

EXHIBIT C

**City of Austin
South Central Waterfront
Tax Increment Reinvestment Zone No. 19**

Amendment No. 1 Preliminary Project and Financing Plan

December 1, 2022

Table of Contents

Executive Summary	3
Section 1: Introduction	4
Section 2: Description and Maps	6
Section 3: Proposed Changes to Ordinances, Plans, Codes, Rules, and Regulations	6
Section 4: Relocation of Displaced Persons	6
Section 5: Estimated Non-Project Costs	6
Section 6: Proposed Public Improvements	7
Section 7: Estimated Project Costs	7
Section 8: Economic Feasibility	8
Section 9: Estimated Bonded Indebtedness	8
Section 10: Appraised Value	9
Section 11: Method of Financing	9
Section 12: Duration of the Zone, Termination	10

Exhibits

- Exhibit A: Boundary Map
- Exhibit B: Parcel Listing
- Exhibit C: South Central Waterfront Vision Framework Plan
- Exhibit D: Public Improvements/Project Costs
- Exhibit E: TIRZ Analysis
- Exhibit F: Property Valuations

Executive Summary

The City of Austin proposes to amend Reinvestment Zone Number Nineteen, City of Austin (the “TIF”) to finance the construction of public improvements for the South Central Waterfront Project (the “Project”). The proposed zone is to be located within the area bounded on the west by South 1st Street from Lady Bird Lake south to Bouldin Creek; on the south by Bouldin Creek from South 1st Street east to Riverside Drive; on the east by the Ann and Roy Butler Hike and Bike Trail from Riverside Drive north to Lady Bird Lake; and on the north by Lady Bird Lake from South 1st Street east to the Ann and Roy Butler Hike and Bike Trail between Lady Bird Lake and Riverside Drive; and excludes the area bounded to the west by South 1st Street between Riverside Drive and Barton Springs Road, bounded to the east by Barton Springs Road between South 1st Street and Riverside Drive, and bounded to the north by Riverside Drive between South 1st Street and Barton Springs Road.

The South Central Waterfront Vision strives to provide enhanced public access to the shore, expanded open space, quality design, and maximization of water quality. The area suffers from inadequate sidewalk and street layout and other factors, and due to its size, location, and physical characteristics, re-development will not effectively occur solely through private investment in the foreseeable future. Proposed public improvements include new and refurbished roadway and drainage, streetscapes, open spaces (parks, trails, plazas), utilities, green infrastructure, and reclaimed water.

The total current estimated cost for the public improvements is \$354,614,211. However, the City recommends achieving the improvements in tiers tied to property tax revenue projections, associated financing capacity, and priority of need for public infrastructure. Only tier one projects will be eligible for funding upon creation of the Zone. Implementation of tiers two and three projects are contingent upon performance of the Zone. The City shall review the performance of the Zone and the resulting revenue generation annually to determine if additional capacity exists that may support tiers two and three projects.

Section 1: Introduction

1.1 Authority

The City of Austin, Texas, a Texas home-rule municipality (the “City”) has the authority under Chapter 311, Texas Tax Code, Tax Increment Financing act, as amended (the “Act”) to designate a contiguous or noncontiguous geographic area within the corporate limits or extraterritorial jurisdiction (“ETJ”) of the City as a tax increment reinvestment zone to promote development or redevelopment of the area. For a zone to qualify under the Act, the governing body of the City (the “City Council”) must determine that development or redevelopment within the zone would not occur solely through private investment in the reasonably foreseeable future, that the zone is feasible, and that creation of the zone is in the best interest of the City and the property in the zone. The purpose of the zone is to facilitate such development or redevelopment by financing the costs of public works, public improvements, programs, and other projects benefiting the zone, plus other costs incidental to those expenditures, all of which are authorized by the Act.

1.2 Eligibility Requirements

An area is eligible under the Act to be designated as a tax increment reinvestment zone if it either (1) substantially arrests or impairs the sound growth of the municipality designating the Zone, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition, or (2) is predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City, (3) is in a federally assisted new community located in the City or in an area immediately adjacent to a federally assisted new community, or (4) is in an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the City by the owners of property constituting at least 50% of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located. The City cannot, however, designate a zone if more than 30% of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes, or if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 25% of the total appraised value of taxable real property in the City and in industrial districts created by the City. The area proposed meets this criterion as shown below.

	Proposed Zone	Statutory Maximum
Residential % of Zone	0%	30%
% of City’s Taxable Value	0.45%	25%

1.3 Proposed Zone

The City Council intends to create a tax increment reinvestment zone to be known as “*Reinvestment Zone Number Nineteen, City of Austin*” (the “Zone”) that includes approximately 118 acres of land as depicted in **Exhibit A** and described via parcel listing in **Exhibit B** (the “Property”). The Property is currently zoned commercial, industrial, mixed-use, residential, and civic uses. The Property suffers from inadequate sidewalk and street layout and other factors, and due to its size, location, and physical characteristics, re-development will not effectively occur solely through private investment in the

foreseeable future. Portions of the Property substantially impair and arrest the sound growth of the City because it is predominately unproductive or underdeveloped due to factors such as the lack and aging of public infrastructure and the need for economic incentive to attract development to the Zone to provide long-term economic benefits including, but not limited to, increased real property tax base for all taxing units in the Zone. If the public improvements, and other projects are financed as contemplated by this Preliminary Plan, the City envisions that the Property will be redeveloped to take full advantage of the opportunity to bring to the City quality development.

1.4 Preliminary Plan and Hearing

City Council adopted Ordinance 20211120-002 to designate the Zone. At this time, they are considering amendments to the zone relative to its boundaries and the percentage increment as noted in section 11 (Method of Financing). The City Council must prepare a preliminary reinvestment zone financing plan in accordance with the Act and hold a public hearing on the proposed Zone amendment and its benefits to the City and to the Property, at which public hearing interested persons are given the opportunity to speak for and against the proposal, the boundaries of the Zone and the concept of tax increment financing, and at which hearing the owners of the Property will be given a reasonable opportunity to protest the inclusion of their Property in the proposed Zone. The requirement of the Act for a preliminary reinvestment zone financing plan is satisfied by the Reinvestment Zone Number Nineteen, City of Austin, Preliminary Project and Finance Plan dated December 1, 2022 (the “Preliminary Plan”), the purpose of which is to describe, in general terms, the public improvements that will be undertaken and financed by the Zone. How such public improvements and projects will be undertaken and financed will be determined by the Final Plan and by the TIRZ Agreement (both described in this document), which require approval by the Board and by the City Council.

1.5 Creation of the Zone

Upon the closing of the above referenced public hearing, the City Council may amend Ordinance No. 20211220-002 (the “TIRZ Creation Ordinance”) in accordance with the Act creating the Zone if (1) upon findings by the City Council that development or redevelopment of the Property would not occur solely through private investment in the reasonably foreseeable future, (2) that the Zone is feasible, (3) that public improvements in the Zone will significantly enhance the value of the taxable real property in the Zone and will be of general benefit to the City, and (4) that the Property substantially arrests and impairs the sound growth of the City, constitutes an economic liability, and is a menace to the public health, safety, morals, or welfare in its present condition, and therefore meets the eligibility requirements of the Act. Among other provisions required by the Act, council will appoint a Board of Directors for the Zone (the “Board”).

1.6 Board Recommendations

After the creation of the Zone, the Board will review this Preliminary Plan and approve and recommend to the City Council (1) a *“Reinvestment Zone Number Nineteen, City of Austin, Final Project and Finance Plan”* (the “Final Plan”) and (2) an agreement between the Board and the City (the “TIRZ Agreement”) pursuant to which the City will contribute a portion of its ad valorem tax increment within the Zone (the “Tax Increment”) into a tax increment fund created by the City and segregated from all other funds of the City (the “TIRZ Fund”) to pay, in accordance with the Final Plan, the costs of public improvements and other projects benefiting the Zone.

1.7 Council Action

The City Council will take into consideration the recommendations of the Board and will consider approval of the Final Plan and TIRZ Agreement. If the TIRZ Agreement is approved, the City Council will authorize and direct its execution.

Section 2: Description and Maps

2.1 Existing Uses and Conditions

The Property is currently located within the corporate limits of the City and is zoned as commercial, industrial, mixed-use, residential, and civic uses. The Property is being redeveloped because inadequate sidewalk and street layout and other factors substantially impair or arrest the sound growth of the municipality. Development will require extensive public infrastructure that will not be provided solely through private investment in the foreseeable future. A map of the Property and the proposed Zone is shown in **Exhibit A**.

2.2 Proposed Uses

The proposed uses of the Property are shown within the South Central Waterfront Vision Framework Plan, attached as **Exhibit C**.

2.3 Parcel Identification

The parcels identified on **Exhibit B** provide sufficient detail to identify with ordinary and reasonable certainty the territory included in the Zone.

Section 3: Proposed Changes to Ordinances, Plans, Codes, Rules, and Regulations

The Property is wholly located in the corporate limits of the City and is subject to the City's zoning regulation. The City has exclusive jurisdiction over the subdivision and platting of the property within the Property and the design, construction, installation, and inspection of water, sewer, drainage, roadway, and other public infrastructure. No proposed changes to ordinances, plans, codes, rules, and regulations are contemplated as needed for the creation of this Zone at this time.

Section 4: Relocation of Displaced Persons

No persons will be displaced and in need of relocation due to the creation of the Zone or implementation of the Final Plan.

Section 5: Estimated Non-Project Costs

Anticipated redevelopment within the zone will be accomplished by private developers. Non -project costs are those development items that will be funded by others and are necessary for the development of the Zone. No tax increment reimbursement is provided for non-project costs and no non-project improvements, or costs, are proposed. This is anticipated to be updated in the Final Plan.

Section 6: Proposed Public Improvements

6.1 Categories of Public Improvements

The proposed public improvements to be financed by the Zone include roadway and drainage improvements, affordable housing, streetscapes, open spaces (parks, trails, plazas), utilities, green infrastructure, and reclaimed water and other miscellaneous and soft costs, as further described in **Exhibit D** (the “Public Improvements/Project Costs”). All Public Improvements shall be designed and constructed in accordance with all applicable City standards and shall otherwise be inspected, approved, and accepted by the City. At the City's option, the Public Improvements may be expanded to include any other category of improvements authorized by the Act.

6.2 Locations of Public Improvements

The estimated locations of the proposed Public Improvements are described in the South Central Waterfront Vision Plan (**Exhibit C**).

Section 7: Estimated Project Costs

7.1 Project Costs

The total costs for projects in the Zone include the costs of the Public Improvements and the Administrative Costs. Collectively the Project Costs are estimated to be \$354,614,211, as shown in **Exhibit D**.

7.2 Estimated Costs of Public Improvements

The estimated costs of the Public Improvements (the “Public Improvement Costs”) within the Zone are \$354,614,211, as shown in **Exhibit D**. Tier one projects account for \$152,925,000, tier two projects account for \$56,300,000, and tier three projects account for \$137,300,000. Only tier one projects will be eligible for funding upon creation of the Zone. Implementation of tier two and three projects are contingent upon performance of the Zone. The City shall review the performance of the Zone and the resulting revenue generation annually to determine if additional capacity exists that may support tier two and three projects.

7.3 Estimated Administrative and Bonded Indebtedness Costs

The estimated costs for administration of the Zone shall be the actual, direct costs paid or incurred by or on behalf of the City to administer the Zone (the “Administrative Costs”). The Administrative Costs include the costs of professional services, including those for planning, engineering, and legal services paid by or on behalf of the City. The Administrative Costs also include organizational costs, the cost of publicizing the creation of the Zone, and the cost of implementing the project plan for the Zone paid by or on behalf of the City that are directly related to the administration of the Zone. The Administrative Costs shall be paid each year from the TIRZ Fund before any other Project Costs are paid. The Administrative Costs are estimated to be \$300,000 per year beginning 2023 and escalating at two percent thereafter for a total of \$7,289,211.

Year	Administrative Costs Contribution
2023	300,000
2024	306,000
2025	312,120
2026	318,362
2027	324,730
2028	331,224
2029	337,849
2030	344,606
2031	351,498
2032	358,528
2033	365,698
2034	373,012
2035	380,473
2036	388,082
2037	395,844
2038	403,761
2039	411,836
2040	420,072
2041	428,474
2042	437,043
--	7,289,211

Estimated debt issuance and underwriters' costs associated with the bonded indebtedness total \$800,000.

7.4 Estimated Timeline of Incurred Costs

The Administrative Costs will be incurred annually beginning at the time the Zone is created and through the duration of the Zone. It is estimated the Project Costs for Tier One Projects will be incurred during calendar years 2023-2033, as shown in **Exhibit D**. The timeline will be further refined in the Final Plan.

Section 8: Economic Feasibility

For purposes of this Preliminary Plan, economic feasibility has been evaluated over the term of the Zone by Capitol Market Research, Inc., as shown in **Exhibit E** (the "TIRZ Analysis"). This evaluation focuses on the development potential and anticipated future assessed values within the Zone through 2040. The TIRZ Analysis estimated that during the term of the Zone, new development will generate approximately \$334.2 million in gross real property tax revenue, a portion of which will be contributed to the TIRZ Fund. The estimated property valuations are included in **Exhibit F** (the "Property Valuations"). Based on the foregoing, the feasibility of the Zone has been demonstrated.

Section 9: Estimated Bonded Indebtedness

The estimated amount of bonded indebtedness to be incurred by the Zone is shown below. Tier one roadway and drainage projects account for \$83,400,000 of the estimated project costs, however, due to

unknowns and contingency needs, the City recommends an additional \$12,100,000. This is feasible due to current debt capacity of \$95,500,000 based on valuation projections in the Zone. Affordable housing projects will be cash financed to maintain compliance with State law regarding use of bonds for economic development/housing.

Tier One Projects

Estimated Capital Cost of Projects (in millions)	\$95,500,000
Cash on Hand	\$0
Balance to be Financed	\$95,500,000

Section 10: Appraised Value

10.1 Current Appraised Value

The current total value of taxable real property in the Zone is \$824,856,590, which represents the Tax Increment Base, (the “Tax Increment Base”) of the Property and is determined by the Travis Central Appraisal District in accordance with Section 311.012(c) of the Act.

10.2 Estimated Captured Appraised Value

The amount of the Tax Increment for a year during the term of the Zone is the amount of property taxes levied and collected by the City for that year on the captured appraised value of the Property less the Tax Increment Base of the Property, (the “Captured Appraised Value”). The Tax Increment Base of the Property is the total taxable value of the Property for the year in which the Zone was designated, as described in **Section 10.1** above. It is estimated that upon expiration of the term of the Zone, the total Captured Appraised Value of taxable real property in the Zone will be \$7,250,695,888. The actual Captured Appraised Value, as certified by the Travis Central Appraisal District will, for each year, be used to calculate annual payment by the City into the TIRZ Fund pursuant to the Final Plan.

Section 11: Method of Financing

The City is allowed, under the provisions of Section 311.015 of the Tax Increment Financing Act, to issue tax increment bonds or notes, the proceeds of which may be used to provide for project-related costs. The City possesses the authority under Texas law to issue certificates of obligation, bonds, notes, or other obligations to finance projects such as those described in the project plan. The City will issue debt under its own authority to finance, design and construct Public Improvements. The City will be responsible for managing the financing process for the Public Improvements and intends to issue future certificates of obligation to fund construction and other related project costs as needed. When the City issues certificates of obligation, bonds, notes, or other obligations to fund Project Costs described in the Preliminary Plan, revenues deposited to the credit of the tax increment fund for the Zone will be made available to the City for the purpose of paying the debt service. The City will deposit into the tax increment fund an amount equal to 46% of the property tax revenues collected against the Captured Appraised Value.

Funds deposited into the TIRZ Fund shall always first be applied to pay the Administrative Costs. After the Administrative Costs have been paid, funds in the TIRZ Fund shall next be applied according to the project

tiers identified on **Exhibit D**, with Tier 1 having the highest priority, and Tier 3 having the lowest priority. All payments of Project Costs shall be made solely from the TIRZ Fund and from no other funds of the City unless otherwise approved by the City Council. The TIRZ Fund shall only be used to pay the Project Costs in accordance with the Final Plan and the TIRZ Agreement. The City may amend the Final Plan in compliance with the TIRZ Agreement, including but not limited to what is considered a Project Cost.

Section 12: Duration of the Zone, Termination

12.1 Duration

The stated term of the Zone shall commence on the creation of the Zone and shall continue until the later of (i) all debt service issued by the City and paid in part or entirely by the Zone has been fully satisfied, or (ii) December 31, 2041, with the last payment being received by September 30, 2042, unless otherwise terminated in accordance with the TIRZ Creation Ordinance.

12.2 Termination

The Zone will terminate prior to the expiration of its stated term if the necessary contribution of TIRZ revenues has been collected into the TIRZ Fund and has been distributed according to the Final Plan. If, upon expiration of the stated term of the Zone, the contribution of TIRZ revenues has not been collected into the TIRZ Fund, the City shall have no obligation to pay the shortfall and the term shall not be extended. The provisions of this section shall be included in the TIRZ Agreement. Nothing in this section is intended to prevent the City from extending the term of the Zone in accordance with the Act.

