PR14	1.71	PR14-1	F12	10,000	155,975	150	7,000	0	172,975	128	0	60
TOTAL					10,000	155,975	150	7,000	0	172,975			
Crockett (Threadgill's)	PR13	1.56	PR13-1	G14/15	347,600	0	0	10,000	0	357,600	476	238	200
TOTAL					347,600	0	0	10,000	0	357,600			
Austin Trust	PR12	0.92	PR12-1	D9	0	152,000	152	9,000	0	161,000	222	0	100
TOTAL					0	152,000	152	9,000	0	161,000			
Riversouth	PR10	1.35	PR10-1	C6-8	330,000	0	0	18,000	0	348,000	772	96	195
TOTAL					330,000	0	0	18,000	0	348,000			
Endeavor (Zax)	PR5 & PR6	1.71	PR5 & PR6	B3-5	250,000	0	0	10,000	0	260,000	520	0	200
TOTAL					250,000	0	0	10,000	0	260,000			
Pearson	PR21	0.81	PR21	J22-23	153,000	0	0	10,000	0	163,000	163	163	100
TOTAL					153,000	0	0	10,000	0	163,000			
DISTRICT TOTALS					2,856,500	3,025,848		339,300	220,000	6,441,648			



STATESMAN PUD BUILDOUT

- Based on 2019 305 S Congress (Statesman) PUD Application
- Proposes 3.5 Million SF on Statesman site
- Other properties in district are assumed to remain the same



Name	Property Code	Area (ac) <small>(Source: TCAD)</small>	Parcel	2016 Plan Code	Office	Residential	Residential	Retail	Hotel	TOTAL GFA	Parking		Height	
					(gsf)	(gsf)	(du)	(gsf)	(gsf)	(gsf)	Podium	Underground	(Ft)	
Statesman	PR22	18.86	PR22-1	S1	838,000	789,000	617	111,800	220,000	1,958,800	156	2,374		
			BLDG 2		838,000	0	0	66,400	0	904,400	156	1,425	525	
			BLDG 4		0	480,000	427	21,000	0	501,000	0	522	365	
			BLDG 5		0	309,000	190	24,400	220,000	553,400	0	427	445	
			PR22-2	S2	657,000	400,000	356	30,000	0	1,087,000	100	1,208		
			BLDG 1		0	400,000	356	14,000	0	414,000	0	428	295	
			BLDG 3		657,000			16,000	0	673,000	100	780	375	
			PR22-3	S3	0	456,000	405	8,200	0	464,200	0	358		
			BLDG 6&7		0	456,000	405	8,200	0	464,200	0	358	150/215	
TOTAL					1,495,000	1,645,000	1,378	150,000	220,000	3,510,000				
Crockett	PR23	17.3	PR23-1	C3	0	287,225	262	10,000	0	297,225	210	52	180	
			PR23-2	C4	0	370,250	336	30,000	0	400,250	375	0	200	
			PR23-3	C2	0	367,350	362	19,000	0	386,350	247	123	240	
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	TOTAL					340,900	1,024,825	960	79,000	0	1,444,725			
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			TOTAL					330,000	0	0	18,000	0	348,000	
Endeavor (Zax)	PR5 & PR6	1.71	PR5 & PR6	B3-5	250,000	0	0	10,000	0	260,000	520	0	200	
			TOTAL					250,000	0	0	10,000	0	260,000	
Pearson	PR21	0.81	PR21	J22-23	153,000	0	0	10,000	0	163,000	163	163	100	
			TOTAL					153,000	0	0	10,000	0	163,000	
DISTRICT TOTALS					3,297,500		3,567,148		339,300	220,000	7,423,948			

