



MEMORANDUM

TO: Mayor and Council

FROM: Sylnovia Holt-Rabb, Director Economic Development Department 
Kimberly Olivares, Deputy Chief Financial Officer

DATE: July 5, 2022

SUBJECT: Update Regarding Resolution No. 20220324-056 – Colony Park Sustainable Community Initiative

This memorandum provides an update on [Resolution No. 20220324-056](#). This memo addresses the resolution's directive to provide Council an update on the Colony Park project no later than June 30, 2022.

Directive 1

Bring the public finance plan and funding source strategy recommendations to Council for consideration no later than the end of the 2022 calendar year.

- **Response:** Economic Development Department (EDD) and Financial Services Department (FSD) continue to work together to develop a public finance plan for the successful development of the Colony Park Sustainable Community (CPSC). The draft financial plan contemplates City tax increment financing including Austin Transit Partnership's portion of the incremental tax revenue and City department capital budgets. City staff have been meeting with Travis County staff regularly regarding the City's request for Travis County participation in an amount totaling \$30M. Also, the creation of a public improvement district for the project area is another funding option still under review. Depending upon the final tally of public financing tools and partnerships, City staff will be prepared to present a response to Council regarding a preliminary project and finance plan for CPSC by the end of the 2022 calendar year.

Based on current analysis, a possible finance plan may look like this:

Eligible Funding Sources	Amount (Millions)
Travis County TIRZ (Pending Request)*	\$30.0
City TIRZ @50% Increment	\$40.0
City Capital Improvement Program	\$18.0
Public Improvement District	\$10.8
Total	\$98.8

* Note: The Travis County TIRZ participation of \$30M is over a 20 period. For that same period, Travis County would retain approximately \$15M associated with their maintenance and operations portion of the tax rate. No contribution of revenue from the debt service portion of their tax rate is assumed in these calculations.

Directive 2

Bring forth the finalized Master Development Agreement to Council for consideration no later than end of the 2022 calendar year.

- **Response:** A prerequisite to finalizing the negotiation of a Master Development Agreement is the (1) amendment of the existing Planned Unit Development (PUD) and (2) rezoning of the property. Catellus estimated this prerequisite work and finalizing MDA negotiations to cost \$2.6M. Once City staff complete their work regarding a preliminary project and finance plan, that information will go to Council. And, depending on whether there is a viable project and finance plan, a request to contract with Catellus to amend the PUD and rezone the property will also be brought forward.

Directive 3

Submit a formal request for Travis County and Austin Transit Partnership to participate in the Tax Increment Reinvestment Zone (TIRZ).

- **Response:** On April 14, 2022, City staff formally sent a letter to Judge Andy Brown requesting a Travis County Tax Increment Financing investment of 50% of the incremental property tax revenue generated by future 208-acre CPSC TIRZ. Since then, City and County staff have been meeting regularly to determine the interest and level of Travis County participation. Accordingly, City staff has been invited to a Travis County Commissioners Court meeting tentatively on July 26, 2022 to present the development of the Colony Park Sustainable Community and City's potential partnership with Travis County to deliver services and resources to our shared community.

On April 14, 2022, City staff formally sent a letter to the Executive Director of the Austin Transit Partnership (ATP) to inform ATP of the City's intent to establish a TIRZ for the CPSC and commit ATP's portion of the incremental tax revenue to the TIRZ financing plan, as allowed under the Interlocal Agreement between the City and ATP. On June 3, 2022, City received a written

response from Diane Siler, ATP Interim Chief Financial Officer, acknowledging the City's letter regarding the TIRZ for CPSC.

Directive 4

Request various City departments to prioritize/advance identified Capital Improvement projects in proximity to the Colony Park Sustainable Community.