Exhibit A: Boundary Map

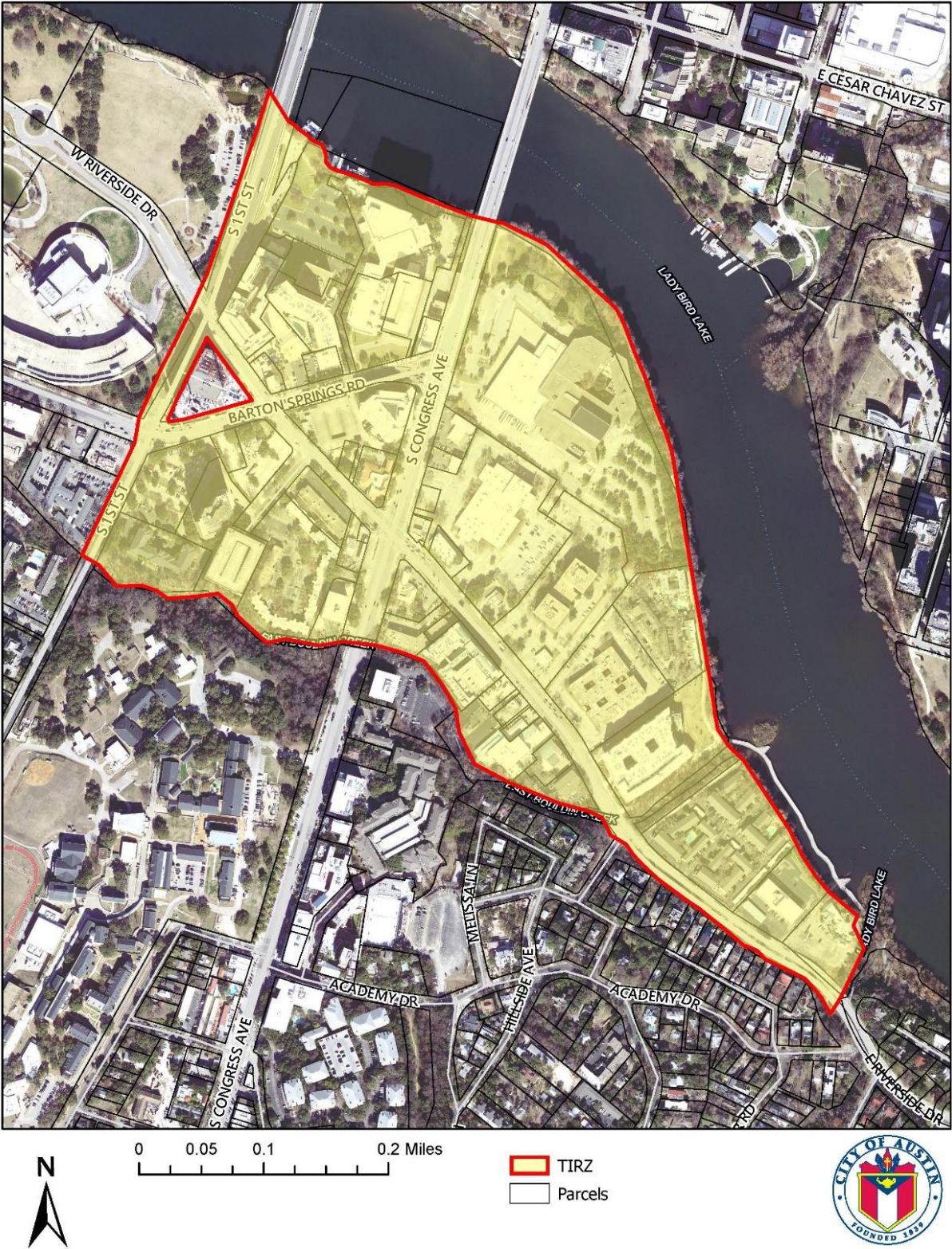


Exhibit B: Parcel Listing

Parcel ID	Property ID	Property Address	Legal Description
201010202	187775	501 S CONGRESS AVE 78704	ABS 8 SUR 20 DECKER I ACR .8982
201010203	187776	125 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I 50 X 150 FT
201010204	187777	127 E RIVERSIDE DR 78704	LOT 2 FOLMAR R H SUBD & ABS 8 SUR 20 DECKER I ACR 0.971 PLUS ADJ 10' EASEMENT TOTAL 1.6090 ACR
201010208	187779	203 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I 60 X 161FT
201010209	187780	205 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR 2.33
201010221	187783	153 E RIVERSIDE DR 78704	LOT 1 FOLMAR R H SUBD
201010223	187784	201 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR .21 MARTIN ESTATE
201010224	187785	515 S CONGRESS AVE 78704	ABS 8 SUR 20 DECKER I ACR .854
201010226	187786	E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I N 10 X 161 FT
201010227	710927	211 E RIVERSIDE DR 78704	LOT 2 BLK A C B J RIVERSIDE SUBD RESUB OF LOT 1 BLK A
201010228	710928	211 E RIVERSIDE DR AUSTIN 78704	LOT 1 BLK A C B J RIVERSIDE SUBD RESUB OF LOT 1 BLK A
201011103	187826	110 E RIVERSIDE DR 78704	LOT 2 CROCKETT MAE ESTATE SUBD NO 2 (LEASEHOLD INTEREST)
201011104	187828	150 E RIVERSIDE DR 78704	13835 SQ OF LOT A CROCKETT MAE ESTATE SUBD NO 2
201011105	187829	300 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR 3.889
201011106	187830	200 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR 3.959
201011107	187831	104 E RIVERSIDE DR 78704	SW 371 SQ FT LOT 2 CROCKETT MAE ESTATE SUBD
201011108	499181	222 E RIVERSIDE DR 78704	LOT 1 RIVERSIDE SQUARE SUBD
201030203	187863	600 E RIVERSIDE DR 78704	LOT A TOWN LAKE SQUARE RESUB LESS .014AC INTO ROW
201030205	187864	400 E RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR 1.0
201030206	187865	512 E RIVERSIDE DR 78704	LOT 1 *LESS SW 11'AV TOWN LAKE SQUARE RESUB
201030207	187995	500 101 E RIVERSIDE DR 78704	UNT 166 BLD M RIVERWALK CONDOMINIUMS AMENDED PLUS .755% INTEREST IN COMMON AREA
202000103	188623	415 BARTON SPRINGS RD 78704	ABS 8 SUR 20 DECKER I ACR .40
202000104	188624	301 W RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR 1.2044
202000107	188625	105 W RIVERSIDE DR 78704	ABS 8 SUR 20 DECKER I ACR 1.0214
202000109	188626	400 S CONGRESS AVE 78704	65 X 79.4 FT AV ABS 8 SUR 20 DECKER I
202000119	188627	505 BARTON SPRINGS RD 78704	LOT 1 TEXAS CENTER
202000120	188628	400 S CONGRESS AVE AUSTIN 78704	ABS 8 SUR 20 DECKER I 123.82X120' & 55X104' AV
202000121	188629	500 S CONGRESS AVE	ABS 8 SUR 20 DECKER I ACR 3.9838

202000122	188630	507 BARTON SPRINGS RD 78704	LOT 2A BLK A TEXAS CENTER AMENDED PLAT OF LOTS 2 & 3
202000123	188631	507 S 1 ST 78704	LOT 3A BLK A TEXAS CENTER AMENDED PLAT OF LOTS 2 & 3 (COMMERCIAL PERSONAL PROPERTY)
202000124	188632	510 S CONGRESS AVE 78745	ABS 8 SUR 20 DECKER I ACR 1.0051
202000202	188633	336 S CONGRESS AVE 78704	LOT 2&3 CROCKETT MAE ESTATE SUBD NO 3 ABS 8 SUR 20 DECKER I ACR .152
202000208	487188	300 S CONGRESS AVE 78704	IMP ONLY LOT 1 CROCKETT MAE ESTATE SUBD NO 3
203000201	190724	200 S CONGRESS AVE AUSTIN	.575 AC LOT 1F SWISHER ADDN
203000202	190725	220 S CONGRESS AVE 78704	.266AC LOT 1F SWISHER ADDN
203000205	190726	300 BARTON SPRINGS RD 78704	LOT 6 T L SUBD NO 1
203000207	190728	312 BARTON SPRINGS RD 78704	70 X 176 FT OF LOTS 2F & 3F SWISHER ADDN
203000209	190730	201 S 1 ST 78704	1.5328 AC OF LOT 3F SWISHER ADDN
203000215	190733	306 BARTON SPRINGS RD 78704	LOT 1 T L SUBD NO 2 & .30 ACR OF LOT 2F SWISHER ADDN
203000217	190735	210 BARTON SPRINGS RD 78704	1.1674AC OF LOT 5A T L SUBD NO 1 RESUB OF LOT 5
203000218	544134	214 BARTON SPRINGS RD 78704	LOT 5B T L SUBD NO 1 RESUB OF LOT 5
203000219	799820	112 BARTON SPRINGS RD 78704	LOT 4 LADY BIRD LAKE WATER FRONT
203000220	799821	BARTON SPRINGS RD 78704	LOT 3 LADY BIRD LAKE WATER FRONT
203000221	799822	208 BARTON SPRINGS RD 78704	LOT 2 LADY BIRD LAKE WATER FRONT
203000222	799823	S 1 ST 78704	LOT 1 LADY BIRD LAKE WATER FRONT
203000223	871152	151 BARTON SPRINGS RD 78704	0.2126AC OF LOT 5A T L SUBD NO 1 RESUB OF LOT 5 (IMPROVEMENT ONLY)
203000223	871146	151 BARTON SPRINGS RD 78704	0.2126AC OF LOT 5A T L SUBD NO 1 RESUB OF LOT 5
203020101	747375	118 E RIVERSIDE DR 78704	LOT 1 & PT OF LOTS 2 & 3 CROCKETT MAE ESTATE SUBD (LEASEHOLD INTEREST) (IMPR ONLY)
203020102	190743	343 S CONGRESS AVE 78704	ABS 8 SUR 20 DECKER I ACR .196
203020103	190744	329 S CONGRESS AVE 78704	85FT AV X 103FT ABS 8 SUR 20 DECKER I (LEASEHOLD INTEREST)
203020104	190745	313 S CONGRESS AVE 78704	.5675 AC OF LOT 4 CROCKETT MAE ESTATE SUBD
203020108	190746	S CONGRESS AVE 78704	S 608 SQ FT OF LOT 3 CROCKETT MAE ESTATE SUBD
203020109	190747	315 S CONGRESS AVE 78704	.2464 AC OF LOT 4 CROCKETT MAE ESTATE SUBD
203020202	190749	305 S CONGRESS AVE 78704	LOT 1 MILLER SUBD & LOT 1 WATERFORD II & LOT 1 BLK A WATERFORD

Exhibit C: South Central Waterfront Vision Framework Plan

Final Plan as Adopted on June 16th, 2016

SOUTH CENTRAL WATERFRONT VISION FRAMEWORK PLAN



June 2016



Austin, Texas

Acknowledgments

City Council

Amended to set the affordable housing goal at 20% and adopted by City Council as an amendment to the Imagine Austin Comprehensive Plan on June 16th, 2016

Steve Adler, Mayor

Ora Houston, District 1 Council Member

Don Zimmerman, District 6 Council Member

Delia Garza, District 2 Council Member

Leslie Pool, District 7 Council Member

Sabino "Pio" Renteria, District 3 Council Member

Ellen Troxclair, District 8 Council Member

Gregorio "Greg" Casar, District 4 Council Member

Kathie Tovo, District 9 Council Member

Ann Kitchen, District 5 Council Member

Sheri Gallo, District 10 Council Member

City Staff:

Marc Ott, City Manager

Sue Edwards, Assistant City Manager

Greg Guernsey, Director, Planning and Zoning Department (PAZ)

Jim Robertson, Urban Design Division Manager (PAZ)

South Central Waterfront (SCW) Project Team

Planning and Zoning Department | Urban Design Division

Alan Holt, AIA, Principal Planner | SCW Project Manager

Lizzy Smith, Senior Planner | SCW Deputy Project Manager

Robert Franco-Tayar, Planner | SCW Project Associate

Technical Advisory Group (TAG)

Austin Transportation Department: Lee Austin, Nathan Wilkes

Austin Water Utility: Kevin Anderson

Capital Planning Office: Susan Daniels

Economic Development: Greg Kiloh (Redevelopment Services), Susan Lambe (AIPP)

Office of Sustainability: Marc Coudert

Parks and Recreation Department: Marty Stump, DAnne Williams

Public Works Department: Kevin Sweat, David Taylor, Nadia Barrera

Watershed Protection Department: Mike Personett, Erin Wood

Other Contributing Departments

Austin Energy

Finance Department

Law Department

Neighborhood Housing and Community Development

Office of Real Estate Services

Stakeholder Outreach Committee (SOC)

Ann Poe, Vice President, Austin American Statesman

Brooke Bailey, past chair WPAB

Cory Walton, Bouldin Creek Neighborhood Association, and former WPAB

David Blackbird, Stream Realty

Frances Ferguson, NeighborWorks America

Jack Burton, representing Crockett family

Jay Webster, associated with Crockett properties

John Rosshirt, member Austin Board of Realtors

Kenna Miller, Texas School for the Deaf

Molly Alexander, Downtown Austin Alliance

Nick Garret, South River City Neighborhood Association

Wendy Price Todd, Travis Heights resident

Consultants

Asakura Robinson, Urban Planning, Design and Landscape Architecture

ECONorthwest, Economics

Project Cost Resources, Cost Estimation

McCann Adams Studio, Urban Design

US Environmental Protection Agency / CMG Landscape Architects, Landscape Architecture

Artist's rendering of the test scenario for the South Central Waterfront

This rendering is a "what if" illustration that imagines how the South Central Waterfront might appear twenty years from now. The rendering begins with a framework of a quality public realm and pedestrian-scaled blocks on the ground, and adds in new development with enough density to provide the incentives for developers to help pay for the public realm and hundreds of units of affordable housing.



Stéphanie Bower | Architectural Illustration

Contents

07 Executive Summary

17 Context

Historic Context

Existing Conditions

Envisioning a Better Way

37 Physical Framework

District-wide Approach

Circulation and Transportation

Open Space

Sustainability

Urban Design and Development

91 Financial Framework

Value of Community Benefits

Funding Toolkit

Financing and Public Return on Investment

Case Study: Portland South Waterfront

107 City Leadership

Implementing the Plan

Next Steps

Appendices in Separate Document



WALLER CREEK

LADY BIRD LAKE

CONGRESS AVENUE

SOUTH FIRST STREET

BARTON SPRINGS ROAD

RIVERSIDE DRIVE

AUDITORIUM SHORES STATION

BARTON SPRINGS ROAD

BOULDIN CREEK



EXECUTIVE SUMMARY

Change is opportunity.

The South Central Waterfront (SCW) is bound for change. In fact, change is rapidly underway. The South Central Waterfront Vision Framework Plan is a roadmap for how the coming change can be guided to create the best possible outcome for all Austinites. The SCW strives to be a model for how a district-wide green infrastructure system paired with quality urban design and an interconnected network of public spaces, streets, lakeside trails and parks can provide a framework for redevelopment. A district approach can also coordinate public and private investments to leverage maximum impact and provide for district-wide value capture to fund affordable housing and other community benefits. A transformed South Central Waterfront District can not only become a great new neighborhood in the central city and a destination in itself, but will serve as an iconic gateway from South Austin into Downtown and the Texas Capitol, and an inspiration for the region.

The South Central Waterfront Initiative builds upon more than three decades of waterfront planning begun by the Town Lake Corridor Study. Since the Initiative was officially launched by City Council in 2013, the effort has engaged hundreds of Austinites and has combined community aspirations with the effort of numerous city departments, stakeholders and citizens. This document establishes a consolidated vision and provides a cohesive set of recommendations to guide public and private investment in the South Central Waterfront over the next two decades. The vision presented in this report is grounded in economic, environmental, and spatial analyses and provides a starting point for mutually beneficial collaboration between the City of Austin and its constituents: residents, property-owners, and developers. More importantly, this document will serve as the beginning of a larger city-led effort to ensure that, as this area evolves, every increment of investment by the city and its partners will contribute to making this a great new district by:

- **Establishing a lively, attractive pedestrian environment;**
- **Expanding open space and creating great public places;**
- **Enhancing connections to and along the waterfront; and**
- **Providing 20% new affordable housing units.**

Context and Background

In 2011, the Waterfront Planning Advisory Board (WPAB) recognized the South Shore Central subdistrict of the Waterfront Overlay Combining District Ordinance and adjacent waterfront properties to the east as facing particular challenges and risks from increasing development pressures. In response, the WPAB supported city staff in a series of grant-funding and partnership efforts to provide consultant assistance and opportunity for public input in order to accomplish preliminary analyses, studies and recommendations on how to best achieve the principles of the 1985 Town Lake Corridor Study. Over the course of 2012-2013, these efforts led to a series of successful public engagement activities, involving hundreds of citizens and producing preliminary studies. Based on these preliminary planning efforts, the WPAB recommended in July 2013 that the City Council formally initiate a small area planning process for this area.

In August of 2013 the City Council passed a resolution to initiate a comprehensive small area planning process for the South Shore Central subdistrict and three adjacent parcels of the Travis Heights subdistrict of the Waterfront Overlay Combining District Ordinance. For simplicity, this 118 acre district was named the South Central Waterfront, and the planning process became known as the South Central Waterfront (SCW) Initiative.

In adopting the SCW resolution, the City Council cited key findings from preliminary studies which warned that zoning ordinances alone were not adequate to guide development in a way to achieve community values that date back to the Town Lake Corridor Study of 1985. These values include: enhanced public access to the shore, expanded open space, and ensuring quality design and the maximization of water quality. More recent public engagement, and the adoption of the Imagine Austin Comprehensive Plan, has expanded the list of community desires to include more affordable housing and sustainable technologies.

The urgent need to establish a coordinated plan was underscored by a 2013 study which projected up to \$1.2 billion of private investment through development projects in the South Central Waterfront over the next twenty years. Under current entitlements and conditions, this development will be fragmented and produce little benefit to the public. It is clear that the City and its partners must act quickly and decisively to anticipate and guide this new development and realize the vision that Austin has for the South Central Waterfront.



The map above indicates properties currently being redeveloped (already underway), Planned Unit Development (PUD) entitled (redevelopment parameters have been decided), and the “tipping point” properties that are the most likely to redevelop over the next 20 years, given market trends.

The Process

In 2013-2014, Planning & Zoning staff conducted a vigorous public participation process and engaged over 600 Austin citizens through various workshops and public events. Staff also consulted with the Waterfront Planning Advisory Board (WPAB) and a SCW Stakeholder Outreach Committee, appointed by the WPAB, which includes representatives from neighborhoods adjacent to the SCW, major property owners in the SCW, and other stakeholders. Based on these efforts, best practices, and previous planning, staff developed and delivered the South Central Waterfront Interim Vision Framework Report to City Council in September of 2014. The 2014 report, which was a milestone towards completing a small area plan, established a vision for how public and private investments can be coordinated to promote positive transformation.