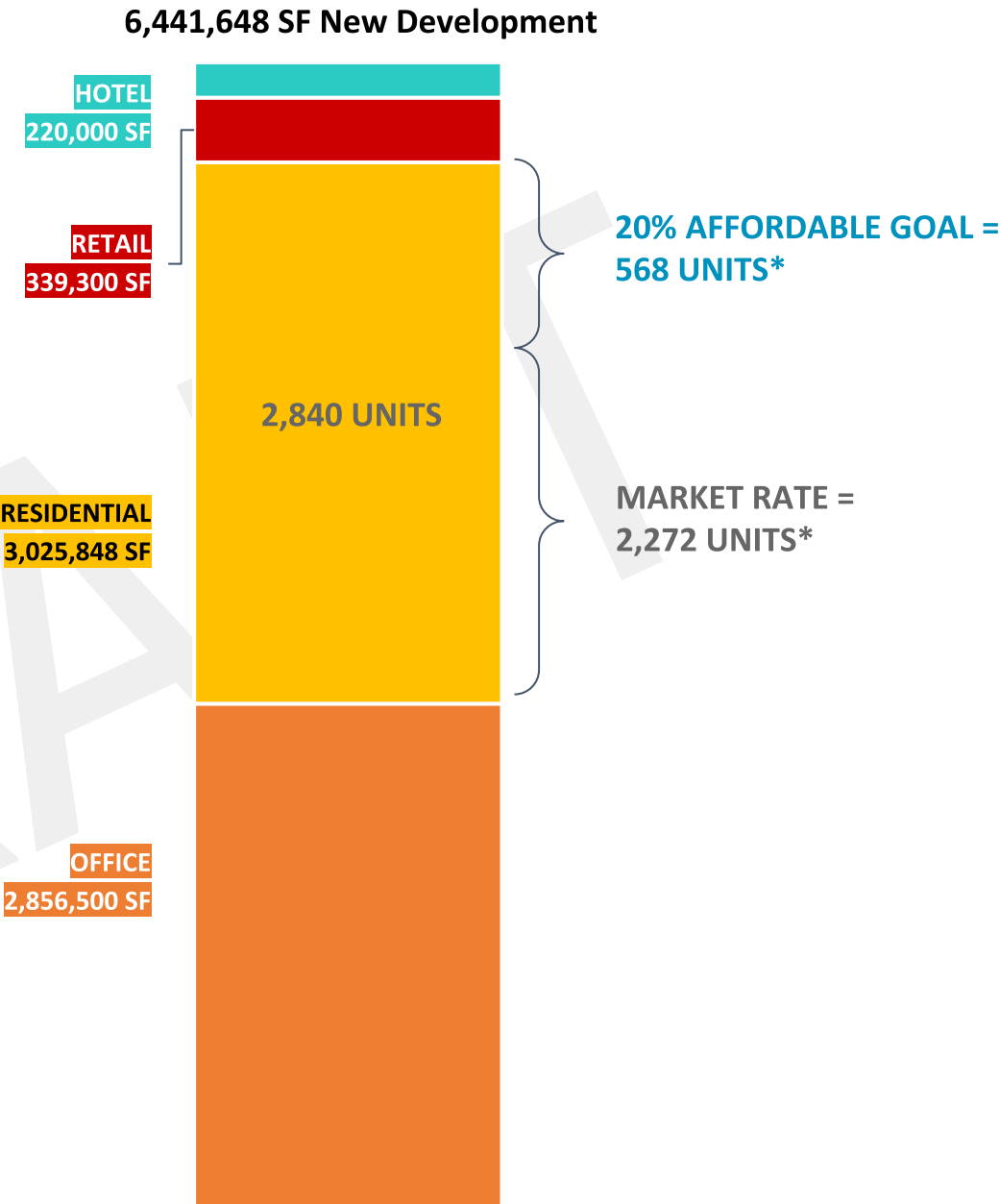
# AFFORDABLE HOUSING

South Central Waterfront offers a unique and unprecedented opportunity to help the City turn one of its most vexing challenges into an opportunity. The City faces an enormous shortage of affordable housing. Many close-in neighborhoods as well as downtown provide only limited capacity (for a variety of reasons) to accommodate close in affordable units that are accessible to transit. The South Central Waterfront district offers the potential to set and achieve a target of making 20 percent of future housing units developed in the area affordable to households at 60 to 80 percent of Area Median Income for rental and 100 to 120% AMI for ownership.

Achieving this goal will require partnerships between the City and private property owners, participation by various affordable housing providers, and a strong portfolio of affordable housing tools. The district’s close proximity to downtown employment and public transit also reduces the transportation cost burden for households by increasing commute options, including the ability to walk, bike, or take transit to work instead of owning and operating a personal vehicle.

Pork belly yr selvage pitchfork artisan ennui XOXO mlkshk af chicharrones. Taxidermy iPhone tacos church-key gentrify next level succulents small batch, tilde waistcoat poutine

Succulents chicharrones fashion axe semiotics brunch cronut. Locavore organic portland taiyaki echo park tote bag intelligentsia keytar. Single-origin coffee four dollar toast air plant craft beer, food truck iceland palo santo mixtape stumptown tattooed turmeric meggings lyft shabby chic brooklyn.



\*Unit Numbers based on [Sample Scenario 1](#)

# REFINING THE AFFORDABLE HOUSING STRATEGY & POLICY CONSIDERATIONS TO MEET DISTRICT GOALS

The number of affordable housing units generated by the SCW District is primarily determined by the number of market rate units built within the district. However, several affordable housing policy choices can further determine how many units are generated.

