



# Urban Renewal Board

Austin Economic Development Corporation

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July 19, 2021

Blocks 16 & 18

# Multiple Paths to Success

- **AEDC represents a series of new tools that now can be used by AHFC as well as URB.**
  - Public Real Estate Developer
  - Public & Private Funding
  - Cultural Trust Funding & Expertise
  - Development Expertise
  - Long term inclusive asset management
  - Mixed Use and Mixed Income expertise
- **Option 1: AHFC led procurement with AEDC support.**
- **Option 2: AEDC led procurement with AHFC support. Critical differences:**
  - Timeline
  - Budget
  - BATNA-based negotiation
- **Structure recommended (applies to both options)**
  - Extensive outreach
  - Pre-Development Agreement with “teeth”
  - Ongoing restrictions through title or ground lease

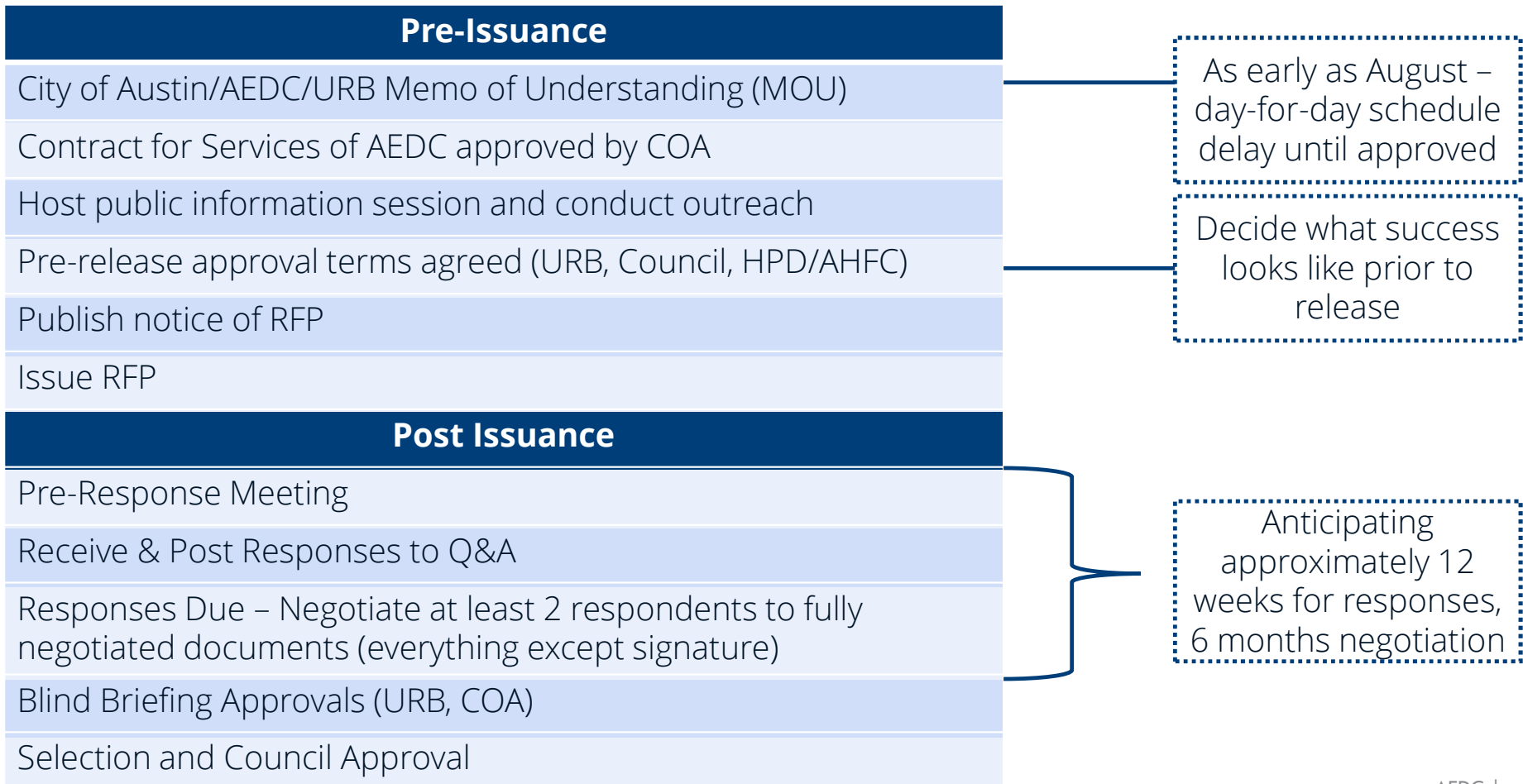


## Timeline – 18 months from approval of MOU





## RFP Release Timeline



## Critical Differences: COA vs. AEDC led process

- **Timeline: 26 months (COA) versus 18 months (AEDC)**
  - In-house outreach
  - Aggressive solicitation timeframe
  - Pre-approvals
- **Pre-Approval Agreements with COA, URB**
- **BATNA-based Negotiations**
  - Negotiate full set of documents with 2-3 respondents prior to selection so all conditions are met
- **Ability to act as developer & asset manager**
  - Can simultaneously advance actual project
  - Can serve as tenant of last resort for cultural trust, reducing risk

## Next Steps with AEDC

- **Confirm AEDC Role and Budget**
  - AEDC to utilize existing COA budget
  - AEDC to receive contract from COA to lead outreach process
  - All pre-development expenses to be reimbursed to COA at closing
  - AEDC to receive a fee from the developer only in case of success
  - AEDC to perform long term asset management on behalf of COA
- **Stakeholders: HPD, URB & Council Meetings**
  - Set expectations for a successful RFP with each of HPD, URB and Council prior to release
  - Allocate Cultural Trust funding as appropriate
  - Huston Tillotson University – opportunity for strategic partnership on housing and/or commercial
- **MOU needed between URB, AHFC, and AEDC**