In September 2014, the City Council approved a FY 2015 budget with funds to hire finance, economic development, and urban design consultant services to assist staff with completing a full-fledged small area plan. In the fall of 2014, the City received a competitive award from the Environmental Protection Agency for an additional landscape architecture consultant. Over the course of 2015, staff has

engaged an additional 200 citizens in workshops, the continuation of a public waterfront lecture series, and other outreach activities. Staff and the consultant team have completed these cumulative efforts to conclude the small area plan and deliver the SCW Vision Framework Plan to the Council. The SCW Vision Framework Plan builds upon the 2014 Interim Report.

The 2014 SCW Interim Vision Framework Report outlined a vision to transform the SCW by building an attractive pedestrian environment, expanding open spaces, enhancing connections to and along the waterfront, and building significant affordable housing. Three interdependent requirements, or Frameworks, were highlighted to realize the Vision:

1. **A Physical Framework** for a connected network of green streets, pedestrian connections, and open spaces that make a great public realm.
2. **A Financial Framework** of strategic capital investments, development incentives, and public-private partnerships to fund the Vision.
3. **A Proactive City Leadership Framework** to make investments, establish financial tools, create incentives, leverage city assets, and develop partnerships to implement the Vision and set aside 20% of new housing units as affordable.

The SCW Vision Framework Plan, presented in this document, details the designs, policies, tools and next steps behind these three frameworks in order to implement the Vision.



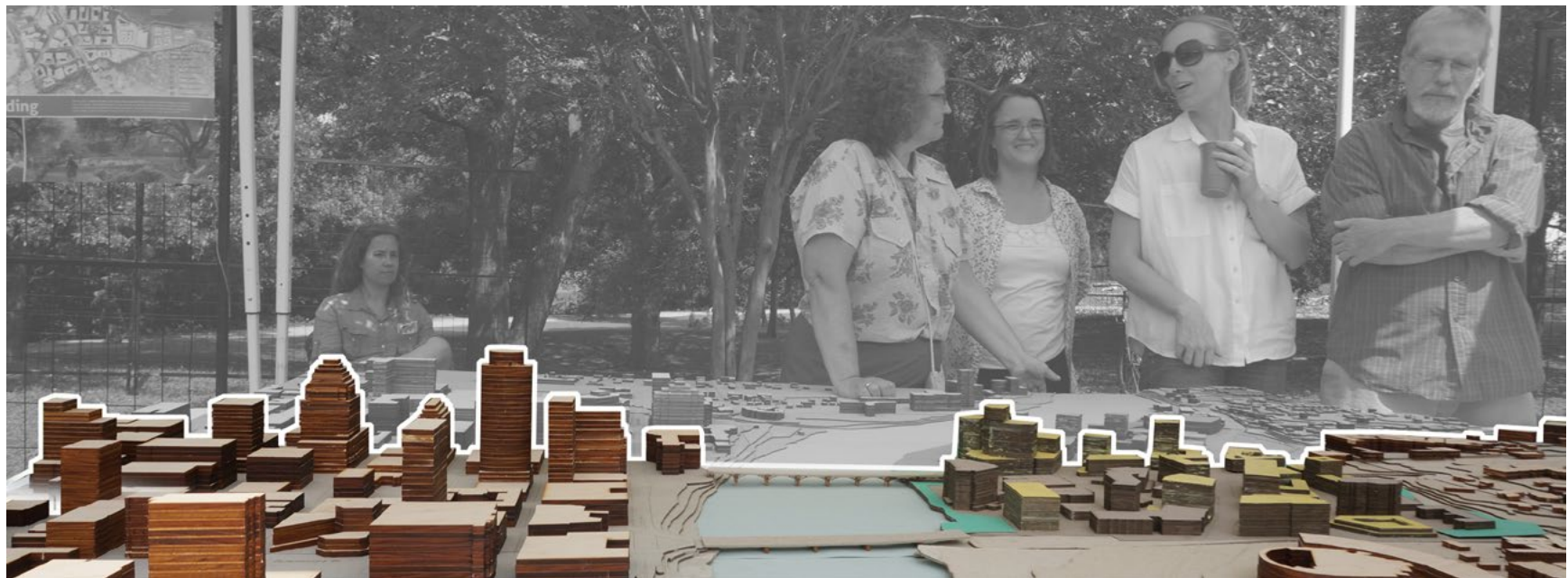
Physical Framework

The SCW physical framework lays the foundation for a district-wide green infrastructure system paired with quality urban design and an interconnected network of public spaces, streets, lakeside trails and parks.

This physical framework is crucial because, as previous studies have observed, zoning and policy alone will produce a parcel-by-parcel approach to redevelopment and preclude this unique opportunity to create a cohesive district.

The key to the physical framework is an integrated approach to adding new streets that work with the existing street grid and property ownership to promote connectivity and walkability as the district redevelops. Existing streets are upgraded to Austin's highest standard for complete streets and retrofitted with green infrastructure and utilities that facilitate more sustainable development.

The elements addressed in the physical framework - circulation and connectivity, open space, sustainability and green infrastructure, and urban design - exist and function simultaneously as an integrated whole. However in this chapter, they are broken down into distinct elements to better explain how each component works, and which public and private entities might lead their respective implementation.





1. Existing open space

Overall, the existing amount of open space along the shoreline in the South Central Waterfront is limited, constricted and mostly disconnected. Once away from the shoreline, green space is almost non-existent in the district.



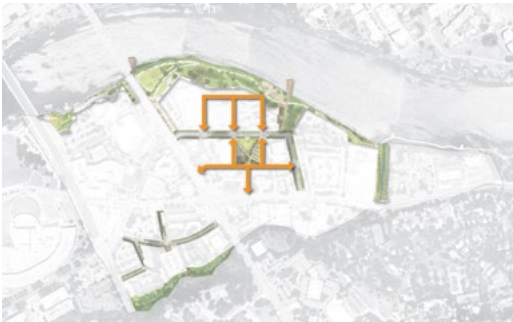
2. New waterfront park and trail connections

Open space along the shoreline is expanded into a waterfront park as future redevelopment occurs. The size of the new open space goes above and beyond the requirements of the Waterfront Overlay District setbacks, and key open space links begin to provide improved connectivity from Riverside Drive to the Waterfront.



3. City-led park and roadway catalysts

New green streets and parks, built in partnership with properties owners and led by the city, create pedestrian links and begin to define the future network of streets and open space. These green streets include spacious landscaped sidewalks with green infrastructure to manage stormwater.



4. Developer-led streets

As properties redevelop, new streets continue to connect the street grid. Over time, the existing superblocks will be broken up into a district of pedestrian-scaled blocks. This plan includes specific design standards to ensure that each street contributes to the district, serves all modes of transportation, prioritizes people, and incorporates green infrastructure and sustainable utilities.



5. City-led improvements to existing roads

The South Central Waterfront includes conceptual designs for how all existing arterials should be upgraded and transformed into complete green streets. Where possible, new protected bike lanes are included, and sidewalks are expanded to include seating, landscaping, and a wider walkway. Green infrastructure is incorporated in the form of street trees, rain gardens, bioswales, and other innovative technologies.



6. Incremental infill development projects

The physical framework provides a network for coordinated redevelopment to occur. Urban design guidelines ensure that additional development complements the waterfront and surrounding neighborhoods, and that new buildings include active ground floor uses and designs that reinforce the public realm.

Financial Framework

The Plan's Financial Framework provides a roadmap for how the impending wave of private investments can be leveraged with incentives, innovative financing tools, and public-private partnerships to realize public realm improvements and affordable housing, as well as provide for the future management and maintenance for the district.

Baseline Buildout

A baseline scenario was created to demonstrate the scope and scale of development that could happen over the next several years without any intervention from the City of Austin beyond planned capital improvements. The baseline determined that there is enough financial incentive under the current rules and regulations and current real estate market for a property to undertake constructing a new building.

The following criteria were used to determine which parcels are likely to redevelop – or “tip” – under current rules, regulations, and market demand:

- The site has significantly less development than what it is entitled, and/or the building value is far less than the value of the land.
- Short and medium term plans identified in conversations with property owners.
- The development adheres to existing zoning, entitlements, and neighborhood compatibility requirements, including those prescribed by the Waterfront Overlay Ordinance.

Theoretical Baseline

For the purpose of this study, a development program was created for each of the tipping parcels that imagines a mix of buildings and uses that comply with existing entitlements as well as market needs. The result is a mix of office, mixed-use buildings, and multi-family residential buildings with ground floor retail known as the theoretical baseline scenario seen below.

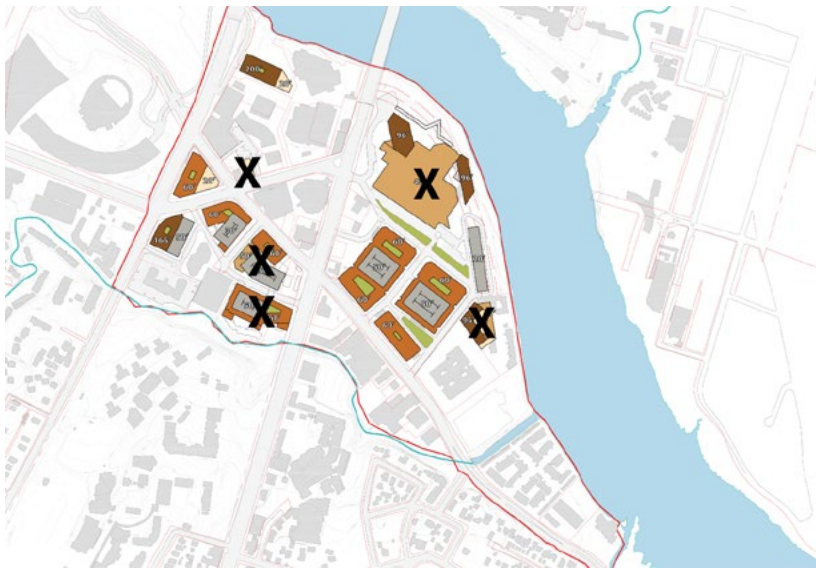


Theoretical Baseline

Illustration showing potential redevelopment of "tipping" properties, applying existing zoning regulations.

Feasible Baseline

When evaluated for economic viability, several of the tipping parcels identified in the theoretical baseline do not provide enough return on investment when built under existing entitlements, and therefore do not redevelop without applying for a variance from current regulations. The result is a reduction in development potential for the district, also known as the feasible baseline scenario seen below.



Feasible Baseline

Market realities and development costs indicate that many "tipping" properties would not redevelop under current regulations.

The feasible baseline reduces private investment from the theoretical \$786 Million to \$458 Million and total square footage of leasable space across the district from the theoretical 5.1 Million to a feasible 4.5 Million at full buildout.

The Test Scenario

After conducting the theoretical and feasible baseline analysis, a final financial model was created, called the Test Scenario. The Test Scenario creates 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. (See Financial Framework chapter for details)

District-wide, the Test Scenario modeled that 8.6 million square feet of mixed uses might be required to fund the community benefits and provide economic incentive for developers to, literally, buy-in to the Vision. The Test Scenario is 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.

		Existing Baseline	Theoretical Baseline	Feasible Baseline	Test Scenario
Office	sf	1,225,332	2,252,274	1,874,631	3,405,306
Retail	sf	128,181	258,145	240,973	422,530
Residential	sf	1,258,637	2,022,892	1,818,637	3,963,392
	units	1,297	2,168	1,956	3,999
Hotel	sf	604,822	604,822	604,822	859,322
	keys	839	839	839	1,264
Total	sf	3,216,972	5,138,133	4,539,063	8,650,550
Parking	spaces	7,465	10,399	8,853	14,393

City Leadership and Next Steps

To realize the SCW Vision, the City will need to be proactive in pursuing partnerships with private owners, developers, agencies, and other private and public entities. The City will need to establish an array of financial and district management tools, and share the risk with private developers by making strategic capital investments. The scope and combination of innovative finance tools and partnerships that are recommended for the South Central Waterfront represent a new level of public private partnership for the City of Austin, based on national best practices, as was detailed in the 2014 SCW Interim Vision Framework Report.

The SCW Vision Framework Plan addresses and defines goals, economics, desired public realm improvements, and the associated costs of funding the public realm, affordable housing, and other community benefits. The next steps toward realizing the plan involves exploring funding options, including, but not limited to: City contributions, increased entitlements to landowners, Tax Increment Funding (TIF), Public Improvement Districts (PID), and transfer of development rights. At the time that private redevelopment begins to take shape, each property will be evaluated separately for entitlement eligibility. Because of the current unknowns of how each community benefit will be funded, and the exact phasing of private development, there will be no increase in entitlements or zoning changes put into place until specific funding mechanisms are identified.

Adopting the South Central Waterfront Vision Framework Plan into the City's Comprehensive Plan – Imagine Austin – is a critical step, though not the final step, to achieving this Vision. Adopting the South Central Waterfront Vision Framework Plan into the Comprehensive plan does not change zoning entitlements or implement the funding tools. By adopting this plan, next steps, which include feasibility studies on specific financial tools, can begin. Each step will require their own approvals, with checks and balances along the way.

Adopting the South Central Waterfront Vision Framework Plan is not the end of a process, but the beginning. The SCW Vision Framework Plan points to the possibility of what we might achieve if we pursue the opportunity to shape the future of this district.



Above:

Renderings of future parks in South Central Waterfront (from top to bottom): Performative Wetland in Crocket Plaza, Congress Avenue Bat Theater from the Great Lawn in the Waterfront Park, Boardwalk Trail overlooking Bouldin Creek.



Artist's rendering of the test scenario for the South Central Waterfront

This rendering is a "what if" illustration that imagines how the South Central Waterfront might appear twenty years from now. The rendering begins with a framework of a quality public realm and pedestrian-scaled blocks on the ground, and adds in new development with enough density to provide the incentives for developers to help pay for the public realm and hundreds of units of affordable housing.

Stephanie Bower | Architectural Illustration



South Central Waterfront in 1952

This aerial image from USGIS shows the site and downtown as it existed in 1952, before the completion of the Longhorn Dam. While Congress Avenue, Barton Springs Drive and the 'bow tie' intersection have already taken shape, the shoreline is in flux and much of the site remains in the floodplain.

Context: People and Place

The South Central Waterfront (SCW) is a 118-acre area that runs along the southern shore of Lady Bird Lake directly across from downtown, and is bisected by Congress Avenue, which runs to the State Capitol one mile to the north. The South Central Waterfront is bounded by South First Street on the west, Blunn Creek to the east, Lady Bird Lake on the north, and East Riverside Drive and East Bouldin Creek on the south. The area falls within portions of the Waterfront Overlay Combining District, including the whole of the South Shore Central sub-district and three adjacent parcels from the Travis Heights sub-district.

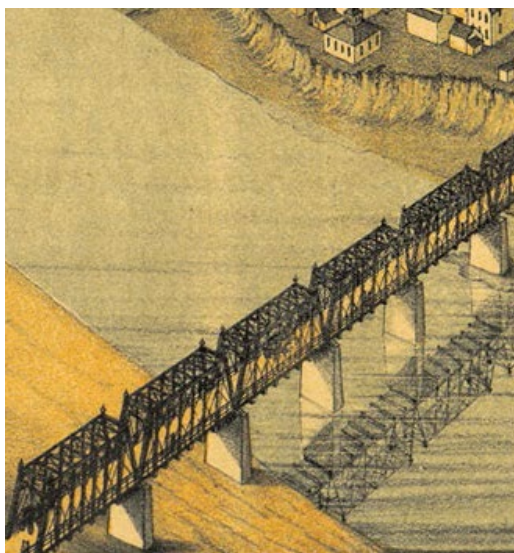
The District is currently structured around an unplanned framework of streets that is an accident of history and a piecemeal development process. Given the pressures for redevelopment, the need for a cohesive vision and plan to guide the future of the district is growing urgent. This situation also presents an historic opportunity to leverage the coming change. With a cohesive district-wide vision, Austin can expect this crucial area to become a cohesive waterfront district and destination with lively streets, beautiful parks and trails along Lady Bird Lake, and a distinct identity that channels Austin's natural environment and vibrant culture of music, arts, and innovation.

The SCW Initiative can become a model for how a district-wide green infrastructure system, paired with quality urban design, can provide an interconnected framework of public spaces – streets, streetscapes, lakeside trails, and parks – that provides the framework for redevelopment and district-wide value capture to fund other community benefits, such as affordable housing. A transformed South Central Waterfront district will not only become a great new neighborhood in the central city and a destination in itself, but will serve as an iconic gateway from South Austin to the downtown and the State Capitol, and an inspiration for the region.



Historic Context

For the first 120 years after Austin's founding, the area now known as the South Central Waterfront was river bottom and floodplain. In contrast to the north shore of Lady Bird Lake, which was meticulously laid out in a grid by Edwin Waller as early as 1839, the south shore remained largely undeveloped and subject to flooding until the construction of the Longhorn Dam in 1960. With the creation of Town Lake, the South Central Waterfront finally had a stable bank and became developable. But unlike the downtown, which had a grid of streets and blocks from the beginning, the SCW had no physical framework to orchestrate development.



1887: First Permanent Bridge

The first permanent bridge across Congress Avenue replaced a series of pontoon bridges. The City of Austin invested \$74,000 to build the granite and iron structure.



1910s: Cattle on the South Shore

Because it was in the floodplain, the land was used for agriculture. Much of this land was purchased around the turn of the century by Moton H. Crockett, the Spinach King of Texas, to grow crops. A new bridge over Congress Avenue, visible in the background, was built in 1910 and still stands today.



1950s: Early Commercial Activity

Early development was limited to a small area of South Congress Avenue which was above the floodplain. Flood-prone areas were restricted to "industrial use," mainly the excavation of sand. These development patterns continued until the completion of the Longhorn Dam in 1960 opened up previous floodplains to development.