## PROVIDING UNITS WITHIN DISTRICT VS OUTSIDE DISTRICT

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- In District:
- Helps fill the housing shortage in central city
  - Puts housing close to jobs and transit
  - Creates a more diverse district
  - Very expensive

- Outside District:
- Can be a model for how “wealthier” districts can pay for housing in areas that need it the most
  - More units for the same price = housing more people/families
  - Potentially perpetuates segregation

## ONSITE AFFORDABLE HOUSING REQUIREMENT:

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- Setting an AH requirement on a Site-by-site basis
- Allows for adjustment of AH targets as properties redevelop
- vs Setting a blanket district wide requirement at a fixed percentage
- Provides certainty to developers

## LEVERAGING CITY OWNED PROPERTY AT ONE TEXAS CENTER

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- Rental or ownership housing units
- Low-rise, mid-rise, or high-rise development
- 100% affordable or mixed-income development

## DEPTH OF AFFORDABILITY

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Fewer units accessible at a deeper level of affordability  
Vs  
More units accessible to people with a higher MFI

How these options can be influenced by the in district vs outside district conversation.

## EVALUATING ECONOMIC IMPACTS OF AH POLICY

The economic impacts of these choices can be evaluated with the help of the financial calculator.

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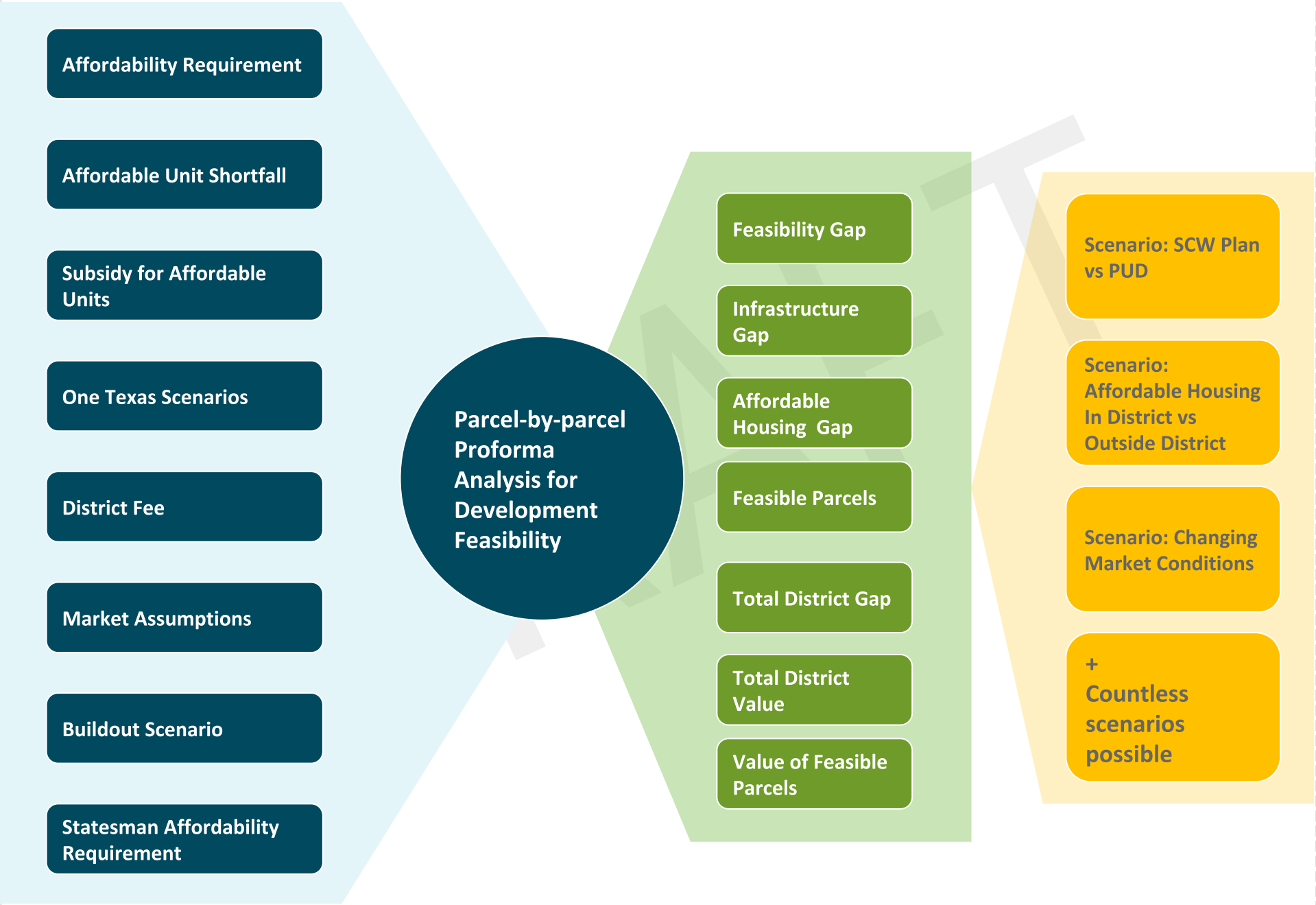
# FINANCIAL CALCULATOR