# Appendix



## Council investigated the creation of an EDC since 2014

A series of resolutions identified the need to first investigate and then create a real estate focused entity that could assist with inclusive growth outcomes and the preservation of existing cultural spaces as well as the development of new affordable spaces.

- 20141211-122: Directed the CM to explore the feasibility of an EDC
- 20160303-019: Music & Creative Ecosystem Omnibus
  - Included the coordination of the preservation and creation of affordable cultural and music space by a specialty entity that could also negotiate in public/private projects and be integrated into public projects.
- 20170216-040: Directing the CM to bring forward proposals for the EDC
- 20180215-082: Use an EDC to create a Cultural Trust
  - Directed using the Cultural Asset Mapping Project (CAMP) as a guide for broad inclusion
  - Cultural Trust to be integrated into an EDC
  - Investigation of code revisions, retail incentives and other real estate mechanisms to assist as needed
- 20190808-072: Authorizing the creation of the EDC (see next slide)

## In August 2020, Council Directed Staff to Create AEDC

”to complement the City's vision and programming for inclusive economic development through the formation of public-private partnerships and facilitation of resulting projects that generate additional resources or revenues for the City”....

- City Council directs the City Manager to initiate the necessary processes to authorize the Creation of an economic development entity, identify potential funding sources, solicit stakeholder feedback on the entity's governance and operational structure, and, if necessary, contract with a subject matter expert to develop an implementation plan.
- City Council directs the City Manager to structure the entity broadly enough to **manage a range of projects**, which could include affordable housing development, public-private Partnerships with private-led development such as the **South Central Waterfront** that could provide community benefits, and shall include a **Cultural Trust** to support acquisition and preservation of creative space.
- City Council directs the City Manager to bring forward a recommendation for funding needs to implement this direction for consideration during the Fiscal Year 2020 budget deliberations.