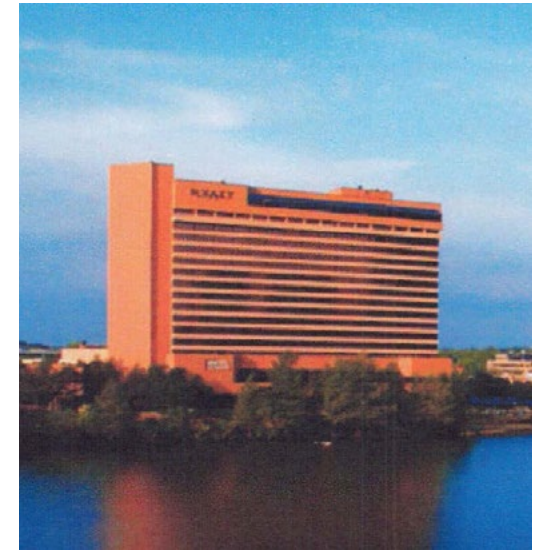
1965: Aerial Looking South

After the completion of the Longhorn Dam and the creation of Town Lake, parking lots began to show up along the shoreline between Congress and South First Street.



1980: Congress Bridge Expansion

The original 1910 concrete bridge was reinforced with concrete cantilevers to expand the roadway and accommodate more travel lanes. The new concrete coffered bridge reinforcement accidentally created the perfect urban bat habitat.



1984: Major Development

With the stabilization of the shoreline and the expansion of the Congress Street bridge, the stage is set for development in the area. The construction of the Hyatt Hotel, in 1984, set off concerns about this and future development along the shore. As a result, the City launched the Town Lake Corridor Study.

Historic Planning Context



1985: Town Lake Corridor Study

Created in 1985 as a response to new development along the lakeshore, the Town Lake Corridor Study was the first initiative to establish benchmark planning and goals to promote harmonious growth along the lakefront while preserving the unique quality of the river corridor. A defining element of the Study was the intent to establish a range of development intensity along the entire length of the corridor that reflected a more urban setting at the center of the corridor transitioning to a more natural setting towards both the Tom Miller Dam and Longhorn Dam and beyond, as the city grows. The Study also recommended developing an innovative, comprehensive land use plan and urban design framework for the central city.

The 1985 Study emphasized that it was not a comprehensive plan, and recommended a follow-up long-range comprehensive planning program for the waterfront. However, this comprehensive planning initiative was never undertaken, and many issues and policy goals identified by the Study still remain a challenge to be addressed.



1986: Waterfront Overlay Combining District Ordinance

The July 1986 Waterfront Overlay Combining District (WOCD) ordinance codified development regulations which were applied to fifteen sub-districts (now sixteen sub-districts) along north and south shorelines between Tom Miller Dam and Longhorn Dam. The WOCD ordinance outlined general provisions, sub-districts, building envelope, development regulations, zoning provisions, and the role of a Waterfront Planning Advisory Board. The WOCD ordinance referenced the goals and policies of the 1985 Town Lake Corridor Study and set its intention "to provide a more harmonious interaction and transition between the urban development and the parkland and shoreline of Town Lake and the Colorado River."

The South Central Waterfront planning area contains the whole of the South Shore Central Sub-district of the WOCD, plus properties within a portion of the Travis Heights Sub-district of the WOCD.

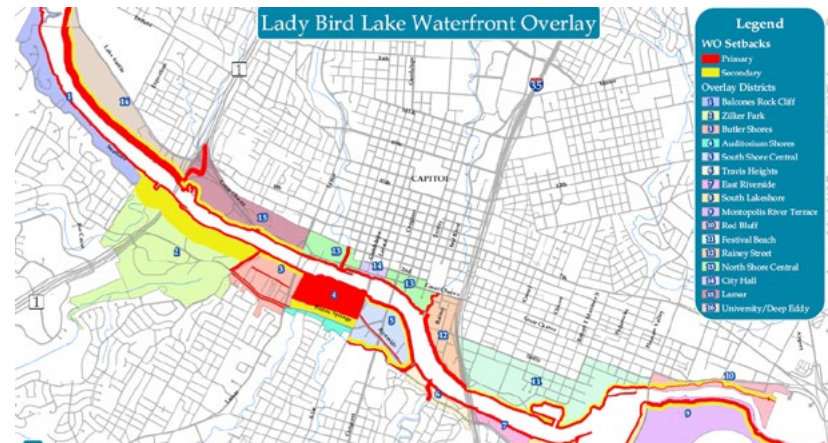


2000: South Shore Central/Travis Heights Development Standards Study

In reaction to a proposed condominium development in the South Shore Central sub-district, the City commissioned the ROMA Design Group to work with a citizen task force to recommend updated development standards for this area. The study area for this report closely overlaps the boundaries of the South Central Waterfront Initiative.

The 2000 South Shore Central/Travis Heights Development Standards Study, which for shorthand was referred to as the ROMA study, identified two principal impediments to orderly redevelopment in the area. The first problem was inadequate existing development regulations. The second was a lack of public infrastructure, specifically a framework of streets around which orderly development could occur.

The ROMA study concluded that orderly redevelopment could only be achieved by designing and building an infrastructure framework (a new grid of streets, open spaces, pedestrian amenities, and better streetscapes) to allow for a rational intensification of development. Under the ROMA plan property owners could earn the right to build to more intensive standards by helping to pay for or build the infrastructure framework. The study's recommendations, however, were never adopted by City Council.



2008: Waterfront Overlay Task Force

In 2008 the City Council appointed a 15 member task force to review the status of the Waterfront Overlay Ordinance and make recommendations on potential updates. The Task Force, made up of members from various City Boards and Commissions, park and trail advocates, representatives from neighborhoods along the waterfront, and developer and business interests. The Task Force Report concluded that key provisions from the original 1985 Waterfront Overlay Ordinance had been eliminated in a 1999 recodification, including: the establishment of the Waterfront Planning Advisory Board; provisions for density bonus provisions; and maximum building heights. The Task Force Report recommended that the Council reinsert provisions to the Waterfront Overlay Ordinance, reinstate the Waterfront Planning Advisory Board, and reinsert the 1985 maximum building heights, which were both accomplished in revisions to the Waterfront Overlay in 2009. The Task Force Report also recommended long-term actions including initiating master planning efforts for each of the sub-districts.

The Waterfront Planning Advisory Board (WPAB) was reinstated in 2009, and its charge included making recommendations on developing new density bonus provisions for the ordinance. The WPAB was very involved with the preliminary planning for the South Shore Central that led to the South Central Waterfront (SCW) Initiative, and the WPAB was closely engaged with the SCW Initiative up until the WPAB was dissolved in June 2015.

Existing Conditions

Built Environment

The built environment - streets, buildings, and other public spaces - of the South Central Waterfront reflects the fragmented nature of the parcels and the piecemeal evolution of the area. Each of these elements contributes to the sense that the South Central Waterfront is primarily a space that people drive through to get between South Congress and Downtown.

At a district scale, the lack of a dense street grid and small blocks discourages pedestrian activity and creates little frontage for retail and other active uses. The layout of the streets and the lack of landmarks makes the area confusing, whether on foot or driving.

At the level of individual streets and buildings, sidewalks are narrow and fronted by wide stretches of surface parking or blank walls. At almost every level, the built environment of the South Central Waterfront has been designed as an area that people drive through between the hours of 9 to 5, rather than a lively neighborhood with shops, homes and offices that feels safe and inviting 24 hours a day.



Street Network

The 118 acres of the South Central Waterfront covers the equivalent of 33 downtown blocks but are only divided into a handful of superblocks. In comparison, Downtown Austin and the adjacent Bouldin Creek and Travis Heights Neighborhoods feature more connected street networks. The lack of a street grid hinders an orderly development of buildings within a patchwork of private parcels.



Design Details

Narrow and cracked sidewalks that offer little shade or comfort, long stretches of asphalt and concrete, and the design of individual buildings and streets give residents and visitors little reason to explore the South Central Waterfront.

Natural Environment

The South Central Waterfront is defined by water, with Lady Bird Lake to the north and Bouldin Creek to the south and Blunn Creek to the east. However, in between these two significant amenities and ecosystems, there is hardly any green space at all.

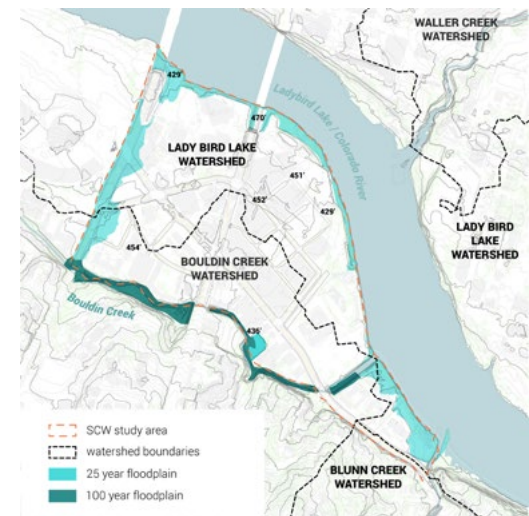
Almost all of the South Central Waterfront is paved, both riparian corridors are severely constricted, and there is very little consideration given to stormwater management. As a result the water quality and habitats around Lady Bird Lake and Bouldin Creek suffer, and the natural beauty of the district remains largely hidden.

The Congress Avenue Bridge is home to one of the largest Mexican free-tail bat colonies in North America. These bats emerge nightly during the summer and draw large crowds of Austinites and visitors.



Impervious Surface

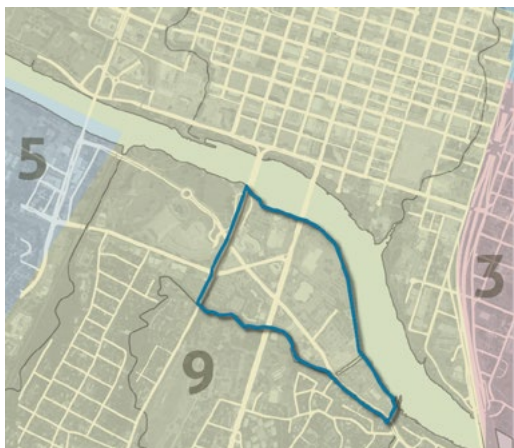
81% of the area is covered by impervious surfaces, with half of that dedicated to parking and roadways (50%). These hard surfaces paired with wide, fast moving streets make the SCW an unfriendly place for people to walk, bike, or take transit. The surface stormwater runoff creates water quality issues for Lady Bird Lake.



Hydrology

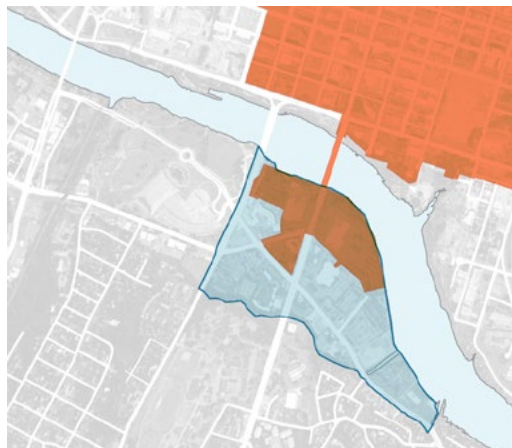
The South Central Waterfront lies between two watersheds: stormwater in the southern portion flows into Bouldin Creek, and stormwater in the northern portion of the study area flows directly into Lady Bird Lake. The construction of the Longhorn Dam in the 1960s protected much of the study area from frequent flooding and initiated the pattern of development that we see today. A small portion of the area, particularly near the Congress Ave bridge, remains in the 100 year floodplain.

Political and Administrative Jurisdictions



Council Districts

The South Central Waterfront lies within District 9, which encompasses a large part of Central Austin. However, the waterfront and the improvements proposed by this plan are an amenity for all of Austin's citizens, particularly the immediately adjacent residents in districts 3 and 5.



Downtown Public Improvement District

A significant portion of the study area is part of the Downtown Public Improvement District. This district was created in 1993 to provide a funding source for the Downtown Austin community's quality of life and the planning and marketing of Downtown. Properties within the district are assessed an additional \$.10 per \$100 assessed value. The district is managed by the Downtown Austin Alliance and is authorized through 2022.



Neighborhood Planning Areas and Plans

The South Central Waterfront straddles two neighborhood planning areas, Bouldin Creek and South River City, both of which contain historic residential neighborhoods.

The SCW Goals include both neighborhoods' desires to create a transportation network that allows residents to walk, bike, and drive safely, to maintain established neighborhood fabric or character, and to protect and enhance natural assets and water resources.

The SCW Plan also seeks to respect both neighborhood's goals for new development. Bouldin Creek Neighborhood Plan seeks to manage growth by encouraging development on major corridors and in existing higher-density nodes, a goal that can be achieved by concentrating redevelopment in the SCW. The SRC Plan seeks to identify and develop criteria for density that result in a net benefit to the neighborhood. In this plan, careful attention has been paid to community benefits and the level of development required to afford improvements.

Development Regulations

Properties in the SCW are subject to a variety of development regulations. Which regulatory provisions apply and how they impact a specific property vary from parcel to parcel. An analysis of how the existing development regulations apply to specific properties is included in the appendix (Appendix V: Scenario Evaluation; Attachment 1: Overview of Existing Entitlements). A brief description of existing regulations is listed below:

Base Zoning

The SCW has the following base zonings:

- CS-1: Commercial-Liquor Sales: Commercial Services District (SC), liquor sales permitted (1)
- CS-1-V-NP: Commercial Services District (SC), liquor sales permitted (1), vertical mixed use permitted (V), and located within an approved Neighborhood Plan (NP)
- LI: Limited Industrial Services: No residential uses permitted
- The CS and LI zones do not currently permit residential uses, including condos and multifamily (the only residential uses allowed are two types of bed and breakfast).

Each of the base zonings set requirements for setbacks, FAR, impervious cover and building height.

PUD: Planned Unit Development

Four properties in the SCW have PUD zoning in place. The properties that currently have PUD agreements in place include:

- One Texas Center, City of Austin
- Hyatt site
- Statesman site (PUD allowed use if specifically for a newspaper operation)
- CWS property at 300 and 222 E. Riverside Drive

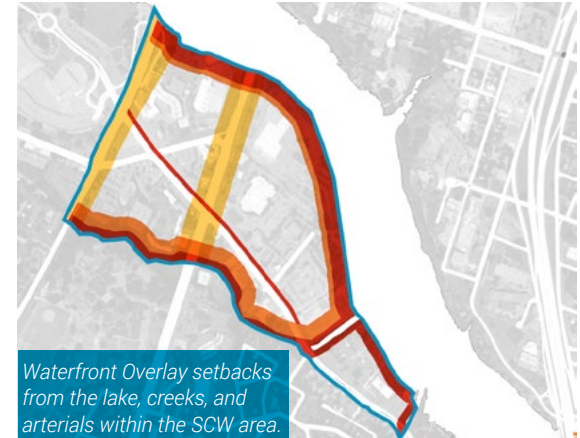
Commercial Design Standards

The SCW is bisected by four arterials which are Core Transit Corridors in the city code and trigger the Design Standards and Mixed Use Ordinance (Subchapter E of the Land Development Code) for adjacent properties.

The Standards require an additional layer of design application, one of which is breaking up large parcels in excess of 10 acres into smaller blocks. The Standards include large block size minimums (up to 600' to a side), which provide a suburban scale block for surface parking instead of an urban scaled block that provides walkability. The Standards also require minimal streetscape improvements for internal blocks, and do not assure that blocks and streets line up across parcels.

Compatibility Standards

Single family homes trigger a Compatibility Standard which projects an angled height limit for 540' from the home. The properties in the SCW that are currently impacted by Compatibility Standards include two parcels at the eastern most end of the district (512 and 600 E. Riverside Drive). A few smaller parcels south of E. Riverside Drive are also impacted by compatibility standards.