- **Response:** EDD and FSD continue to regularly meet with Austin Transportation Department (ATD), Austin Water (AW), and Watershed Protection Department (WPD) to identify capital improvement projects and budgets in support of CPSC. To date, WPD has committed to \$6M in capital funding to address drainage improvements. Funding for preliminary engineering and design of improvements totaling \$0.5M is provided by the City's transportation bond approved by Austin voters in November 2016. Additionally, ATD has identified an additional \$0.5M in capital funding to date for construction. EDD and FSD are exploring potential funding options for the full construction of the Colony Loop Drive connecting section to include general obligation bonds, certificates of obligation, and federal and state grant funding. EDD, FSD, and AW continue to work together to identify the appropriate cost participation options for funding water and wastewater infrastructure needed for this development. City staff will bring forward to Council a preliminary project and finance plan including City department capital budgets no later than the end of the 2022 calendar year.

Directive 5

Consider any other necessary or appropriate actions to facilitate the recommendations contained in the Phase 1 Report.

- **Response:** On January 4, 2022, the City and Central Health executed a Purchase and Sale Agreement (PSA) for Central Health to acquire 2.28 acres of land for the design and construction of a Health and Wellness Center. The PSA requires the City to ensure the parcel is properly zoned for land uses consistent with the needs of the proposed development and the regulations of the Colony Park PUD and to complete subdivision and final platting to create a legal lot from the 2.28 parcel.

On June 2, 2022, EDD's consultant Dunaway Associates (Dunaway) submitted a PUD zoning amendment application and documents required for the development Central Health's Health and Wellness Center at CPSC. To facilitate the seamless planning, engineering, and permitting of the site infrastructure, Dunaway will provide preliminary engineering, subdivision, and final platting services for the site. Upon reaching a final public finance plan, City staff anticipates commencing additional PUD zoning amendments required for the development of the remaining 208-acres at Colony Park.

Directive 6

Engage the Housing and Planning Department and all other relevant City departments to work interdependently and cooperatively with third parties, such as, but not limited to, Colony Park/Lakeside Community Development Corporation (CDC), the Colony Park Neighborhood Association (CPNA), Austin

Revitalization Authority (ARA), Catellus, Equidad ATX, Central Health, and Colony Park residents to develop holistic, sustainable, transformative, and equitable programs and strategies for existing neighborhoods adjacent to the 208-acre site to create a sustainable framework of displacement mitigation, and new housing and business development.

- **Response:** Housing and Planning Department's (HPD) Displacement Prevention Division is tasked with developing and leading programming and outreach to prevent the displacement of vulnerable communities, which will include \$300 million over 13 years in anti-displacement funding approved by voters in November 2020 as part of Project Connect Proposition A. The Austin Housing Finance Corporation (AHFC) issued a solicitation to reduce residential displacement and create economic mobility opportunities for people most vulnerable to displacement along Project Connect corridors. Nonprofit organizations and partnerships could apply for the Project Connect [Community Initiated Solutions](#) funding through June 27, 2022 that support initiatives designed to prevent the displacement of renters and homeowners and create economic mobility opportunities. Funding will benefit existing residents who live within 1 mile of Project Connect stations and lines in communities with vulnerable, active, and chronic displacement risk. Although the Notice of Funding Availability has closed, staff anticipates future funding opportunities.

HPD staff will coordinate with EDD and other City departments as appropriate to engage with community partners to identify and deploy displacement prevention strategies that are responsive to the needs of existing neighborhoods within the Colony Park development. This may include the Displacement Prevention Navigators program (to be launched in the Fall of 2023) and other displacement prevention resources to include staff and budget.

Additionally, EDD is working with Workforce Solutions Capital Area to plan a Hire Local outreach event near Colony Park to promote workforce development training and job placement programs. EDD continues to work with City departments and external partners including but not limited to Central Health, Catellus, Workforce Solutions Capital Area, ACC, and others to expand resources for the community including displacement mitigation measures, workforce training, transit connectivity, and healthcare accessibility.

For additional information, please feel free to contact me at Sylvia.Holt-Rabb@austintexas.gov or (512) 974-3131, Kimberly.Olivares@austintexas.gov or (512) 974-2924, or Susana Carbajal, Deputy Director, at Susana.Carbajal@austintexas.gov or (512) 974-2640.

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