# Purpose of EDC: Inclusive Economic Development

A PUBLIC DEVELOPER: a real estate developer working for the public interest

- Inclusive Economic Development has as a goal **retaining the ability for families to stay in their homes and local businesses to thrive in place.**
- A Public Developer is a partner of existing City and other government departments, agencies, quasi-public entities and non-profits. It provides support for:
  - Affordable Housing
  - Affordable commercial space for local businesses
  - Childcare and early childhood education
  - Support of inclusive growth around Transit Oriented Developments – retaining affordable commercial and housing
  - Support of efforts to end homelessness
  - Support for districts to become inclusive and not just promote growth

## AEDC Status

### FORMATION PROCESS

**March 25** | Council approved Board nominations.



**June 10** | Council approved AEDC interlocal agreement (“ILA”).



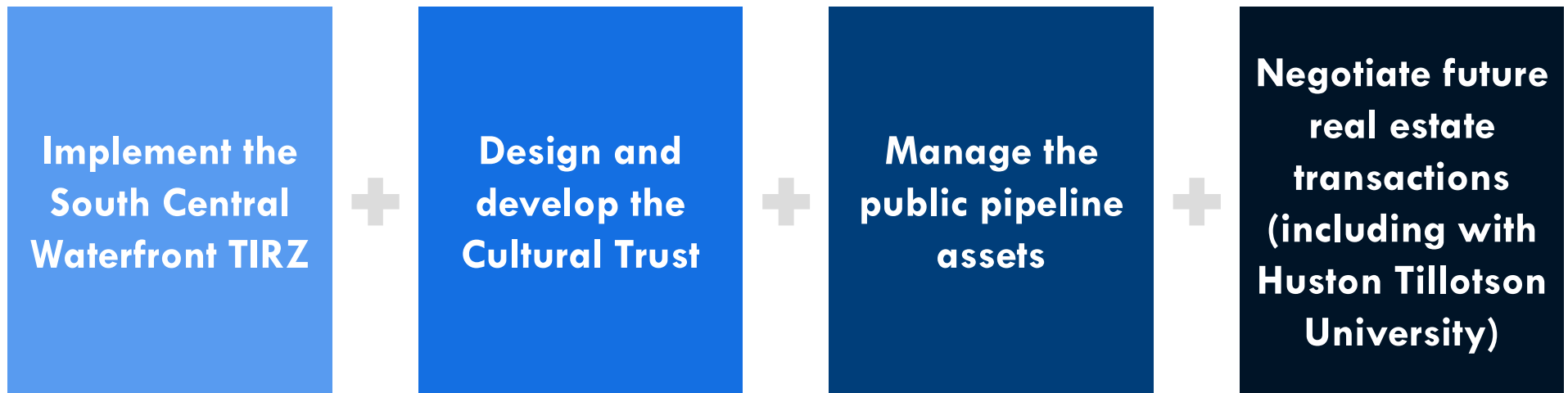
**July** | Seeking approval of South Central Waterfront TIRZ.

### AEDC BOARD OF DIRECTORS

Rosie Truelove (Chair)	Diana Maldonado
Sylvia Holt-Rabb	Jeremy Martin
Kellee Coleman	David Steinwedell
Ed Van Eenoo	Stephen Levy
Carl Settles	Sharmila Mukherjee
Emmett Beliveau	Tamara Atkinson
Bradford Patterson	Molly Beth Malcolm
Xavier Peña	Suchitra Gururaj
Awais Azhar	Matias Segura
Cathy McHorse	Char Hu
Veronica Briseño (Acting CEO)	