Waterfront Overlay Ordinance

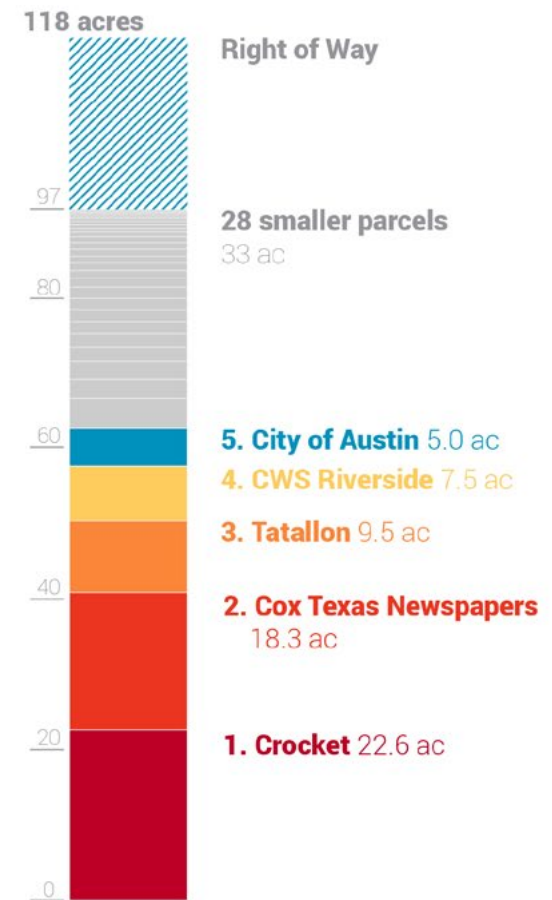
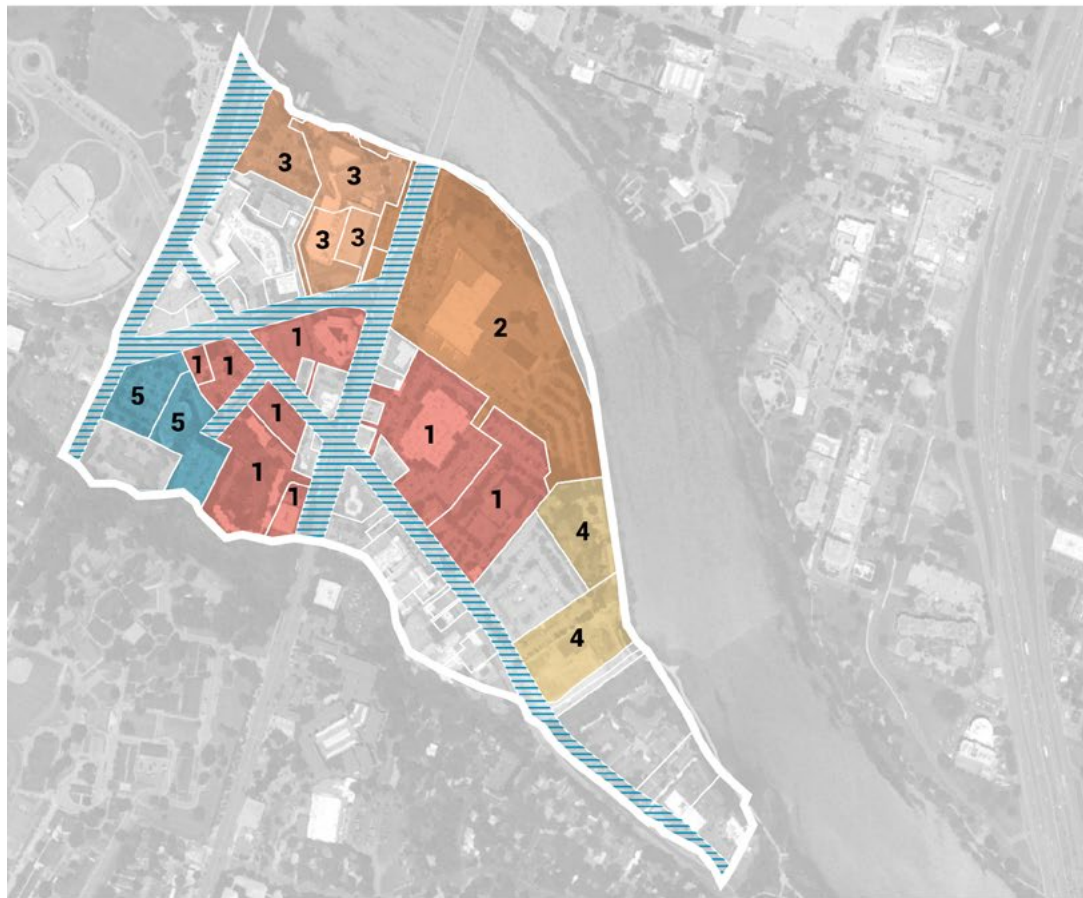
The Waterfront Overlay Combining District (WOCD) Ordinance establishes additional regulatory requirements on top of the existing base zoning with the intention to "provide a more harmonious interaction and transition between urban development and the park land and shoreline of Lady Bird Lake." The WOCD Ordinance divides the lands along the lake, between Tom Miller Dam and Longhorn Dam, into sixteen sub-districts. Each of these have provisions regarding setbacks from the lake, creeks, and some arterials; height limits; impervious cover limits; and other development regulations. The South Central Waterfront area encompasses the whole of the South Shore Central Sub-district and parts of the Travis Heights Sub-district of the WOC D. (see pages 20-21 for history of the WOCD).

The WOCD originally established a Waterfront Planning Advisory Board (WPAB) which was charged with applying the ordinance for reviewing development projects within the WOCD, and for making recommendations to city boards and the City Council regarding waterfront planning in general. The WPAB, which was deeply engaged with the South Central Waterfront Initiative, was dissolved in June 2015. The duties of the WPAB have been assigned to a new Small Area Planning Joint Committee.

A Patchwork of Private Ownership

The SCW is comprised of 31 privately-owned parcels (32 parcels counting the Riverwalk condominium complex, made up of 140 owners, at 500 E. Riverside Drive) and a single city-owned property: the 5 acres of the City's One Texas Center office tower and parking garage at 505 Barton Springs Road.

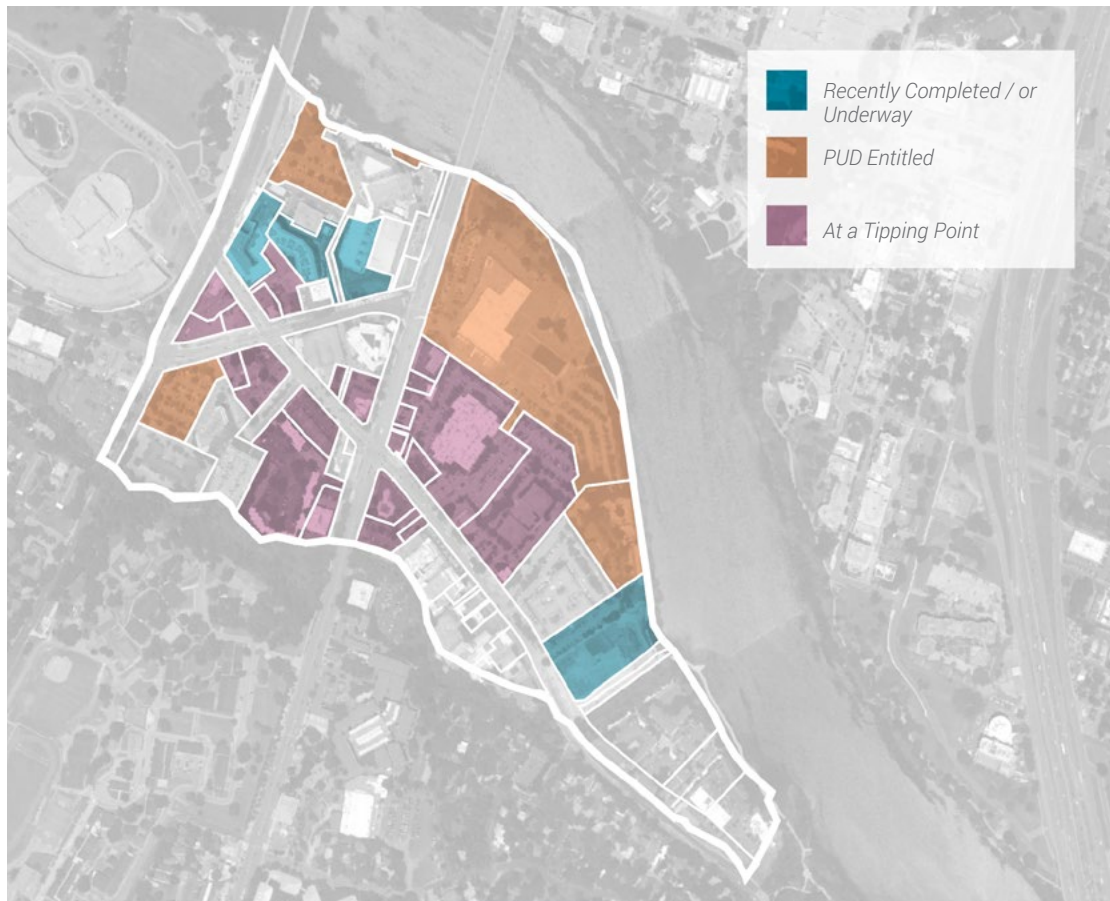
The significant portion of privately owned land, the number of landowners, and the irregular parcel and block shapes present a challenge to the coordinated redevelopment of the South Central Waterfront as a cohesive district. Unlike other recent City initiatives, such as the Seaholm and Mueller redevelopment plans where the City owned most, if not all, of the properties, the City only owns one 5-acre property in the 118 acre SCW.



Reaching an Economic Tipping Point

Given its location in Central Austin, just south of downtown, the South Central Waterfront is experiencing tremendous and increasing market pressures to redevelop. The Sustainable Places Report of 2013 projected hundreds of millions of dollars in private redevelopment and identified properties likely to reach a financial “tipping point” over the next 20 years. The following criteria were used to determine which parcels are likely to redevelop – or “tip” - under current rules, regulations, and market demand:

- The site has significantly less development than what it is entitled, and/or the building value is far less than the value of the land.
- Short and medium term plans for each property were identified in conversations with property owners.
- The development adheres to existing zoning, entitlements, and neighborhood compatibility requirements, including those prescribed by the Waterfront Overlay Ordinance.



Change is Coming

The map to the left illustrates that many properties, representing over 50% of the land area, are at a tipping point and likely to redevelop within the next 20 years.

Baseline Buildout: A Lost Opportunity

Theoretical and Feasible Baseline Buildout

A baseline scenario demonstrates the scope and scale of development that could happen over the next five to seven years without any intervention from the City of Austin beyond planned capital improvements. This means that there is enough financial incentive under the current rules and regulations and current real estate market for a property to undertake constructing a new building.

For the purpose of this study, a development program for each of the tipping parcels was created that imagines a mix of buildings and uses that comply with existing entitlements as well as market needs. The result is a mix of office, mixed-use buildings, and multi-family residential buildings with ground floor retail known as the theoretical baseline scenario seen above right.

However, when evaluated for economic viability, several of the tipping parcels do not provide enough return on investment when built under existing entitlements, and therefore do not redevelop in the next five to seven years without applying for a variance from current regulations. The result is a reduction in development potential for the district, also known as the feasible baseline scenario, seen below right.

The feasible baseline reduces private investment from the theoretical \$786 Million to \$458 Million and total square footage of leasable space from the theoretical 5.1 Million to a feasible 4.5 Million at full buildout.

Of course, owners of properties that cannot feasibly redevelop under current regulations may likely seek zoning changes through one-off Planned Unit Development (PUD) applications. Without an overarching plan for the district, further PUD development is not likely to contribute to a cohesive network of green spaces, and does not guarantee any affordable housing.



Baseline and Feasible Baseline

While the top image represents the development potential under existing entitlements, the bottom shows that a number of parcels would be financially unable to redevelop.

Minimal Public Benefits with Current Regulation

Current policy and regulatory strategies alone will do little to remedy the underlying causes that make the South Central Waterfront a fragmented and uninviting district. The graphic below presents a breakdown of what new development may bring to the area under current regulations in terms of expanding the public realm of open space and streets.

Under current regulations and market trends, the area will see a substantial buildout - from .9 FAR to 1.6 FAR, but a process of one-off negotiations and PUD applications will result in a scattered development pattern and realize few of the potential community benefits.

Any increase in open space will likely be fragmented and too small to be used for parkland or recreation. Public access to the waterfront will continue to be constrained to a narrow trail and be difficult to access from Congress Avenue and Riverside Drive.

Some developments may contribute to the district's identity and activate the street with shops or restaurants, but these will likely be too far apart to create the feel of a destination.

Finally, and perhaps most importantly, there will be no guaranteed affordable housing, whether the new development is commercial or residential.



Envisioning a Better Way

Preliminary Planning

After undertaking studies with staff support in 2011, the Waterfront Planning Advisory Board (WPAB) identified the particular challenges and unique opportunities heading for the South Central Waterfront. In response, the WPAB supported staff in a series of grant applications and partnership opportunities to support analysis, studies, and community engagement in order to envision a better way.



2012: Sustainable Design Assessment Team (SDAT)

Austin received a competitive award from the American Institute of Architects as part of their SDAT program. Austin hosted a team of national sustainable design experts who worked with over 200 citizens, City staff and officials, and other stakeholders during three days in June 2012.

The final SDAT Report in 2012 cautioned that “A Code is not a Vision” and warned that the provisions of the Waterfront Overlay ordinance would not, in isolation, lead to orderly redevelopment. Like the 2000 South Shore Central Study (see p. 21), the report underscored that a physical framework of open spaces, streets, and pedestrian connections was required. The SDAT went further, though, and proposed that this framework be designed as a green infrastructure network which integrates the natural and built environments to raise the environmental quality and beauty of a place. The SDAT also recommended that a target of 15% of new housing units should be affordable and that these units should be distributed throughout the district.



2013: Sustainable Places Project and UT Urban Futures Lab

During 2012-2013, the City of Austin participated as a regional partner in the Sustainable Places Project (SPP), funded by a grant from the U.S. Department of Housing and Urban Development. Using Envision Tomorrow Plus, a computer-based analytic tool, the SPP assessed and compared the financial, environmental, and social impacts of three potential redevelopment scenarios. The first scenario followed the current trend and existing regulations; the second was based on the 2012 SDAT Study; and the third followed the UT Urban Futures Lab.

The Texas Urban Futures Lab (TxUFL) is an applied research initiative of the Graduate Program in Urban Design at the UT School of Architecture. For spring semester, 2013, TxUFL created a redevelopment scenario for the South Central Waterfront area. Like the SDAT, the TxUFL emphasized a green infrastructure network of streets and open spaces, and valued the inclusion of affordable housing development.

City Council Resolution and the South Central Waterfront Initiative

Based on the preliminary planning that was accomplished through the SDAT and UT/SPP efforts, and acting on recommendations from the Waterfront Planning Advisory Committee, the Austin City Council passed a resolution in August 2013 to launch the official planning initiative.



2014 Interim Draft Vision Framework Report

The 2014 Draft Vision Framework Report developed goals for the SCW Initiative that included:

- 1) *Establish a lively, attractive pedestrian environment*
- 2) *Expand open space and create great public spaces*
- 3) *Enhance connections to and along the waterfront*
- 4) *Ensure that 10 to 20% of new housing units are affordable*

In 2014, Staff delivered the SCW Interim Vision Framework Report to Council. The Interim Report incorporated input from hundreds of Austinites, national best practices, and previous studies. The 2014 Report established three interdependent requirements to realize the goals:

- 1) **A Physical Framework** for a connected network of green streets, pedestrian connections, and open spaces
- 2) **A Financial Framework** of strategic capital investments, development incentives, and public-private partnerships
- 3) **Proactive City Leadership** to make investments, create incentives, leverage city assets, and develop partnerships

The 2014 Interim Vision Framework Report is the foundation for the creation of this plan: The 2016 SCW Vision Framework Plan.



2015 US EPA "Greening America's Capitals"

In 2014 the City won a competitive award to receive technical assistance through the US Environmental Protection Agency's "Greening of America's Capitals" program. Through this award, the EPA hired CMG Landscape Architecture to assist Austin with developing portions of the SCW Vision Framework Plan.

Over the course of several months in 2015, the City and CMG undertook a participatory design process, including extensive public charrettes and focus groups with key stakeholders, to develop conceptual designs for five key sites:

- 1) *The South Congress Avenue streetscape and bridge*
- 2) *A waterfront park adjacent to the Austin Statesman*
- 3) *A linear park and green Street*
- 4) *The streetscape along Barton Springs Road*
- 5) *Bouldin Creek, between South Congress and South First*

Community Engagement

Throughout this process, the City of Austin conducted a robust community engagement effort to inform and receive input from residents, property owners, advocacy groups, staff and other stakeholders. The process included a diverse array of events including presentations from local and national experts, walking tours of the South Central Workshop, and intensive design and planning charrettes spanning multiple days. Fliers for many of these events can be found in Appendix VII.



Waterfront TALKabouts

Public lectures and panel discussions featured local and national experts on best practices for waterfront development.



Waterfront WALKabouts

Guided walking tours of the district gave the public chances to explore and discover the challenges and opportunities in the South Central Waterfront first hand.



Vision + Design Intensives

Multi-day events included meetings and workshops for neighbors, property owners, city staff and other stakeholders to interact with teams of designers, planners, economists, and artists.

DATE	ATTENDANCE	EVENT
February 27, 2012	75	Waterfront Talk with SDAT leader Harris Steinberg
June 4, 2012	80	SDAT Roundtables
June 4, 2012	125	SDAT Kickoff
June 6, 2012	170	SDAT Final Presentation
May 13, 2013	155	Sustainable Places Project Presentation
January 11, 2014	174	WALKabout #1
January 21, 2014	116	TALKabout #1
February 12, 2014	73	TALKabout #2
March 24, 2014	78	TALKabout #3
April 5, 2014	55	WALKabout #2
April 25 - 28, 2014	170	Vision + Design Intensive
May 6, 2015	130	TALKabout #4
July 8, 2015	105	TALKabout #5
August 29, 2015	16	Artists Walkshop #1
September 1-3, 2015	125	EPA Vision + Design Intensive
September 24, 2015	15	Artists Walkshop #2
October 18, 2015	12	Artists Walkshop #3
May 1, 2016	120	Open Air Open House
May 23, 2016	30	TALKabout #6

Clockwise from top right: 1) Waterfront WALKabouts makes the challenges and opportunities come to life 2) Artist-led WALKshops created the People's Guide to the Waterfront 3) Many public forums solicited community hopes and dreams for the waterfront 4) Open houses open up discussions 5) Fun, family friendly activities help make open houses welcoming for everyone 6) design forums provided opportunity for property owners, neighbors, and design professionals to explore ideas in real time



Engaging the Waterfront Planning Advisory Board, and the Stakeholder Outreach Committee.

From the beginning of preliminary planning in 2012, Staff worked closely with the WPAB. In January 2014, the WPAB appointed a SCW Stakeholder Outreach Committee (SOC) to assist with community engagement. The SOC included representatives from the WPAB, neighborhood leaders, property owners, affordable housing leaders, and other stakeholders. When the WPAB was dissolved in June of 2015, Staff continued working with the SOC to provide continuity and continued assistance with community engagement. The SOC members listed in the Acknowledgements section represent the membership as last appointed by the WPAB and individuals who remained active over the final year of the SCW initiative.

Top: University of Texas architecture and planning students built a scale model of Central Austin to put the SCW designs in perspective. Members of the public discussed this model at a South Central Waterfront Open House.