The 2020 Financial Calculator was developed by SCW Consultant, ECONorthwest. Our work built upon initial feasibility modeling from the SCW Framework Plan. To evaluate potential regulatory policies and incentives, ECONorthwest developed a parcel-based pro forma model that looked at the feasibility of potential development across the South Central Waterfront. This 2020 Financial Calculator includes updated assumptions and methods to provide greater clarity to City Council about potential development feasibility when considering policy options.

The COVID-19 pandemic has created uncertainty for the future of the district and its timeline for development. From the creation of the SCW Framework Plan in 2016 until 2019, the District saw increased developer interest in a distinct mix of uses, but construction costs in the Austin market were also increasing rapidly. Over the next few years, demand remains uncertain. For example, construction costs may stabilize with fewer project starts, but construction costs seldom decline. Regardless of this uncertainty, developing a flexible implementation plan and associated policies can prepare the SCW to attract new development in the future.

The Financial Calculator provides a snapshot look at the district buildout, as though all development delivered simultaneously under market conditions in late 2019 and early 2020 (ECONorthwest vetted assumptions with local developers and property owners in 2019 and the City of Austin and Statesman site developer, Endeavor, provided cost information in 2020). To conduct this analysis, ECONorthwest used parcel-based pencilouts to consider multiple “input scenarios.” The input scenarios included plan entitlements, infrastructure costs, affordable housing, and bonus participation fees.

The Calculator produces a summary of parcel-by-parcel performance for development feasibility, a district-wide feasibility gap, and an affordable housing shortfall (if any) for each set of input scenarios. These can be compared with the results from the 2016 Framework Plan to understand how market conditions, both demand and costs, have changed since its adoption.





KEY TAKEAWAYS

Developments of the scale contemplated in the 2016 SCW Framework Plan may be financially infeasible, even before accounting for infrastructure and affordability requirements.

The analyses affirmed many of the findings from the SCW Framework Plan analysis, particularly the infeasibility of the district's vision without public financial support.

- Infrastructure: Recent feasibility testing suggests that developments, including at the Statesman site, are financially infeasible even before accounting for the impact of incremental infrastructure called for in the SCW Framework Plan. Thus, the plan's infrastructure requirements lead to larger subsidy amounts for any given site in the SCW. Infrastructure investments will require coordination between the public and private sectors.

- Affordable Housing. Achieving the 20% housing affordability target is infeasible without public subsidy. The SCW Framework Plan demonstrated that achieving the District's overall goals could require project-by-project affordable housing subsidies. Our analysis suggested extending these subsidies to cover infrastructure and general feasibility of development at the scale and quality envisioned in the SCW Framework Plan.

Market conditions impede the viability of new development in the District.

The market conditions brought on by the global health emergency in the first part of 2020 are unprecedented. No forecaster can predict the near or distant future. This hinders the viability of new development at a scale that matches the City's vision for the district. The timing, scale, and phasing of future development will all be difficult to predict.

The most feasible affordable housing development types are low- and mid-rise 100% affordable rental projects

In the SCW Framework Plan, the City set a goal that 20% of housing delivered in the district would be income-restricted. This included a 100% affordable building on the Statesman site. We considered multiple OTC options and Statesman targets the 2020 Financial Tool. The results reaffirmed the findings from the 2016 SCW Framework Plan: achieving the City's 20% affordable housing goal requires substantial project-by-project subsidies. The most feasible development types are low- and mid-rise 100% affordable rental projects in the OTC parking lot or adjacent neighborhoods, without requiring onsite units for condo buildings

SCENARIO EVALUATION WITH THE FINANCIAL CALCULATOR

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Succulents chicharrones fashion axe semiotics  
brunch cronut. Locavore organic portland taiyaki  
echo park tote bag intelligentsia keytar.  
Single-origin coffee four dollar toast air plant  
craft beer, food truck iceland palo santo mixtape  
stumptown tattooed turmeric meggings lyft  
shabby chic brooklyn.