## AEDC Roles

**AEDC is working with EDD, HPD, and Finance to support several future objectives...**



# AEDC Is a Public Developer

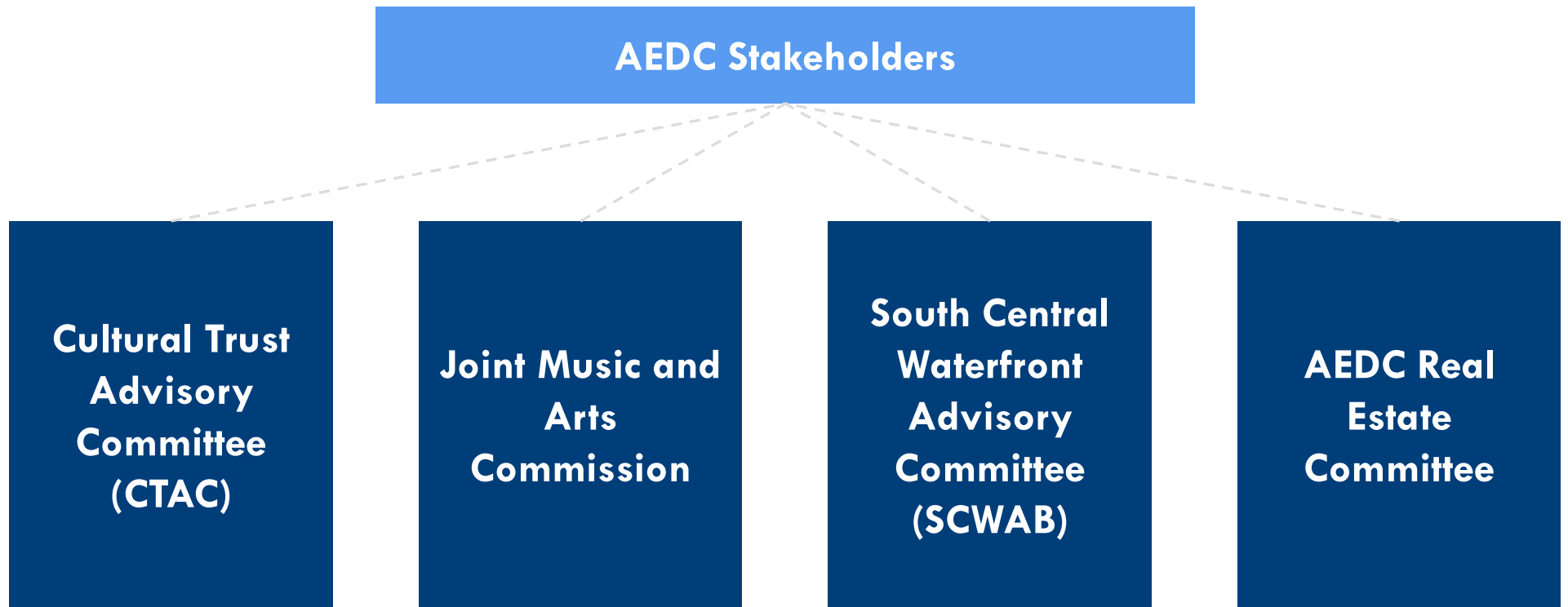
## *Modeled on Atlanta, Philadelphia and New York City*

	NYCEDC	PIDC	Invest Atlanta	Austin
Separate Entity	Yes	Yes	Yes	Yes
Board	Mixed	Mixed	Mixed	Mixed
<b>Funding</b>				
General Fund	Pass through	Pass through	Yes*	Yes*
Dedicated Tax to support operations	No	No	No	No
Bonds	Yes	Yes	Yes	Yes
Contract for Services to government	Yes	Yes	Yes	Yes
Real Estate Sales, Lease Revenues, Transaction Fees, AM	Yes	Yes	Yes	Yes
Non-Local Government Grants and/or donations	Yes	Yes	Yes*	Yes
Fees for Managing Private Funds	Yes	Yes	No	Yes
<b>Real Estate Powers and Special Relationship</b>	Yes	Yes	Yes	Yes
<b>Projects</b>				
Corporate Attraction & Retention	Yes	Yes	Yes	No
Industry development	Yes	Yes	Yes	No
Inclusive Growth (Affordability, Workforce, and/or MWBE)	Yes	Yes	Yes	Yes
Affordable Housing and/or Affordable Commercial	Yes	Yes*	Yes	Yes
Cultural Trust or cultural affordability program	Yes	No*	Yes*	Yes



# AEDC Engagement

**AEDC is transitioning from general stakeholder meetings to targeted committees and public discussions:**



# Case Studies



## **Case Studies | Bedford Union Armory (Crown Heights, Brooklyn)**



## Case Studies | Bedford Union Armory (Crown Heights, Brooklyn)



Local elected officials asked NYCEDC to issue a request for proposals (RFP) to redevelop the vacant site and transform it into a space for housing, jobs, and the community. After extensive engagement with residents, business owners, elected officials, and other local stakeholders to better understand the needs of the Crown Heights community, the community expressed the need for affordable housing, affordable recreational opportunities for all ages (including a swimming pool) and space for local nonprofits to offer cultural, educational, and healthcare services.