Bottom: The community weighs in on design options at a design forum



Community Values and Imagine Austin

Foundational planning for the waterfront, dating back to the 1985 Town Lake Corridor Study, emphasized the importance of expanding public access to the waterfront, protecting water quality, increasing open space, and promoting a lively pedestrian-oriented mix of uses. Recent community engagement since 2012 and throughout the South Central Waterfront Initiative underscores these long-held community aspirations and expands on them. Recent engagement also emphasizes the need to address affordable housing opportunities, take advantage of green infrastructure technologies, and promote the triple-bottom line of environmental, financial, and social sustainability.

The 2014 SCW Interim Vision Framework Report organized community aspirations gathered through the engagement process. These community values strongly align with Imagine Austin – the city’s comprehensive plan – core principles for action. And to make the Imagine Austin core principles place-specific, within a actionable plan to realizing these aspirations and principles, the SCW Vision Framework identified three interdependent “frameworks” that will be required to direct a successful transformation of the district. The table below shows this relationship:

	PHYSICAL FRAMEWORK	FINANCIAL FRAMEWORK	PROACTIVE CITY LEADERSHIP
SCW FRAMEWORKS	Build a districtwide network of green streets, pedestrian connections, and open spaces that make a great public realm welcoming to all.	Leverage districtwide value capture, coordinated public and private investments, and create development incentives to fund the public realm and target that 20% of the new housing units are affordable.	Make city investments, establish financial tools, leverage city assets, and develop partnerships to build the Vision and realize 20% of new housing units as affordable
IMAGINE AUSTIN CORE PRINCIPLES	● Grow as a compact, connected city ● Integrate nature into the city ● Sustainably manage water, energy and other environmental resources	● Provide paths to prosperity for all ● Develop as an affordable and healthy community	● Think creatively and work together

The SCW Vision Framework Plan is organized into these three framework. The pages which follow provide details for how each of these frameworks function.



WALLER CREEK

LADY BIRD LAKE

CONGRESS AVENUE

SOUTH FIRST STREET

BARTON SPRINGS ROAD

RIVERSIDE DRIVE

AUDITORIUM SHORES STATION

BOULDIN CREEK

BARTON SPRINGS ROAD



Physical Framework

The first element of a district-wide Vision for the South Central Waterfront is a physical framework that provides a connecting network of streets, pedestrian access ways, open spaces, and green infrastructure. This physical framework is crucial because, as previous studies have observed, a zoning and policy solution alone will produce a parcel-by-parcel approach to redevelopment and preclude this unique opportunity to create a cohesive district.

The physical framework is an integrated approach to adding new streets that work with the existing street grid and property ownership to promote connectivity and walkability throughout the district. Existing streets are redesigned to the City of Austin's highest standard for complete streets and retrofitted with green infrastructure and utilities that will facilitate more sustainable development. Finally, recommendations are made for urban design standards that build on the new street grid to encourage the creation of a distinct design identity for the district.

The elements addressed in the physical framework - circulation and connectivity, open space, sustainability and green infrastructure, and urban design - exist and function simultaneously as an integrated whole. However in this chapter, they are broken down into distinct elements to better explain how each component works and which public and private entities might lead their respective implementation.

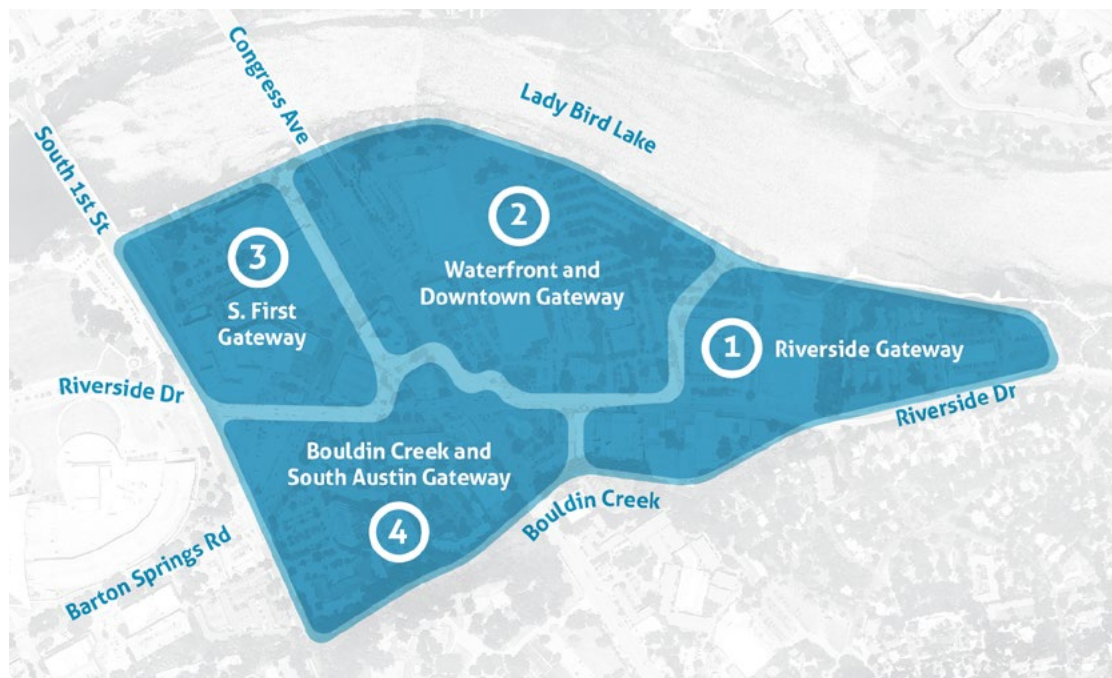
A DISTRICT-WIDE APPROACH

Focusing on strategies that address Community Values in a balanced approach across the full SCW district requires a place-specific design approach. Most of the Community Values for the SCW have a direct relationship to the physical design and redevelopment of the SCW. If successful, the community will be able to see and experience the realization of these values in tangible ways through the design of streets, open spaces and buildings.

Collectively, the values illustrated in the design and arrangement of the physical environment are part of the Physical Framework for the SCW.

Likewise, the collective private redevelopment investments in the SCW can be considered a district-wide value to be harnessed, in tandem with public investments, as part of a district-wide Financial Framework to support the SCW vision.

Each part of the district has a complementary role to play...



1. Riverside Gateway

The easternmost part of the study area is the main gateway from several neighborhoods and I-35. Redesigned roadway, sidewalk and crosswalks will increase access and safety.

2. Waterfront and Downtown Gateway

The imminent redevelopment of large properties makes this area a prime opportunity to create a Waterfront Park and a new district at the entrance to Downtown Austin.

3. South First Gateway

Infill development provides opportunities to strategically create smaller open spaces, strengthen the waterfront trail, and upgrade existing streetscapes.

4. Bouldin Creek and South Austin Gateway

Coordinated redevelopment of large parcels and the City-owned One Texas Center breaks up a superblock, provides permanent affordable housing, create a natural buffer around Bouldin Creek, and creates a gateway to South Austin.



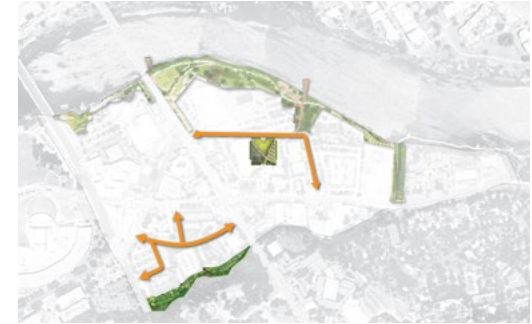
1. Existing open space

Overall, the existing amount of open space along and to the shoreline in the South Central Waterfront is limited, often constricted and mostly disconnected. Once away from the shoreline, green space is almost non-existent in the South Central Waterfront.



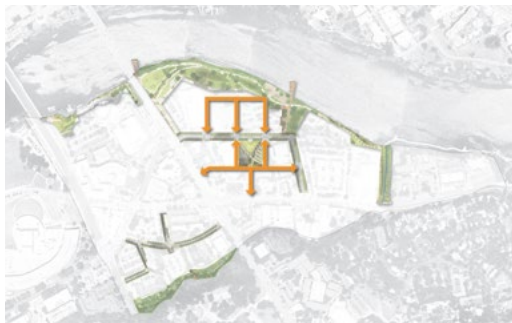
2. New waterfront park and trail connections

Open space along the shoreline is expanded into a Waterfront Park as future redevelopment occurs. The size of the new open space goes above and beyond the requirements of the Waterfront Overlay Setback rules, and key links open space will begin to provide improved connectivity from Riverside Drive to the Waterfront



3. City-led park and roadway catalysts

New green streets and parks built with city leadership, in partnership with property owners, will create pedestrian links and begin to define the future network of streets and open space. These green streets include spacious landscaped sidewalks with green infrastructure to manage stormwater.



4. Developer-led streets

As properties redevelop, the city will coordinate the addition of new streets. Over time, the existing superblocks will be broken up into a district of pedestrian-scaled blocks. This plan includes specific design standards to ensure that each street contributes to the district, serves all modes of transportation, prioritizes people, and incorporates green infrastructure and sustainable utilities.



5. City-led improvements to existing roads

The South Central Waterfront includes conceptual designs for how all of the existing arterials should be upgraded and transformed into complete greet streets. Where possible, new protected bike lanes are included, and sidewalks are expanded to include seating, landscaping, and a wider walkway. Green infrastructure is incorporated in the form of street trees, rain gardens, bioswales, and other innovative technologies.



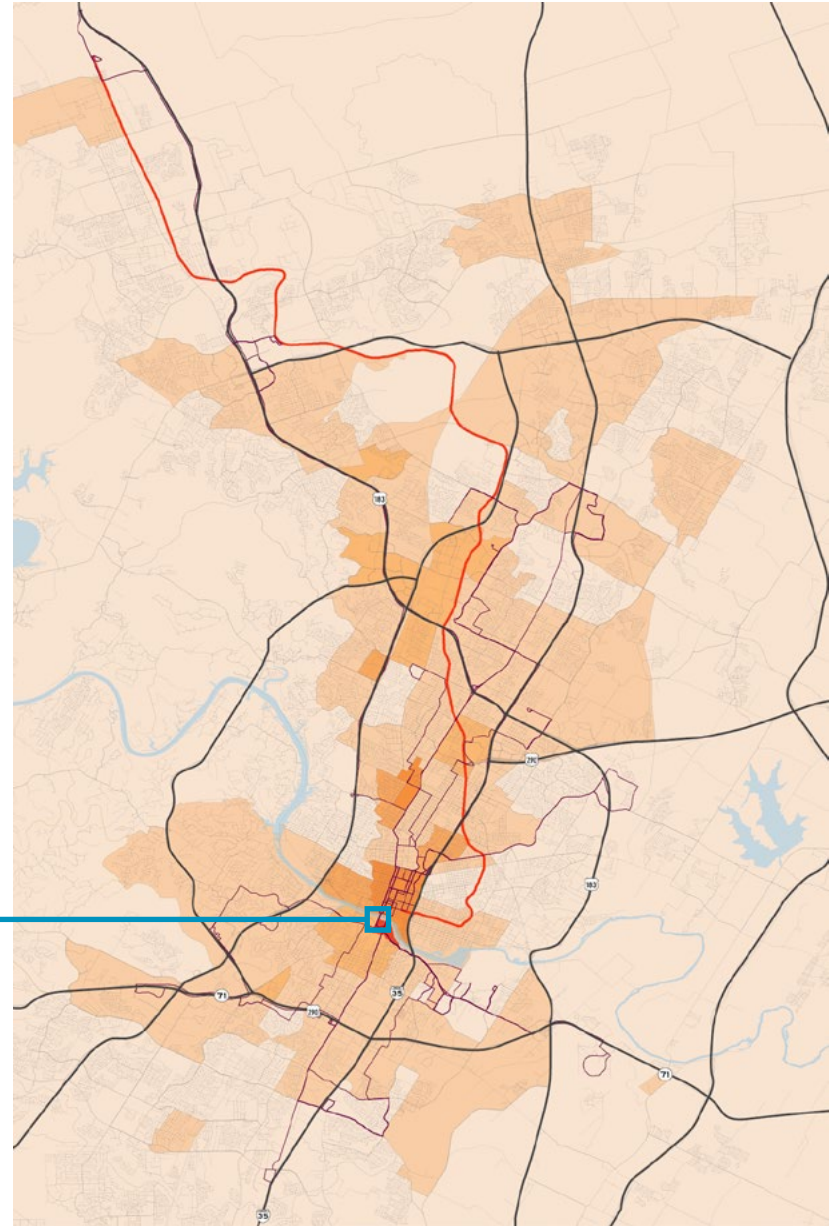
6. Incremental infill development projects

The physical framework provides a network for coordinated redevelopment to occur. Urban design guidelines will ensure that additional development is compatible with the waterfront and surrounding neighborhoods, and that new buildings include active ground floor uses and designs that reinforce the public realm.

CIRCULATION + TRANSPORTATION

Transportation in Austin has become increasingly complex as the city experiences incredible growth. New developments that respond to the demand of this growth present an opportunity to play an influential role in how people move through the city by tying into the regional transportation system, designing streets that encourage active modes of transportation, and reinforcing innovative methods for achieving modal split for people's everyday trips. The South Central Waterfront redevelopment will benefit from its proximity to jobs and destinations that can promote walking, biking, transit use, in addition to abundant accommodations for automobile use. This section breaks down how design standards, important connections and programmatic tools will ensure that the development is integrated into the transportation network, while planning for future growth and innovation in how we move through the city.

This map shows the South Central Waterfront in the context of Austin's transportation network and distribution of employment centers. The purple lines indicate bus routes that pass through the study area, the red line indicates light rail, and the shaded areas indicate job density throughout the city.



Compact Community

"A compact community is one in which housing, services, retail, jobs, entertainment, health care, schools, parks, and other daily needs are within a convenient walk or bicycle ride of one another. A compact community is supported by a complete transportation system, encourages healthier lifestyles and community interaction, and allows for more efficient delivery of public services."

- Imagine Austin Comprehensive Plan

Access to Jobs

One of the advantages of this district and its potential to change travel behavior is its proximity to downtown and access to jobs. According to a 2015 report by the think-tank City Observatory, *Surging City Center Job Growth*, Austin has the highest concentration of jobs in the urban core compared to other U.S. cities, where 29% of its jobs are located. Other comparable cities include Rochester at 28%, San Francisco at 26%, and New York City at 23%. This is a shift from historic trends of peripheral growth and decentralization of jobs.

The addition of office space in the South Central Waterfront, just south of downtown, will increase the number of jobs in the urban core that are easily served by transit. Residents of the South Central Waterfront development will be within a desirable proximity to one of the major job centers in the city, just one mile from the Texas

Capitol and everything in between – that's a twenty-minute walk and less than ten-minute bike ride.

Urban Rail

A promenade on the east edge of the SCW Vision's Physical Framework is wide enough to accommodate potential infrastructure expansion projects, including a pontoon bridge that connects Waller Creek to the site across Lady Bird Lake, or the extension of urban rail from Trinity Street. Maintaining this public realm promotes future projects that can further connect north and south of the river.



Street Classification

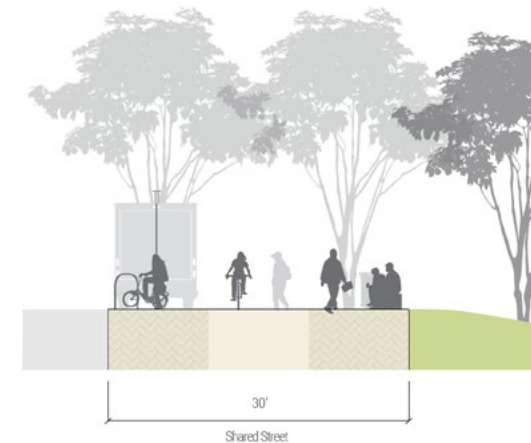
The street classifications exhibit a hierarchy of types that reflect the capacity and planned use of roadways: arterials, collectors, local, and shared streets.

Arterials are high-capacity urban roadways that deliver traffic to and from collectors and freeways. In the study area, these are also classified as core transit corridors, which are designed to prioritize transit use, both in the flow of transit vehicles and service to transit-oriented streetscapes. Collectors move traffic between arterials and local streets, while also serving adjacent properties. The primary purpose of local streets are to serve the adjacent land uses along the corridors. Shared streets are very low speed, where automobile and active transportation modes (walking, biking, etc.) share the same right-of-way. Automobile traffic may be excluded at certain times on shared streets, or may be exclusively for emergency and service access only. Detailed cross sections for each of the streets in the SCW District can be found in Appendix I.



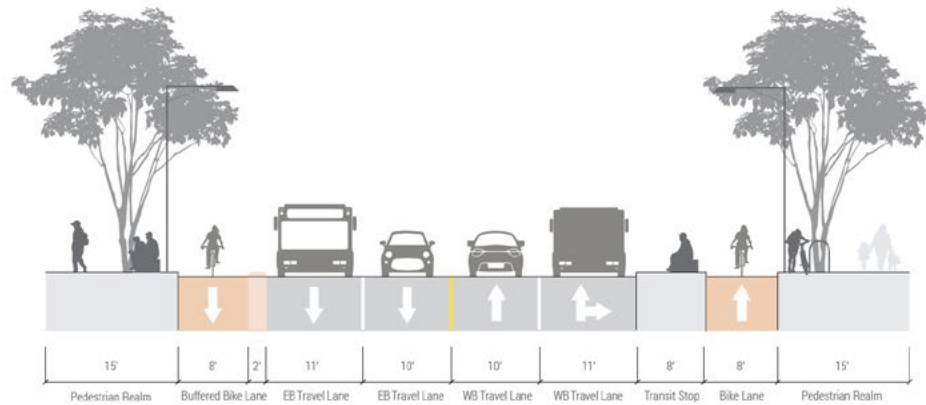
Shared Streets

A shared street is proposed on the north side of the development, running parallel to Lady Bird Lake. A shared street is a very low-speed corridor where all modes share the same right-of-way. Pedestrian and bicycle activity should be prioritized, where automobile access is limited to emergency and service vehicles.



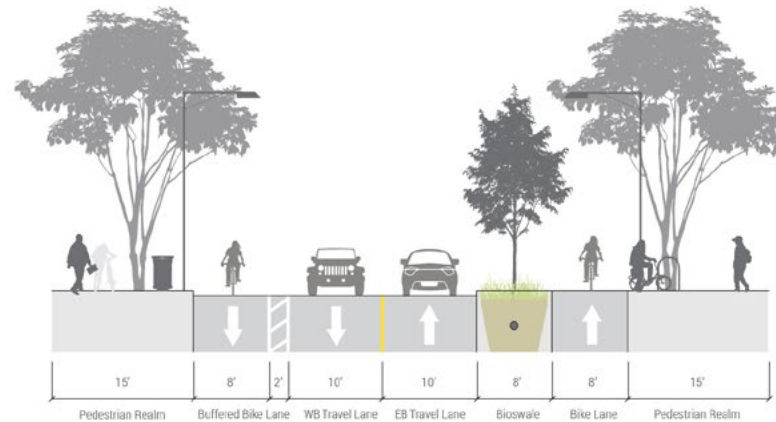
Core Transit

Core transit corridors have densities that encourage transit use. Street design should emphasize comfortable walkways with a strong relationship between the pedestrian realm and adjacent buildings.



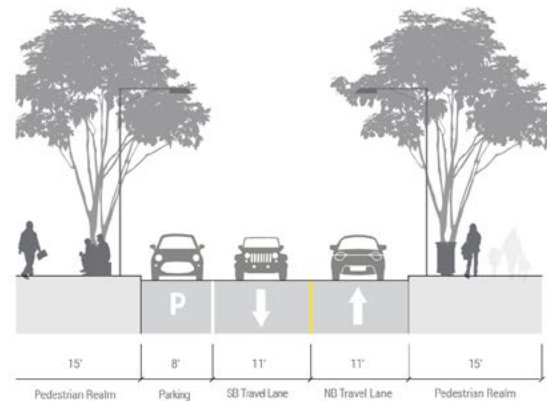
Collectors

Collectors are low to moderate-capacity roadways that move traffic from local streets or arterials. They are typically wider and more active than local streets, and therefore, should adequately move automobile, bicycle and pedestrian traffic.



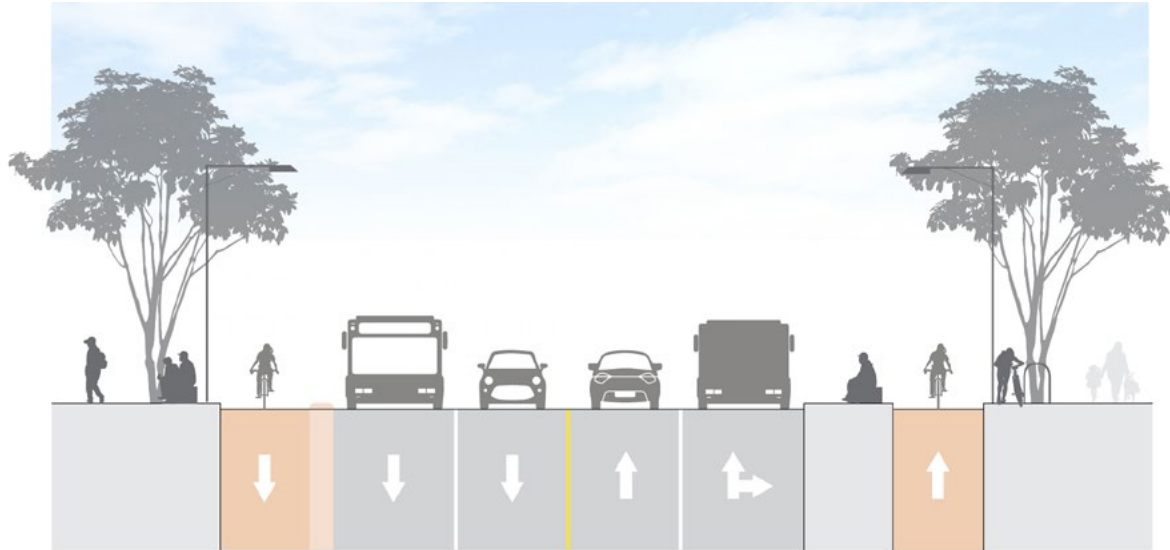
Local Streets

Local streets provide access to adjacent properties and to the connecting collector roadway network. These streets are low speed and low capacity.



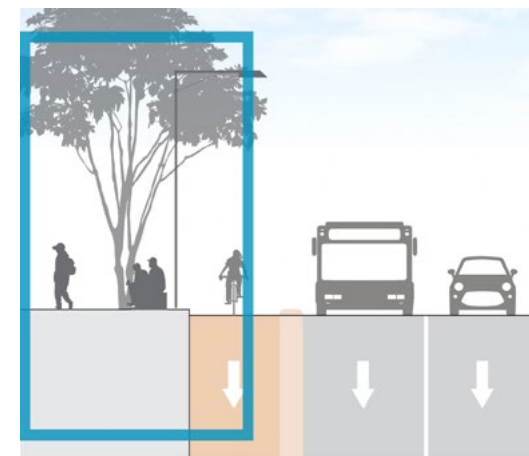
Transportation Hierarchy

In line with the City of Austin's Complete Streets policy, street design for each roadway considers context-sensitive approaches to serving all users and modes. Working closely with Austin Transportation Department, the roadway configurations ensure appropriate performance measures, such as safety for pedestrian and bicycle infrastructure and handling high capacity demands of major arterials.



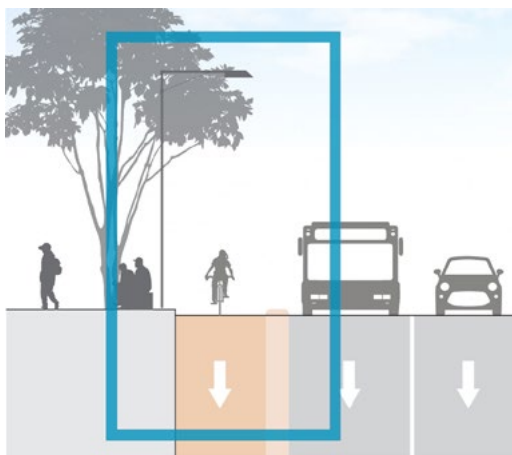
Complete Streets

The transportation network established for the South Central Waterfront takes a complete streets approach, per the policy adopted by City Council in June 2014 and the vision established in the Imagine Austin Comprehensive Plan to “invest in a compact and connected” city. Complete Streets is an initiative within the Austin Transportation Department that ensures that roadways serve all users and modes of transportation regardless of their age, ability or mode choice. Roadways are public spaces that serve people walking, biking, driving, or taking transit. The balanced accommodations for all modes through this transportation framework is supportive of this effort for complete streets.



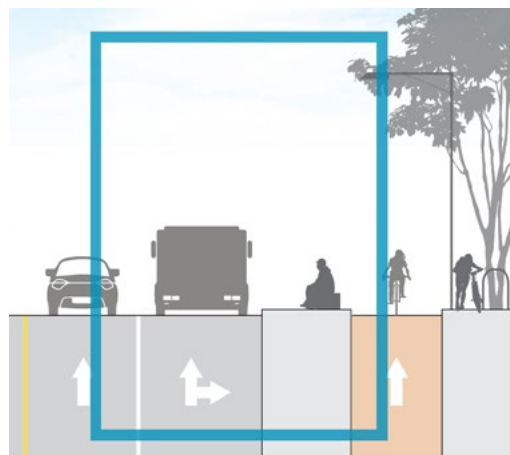
Pedestrian Realm

South Central Waterfront is designed to be an active environment, where the pedestrian activity extends into the district from the Amy and Roy Butler Hike and Bike Trail and the surrounding urban context. Regardless of how one arrives at the district, the design of the public realm is intended to encourage people to walk between destinations and enjoy the surrounding environment, which offers a harmonious blend of natural and urban landscapes.



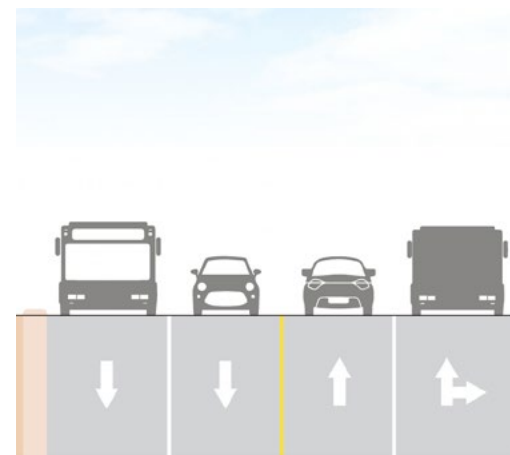
Bicycle Facilities

The approach to planning bicycle facilities in the South Central Waterfront addresses one of the core objectives from the 2014 Austin Bicycle Master Plan: to create an all ages and abilities bicycle network that addresses the concerns of those who are interested in biking, but are concerned about safety. Investment in safer design standards for bicycle facilities is intended to capture a greater portion of short trips that are made.



Transit

In January 2014, Capital Metro launched its MetroRapid service with greater frequencies and improved technologies to move through move green traffic lights, and transit priority lanes in several areas through central Austin. Riverside Drive serves multiple express routes, and other routes may experience improvements as Capital Metro implements its Connections 2025 study.



Automobile

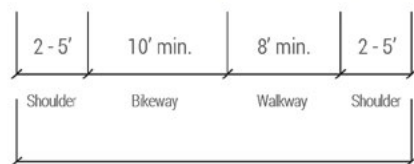
The addition of new roadways — including an extension of Barton Springs Road — and improvement of existing roadways will improve the street network. New development will include consolidated parking to prevent unnecessary circulation throughout the district.

Trails

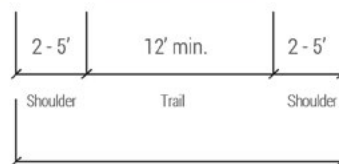
Trails are one of the most important points of waterfront access along the Waterfront. The South Central Waterfront Vision will bring existing trails up to current city standards, provide additional connectivity along the waterfront, and create additional connections to the adjacent neighborhoods.



Trails and Bike Facilities



Dual Track: 22' minimum



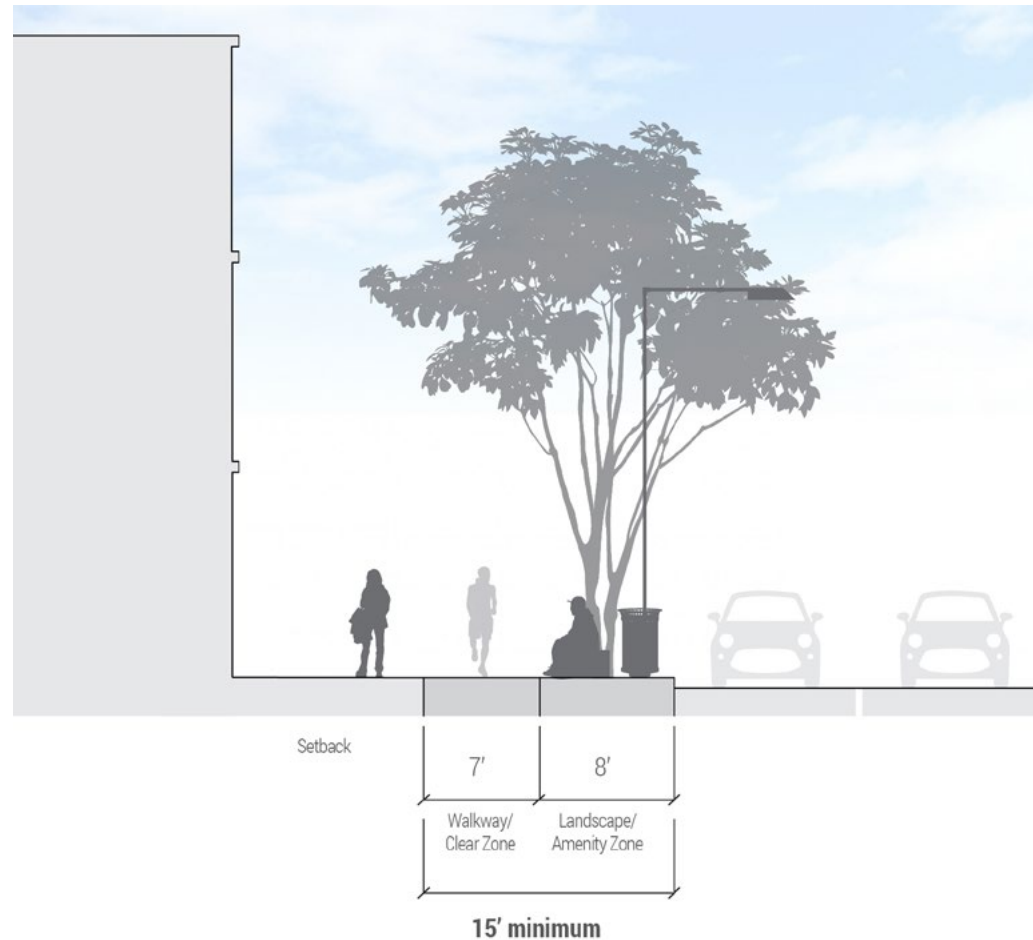
Trail: 16' minimum

Trail Design Standards

In accordance with the City of Austin Urban Trails Master Plan, trails should be a minimum of 12-feet wide (with 2 to 5-foot shoulder) to allow two-directional pedestrian and bicycle traffic to safely travel together. In areas that experience high traffic, dual tracks can improve safety by separating pedestrian flow from bicycle traffic, with a minimum width of 8-feet for the pedestrian walkway and 10-feet for the bicyclists.

Pedestrian Realm

The importance of pedestrian connectivity and comfort is emphasized by wide sidewalks on all streets that allow space to accommodate various amenities like benches and street trees that promote active street life. People moving through the site will also benefit from access to both natural and urban environments. With the trail connections along Bouldin Creek and Lady Bird Lake, the site becomes integrated into the natural landscape, creating an enhanced experience that encourages people to walk to and between destinations.



Design Standards

The pedestrian realm should be 15-feet wide to accommodate both pedestrian traffic and various amenities. The sidewalk or clear zone should be a minimum of 7-feet, where the remaining 8-feet may be used for landscaping and street trees, green infrastructure for stormwater runoff, and pedestrian amenities (benches, trash receptacles, lighting, signage, and bike racks).

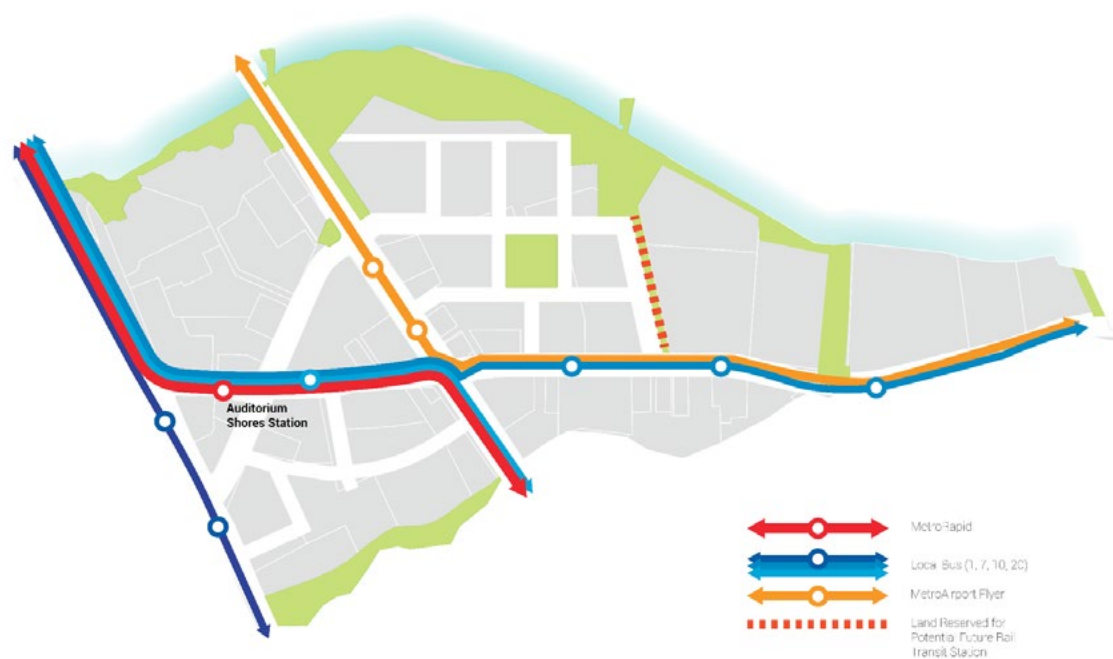
Transit

South Central Waterfront is well connected to existing transit service, and benefits from its close proximity — a short quarter-mile walk — to several stations. The comfort and high quality of transit in the South Central Waterfront will also encourage potential riders. Transit stops feature shelters, seating, and other pedestrian amenities to serve the high levels pedestrian activity that are expected. Riverside Drive offers MetroRapid service which arrives more frequently than regular local service, and has distinctly designed stations that are easily recognizable to transit riders.



Design Standards

The pedestrian realm along core transit corridors should feature the upgraded stations designed for MetroRapid, which have lighting and an awning to provide protection from the sun and rain.