With the community's ideas in mind, NYCEDC selected a proposal from Bedford Courts LLC, partnered them with a non-profit recreation operator, managed the affordable housing negotiation with the NYC Housing Preservation and Development Department, and implemented a “double bottom line” ground lease to insure long term maintenance of affordability and access.

## Case Studies | Bedford Union Armory (Crown Heights, Brooklyn)

"I am so pleased to see the transformation of the Bedford Union Armory move forward. Residents of Crown Heights deserve to have an affordable and accessible space for recreation and a host of other academic and cultural programming in this historic building," said **U.S. Congresswoman Yvette Clarke**



Interior rendering of Bedford Union Armory recreational

As part of the project, the Armory will deliver 415 units of housing, nearly two-thirds of which (250 units) will be affordable to low-income individuals and their families earning at or below 60 percent of the area median income (AMI), with some reserved for formerly homeless New Yorkers and others reserved for households earning as low as \$20,000 for an individual and \$28,000 for a family of four.

## Case Studies | Bedford Union Armory (Crown Heights, Brooklyn)

By The Numbers

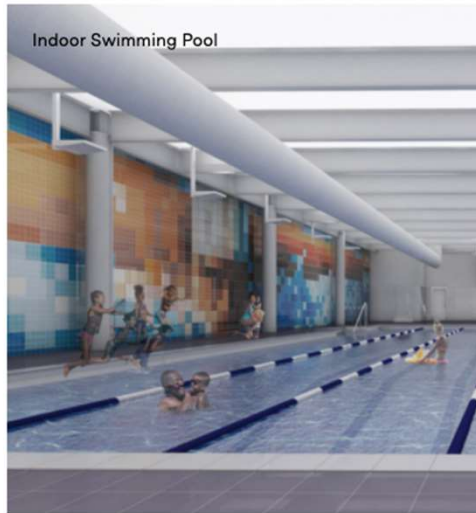
# 250

Affordable homes, 10% set aside for formerly homeless individuals and families



Community and Sports Facility

Indoor Swimming Pool



By The Numbers

# 60K

Square feet of multi-sport courts and a swimming pool



Affordable Housing

By The Numbers

# 10

Nonprofits coming to the Major Owens Center, providing educational, cultural, and healthcare services

Crown Heights Residents lost access to a community pool and have been demanding recreation and swimming opportunities for years. Nearby Medgar Evers College, an HBCU (CUNY), is lacking rec and classroom space.



## Case Studies | Beacon Station (Augusta, Georgia)



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After a failure to reach economic agreement in a competitive RFP in the City of Augusta, Georgia, local elected officials asked Augusta Regional Collaboration Corporation (ARCC) to enter the negotiations to develop a long standing brownfield site in the historic Laney-Walker Bethlehem neighborhood. ARCC worked directly with the City's Housing and Community Development department, the local HBCU Paine College, and the newly consolidated state university Augusta University.

ARCC was able to support and/or structure multiple deals, including the first Public/Private Partnership for student housing at Augusta University as well as the first ground lease transaction with a developer. ARCC managed the brownfields process and clean-up to expedite the project while completing the negotiations to create Foundry Place. The proceeds from this project paid down all outstanding bond balances of the Urban Redevelopment Corporation, allowing them to accelerate their operations to end blight in the local area housing stock.



## Case Studies | Beacon Station (Augusta, Georgia)



- **CHALLENGE:** Aligning economic interests of the Urban Redevelopment Authority, the Housing and Community Development Department, the developer, the state university and the City. This caused two years of delay and a stalemate for development.
- **SOLUTION:** Unique structure in which Augusta's EDC ("Augusta Regional Collaboration Corporation") funded brownfield clean-up as it negotiated a ground lease and URA bonding structure to expedite a new form of public/private development. **No cash was given to the developer.** Instead, the URA purchased the land, and ground leased to developer, with the developer paying all debt service and project costs as a lease payment.
- **DEVELOPMENT:** Brownfield remediation and clean-up
  - 7.6 Acres
  - 221 Market Rate Units
  - Commercial Space
  - Community space
  - Pay-back of **previously outstanding** URA bonds