Existing Transit

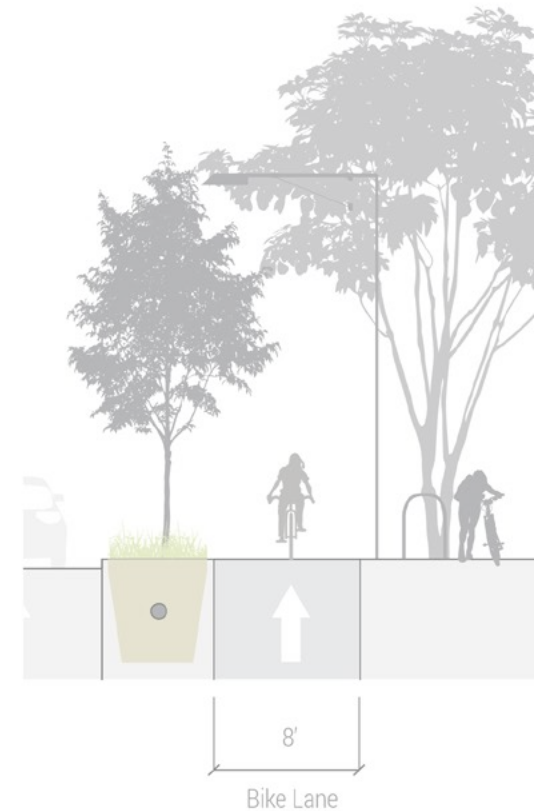
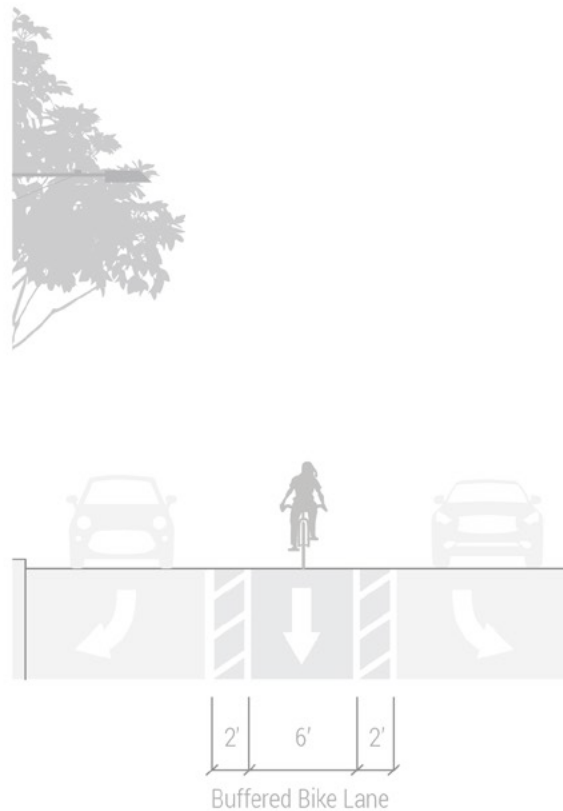
The SCW is already an important transit hub. As it gains greater connectivity, the SCW can work efficiently with existing transit and accommodate future transit options.

Bicycle Facilities

According to U.S. Census American Community Survey data, Austin has seen a 77% increase in bicycle commuting between 1990 and 2013. In 2015, Austin became the first Texas city to be awarded a gold-level Bicycle Friendly Community (2015) by The League of American Bicyclists, attributed in part to the improved design standards for bicycle facilities. Bicycle transportation is an important component to circulation at South Central Waterfront, where high comfort on-street bike lanes are planned for on all major streets. Simple accommodations like wider bike lanes and physical separation from motorist traffic contributes to making bicycling a safe and attractive option for people of all ages and abilities.

Design Standards

Bike lanes on Barton Springs Road, Riverside Drive and Congress Avenue should be 8-feet wide with a 2-foot buffer from motorist traffic with physical separation when possible, including elements like raised curbs, flexible bollards, or planted areas. Bicyclists share the roadways with low-speed traffic through the local roadways of the South Central Waterfront.





End of Trip Facilities

End of trip facilities include a wide variety of bicycle amenities, from short-term bike parking to showers. Each block face should include bike racks in a visible location. Property managers should explore opportunities for other appropriate facilities, including secure indoor racks for tenants and showers and lockers for employees. Other potential end of trip facilities are listed in the Transportation Demand Management section.



Bike Share

There are approximately 50 B-Cycle bike share stations around central Austin, and the network is expected to grow. Coordination with Austin B-Cycle is important to ensure that bike share stations are located at prominent, visible destinations, with safe access from a bike route.



Waller Creek Pontoon Bridge

The Waller Creek Pontoon Bridge is part of a vision from the Waller Creek Conservancy to connect Waller Creek to the south shore Lady Bird Lake boardwalk. Connecting to the northeast edge of South Central Waterfront, this bridge would serve as a gateway for many visitors to the district.

Toolkit:

Transportation Demand Management

Benefits of Transportation Demand Management

Transportation Demand Management (TDM) provides opportunities to decrease trip generation on a district level and lower the burdens of increased density and development on surrounding communities. The South Central Waterfront's proximity to downtown, mix of uses, and coordinated development program is uniquely situated to take advantage of these opportunities.

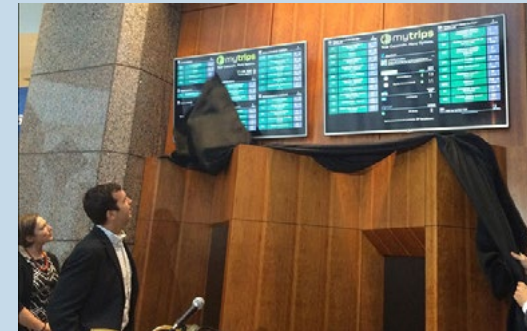
Within the South Central Waterfront, it is recommended that all multi-family and mixed-use developments will be required to participate in the Transportation Demand Management program. A development receives reduced parking requirements when it provides at least four elements from the TDM toolkit.

A developer will appoint a transportation coordinator to monitor the effectiveness of the program and the status of each strategy employed from the toolkit. The transportation coordinator will submit an annual monitoring report to the Transportation Department.



Parking

Reduced and shared parking strategies are one of the main requirements of Transportation Demand Management. In addition to these strategies, the TDM toolkit includes unbundled parking (separating the cost of parking spaces from the cost of housing units) and shared parking between complementary uses.



Transit

A property may provide monthly transit passes to corporate employees or to housing units in lieu of parking. Real time transit monitors can be installed in building lobbies to help residents and employees plan trips.



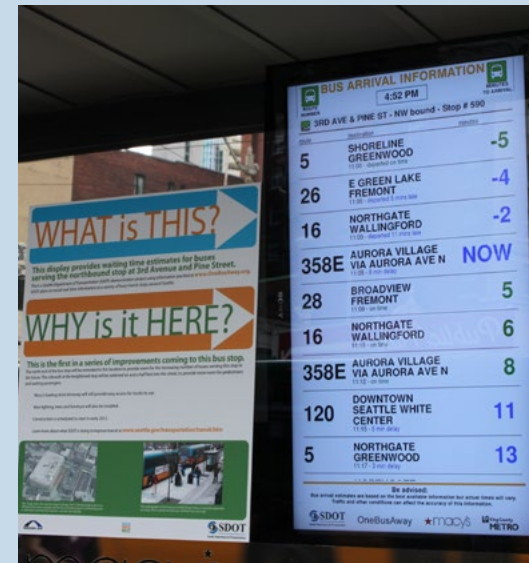
Car Sharing

A property should provide dedicated parking spots for existing car sharing systems, may provide shared cars or trucks for residents, and may provide memberships or monthly stipends for existing car share systems.



Bike Accommodations

A property may provide bike share memberships to Austin B-Cycle. Dedicated bicycle parking should be included in parking garages, on each floor of residential buildings, or within each unit. A property may also provide cargo bicycles for residents or employees to check out for larger shopping trips. Office uses should provide showers and lockers.



Education for Residents

Each building should have a "transportation concierge" to assist residents, employees and visitors in making transportation choices. These employees should undergo training on best practices for and availability of transit, bicycle, and pedestrian options.

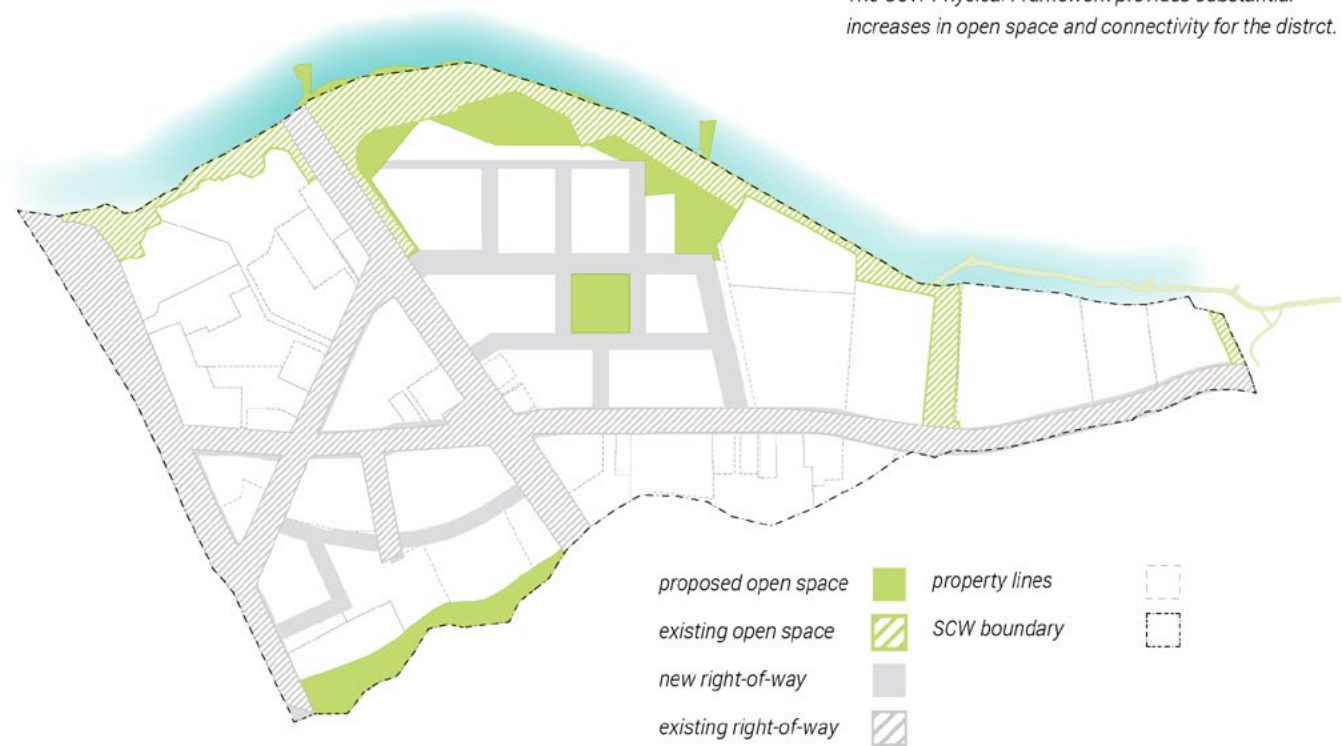
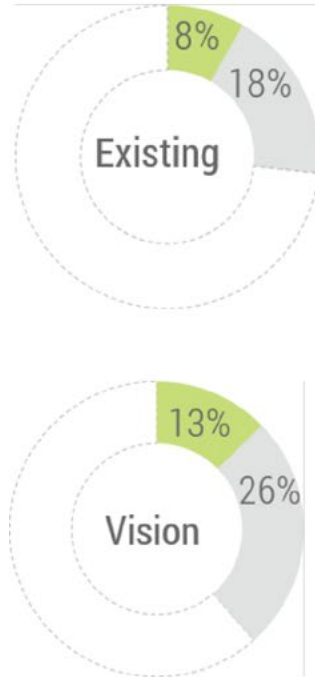
OPEN SPACE

The SCW Framework Plan will add approximately 20 acres of open space to the South Central Waterfront. These new parks, plazas and trails serve as destinations for recreation as well as amenities for people who will live and work in the neighborhood. In addition, each park incorporates innovative strategies coordinated across the district to ensure that stormwater is managed and treated before flowing into Bouldin Creek and Lady Bird Lake.



Austin won a competitive award from the U.S. EPA's "Greening of America's Capitals" program. Through this program, the US EPA, in partnership with the City of Austin, commissioned designs for key components of the open space and green infrastructure within the South Central Waterfront. A substantial amount of the open space vision presented in this section was generated as a result of 'Greening the South Central Waterfront.' The full report, which provides more detailed designs for the Waterfront Park, Barton Springs Rain Gardens, and Bouldin Creek TSD Trails, is available online at www.austintexas.gov/waterfront.

The SCW Physical Framework provides substantial increases in open space and connectivity for the district.



Open Space	1. Waterfront Park	2. Bouldin Creek	3. Crocket Plaza	4. Rain Gardens
Size (ac)	9.6	6.6	1.8	1.2
Key Features	Bat Viewing Pier Amphitheater Terrace Cafe Kayak Launch & Rentals Pavilion Deck & Cafe Water Quality Ponds Wetland Preserve	Trails and Boardwalks Canopy Walk Bridge to One Texas Center Disc Golf Course Bus Shelter and Bouldin Creek Overlook	Performative and Educational Wetland Green Lawn and Amphitheater Marketplace and Cafe Fountain Plaza and Splashpad	Rain Gardens Ground Floor Retail and Outdoor Seating Sculpture Enhanced Pedestrian and Bike Crossings

Statesman Waterfront Park

The Statesman Waterfront Park transforms this section of the 10 mile Anne and Roy Butler Hike and Bike Trail around Lady Bird Lake by adding a park that is unique among Austin's parks. Framed by a lively pedestrian market street to the south and a natural wetland habitat along Lady Bird Lake to the north, the park embraces Austin's natural beauty as well as its vibrant and quirky energy.

At its eastern edge, an outdoor amphitheater, called the Bat Observation Theater, provides an ideal vantage point for Austinites and visitors to watch the iconic spectacle of Mexican Free-tailed bats emerging at sunset. At the same time, the amphitheater enhances access to the waterfront by creating a gentle vertical transition from the Congress Street Bridge to the trail at waterfront trail below.

The center of the park serves as a Great Lawn that integrates stormwater ponds with active and passive recreation opportunities and access to the Cox Marketplace promenade.

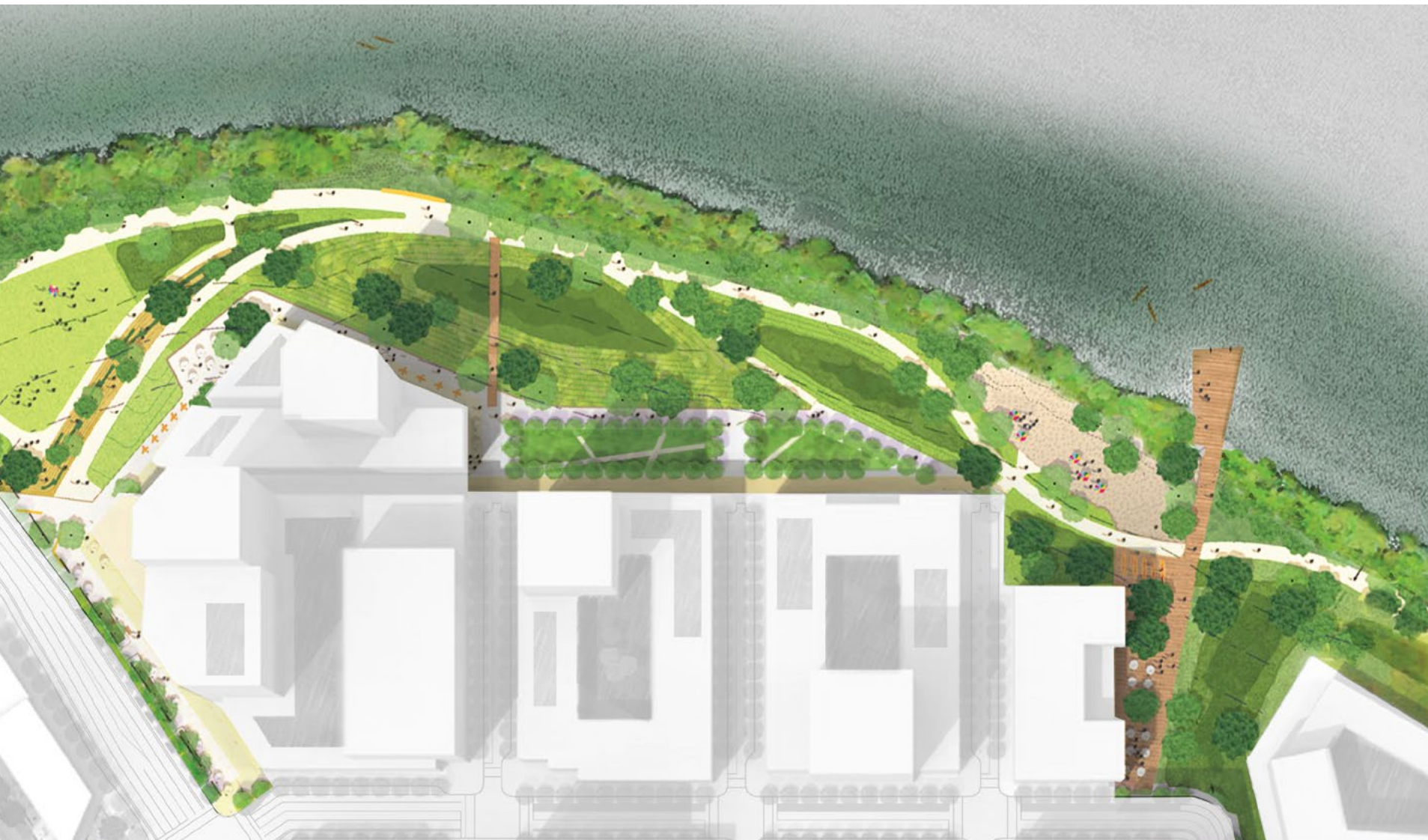
The western portion of the park, called the Pontoon Landing, features a boardwalk that could serve as a landing for a pontoon bridge across Lady Bird Lake connecting to the Waller Creek greenway. Finally, the middle portion of the park becomes a tranquil space with a series of rain gardens that filter and purify runoff from nearby streets and development before releasing it into the Lake.

Congress Avenue Bat Colony

The Congress Avenue bridge is home to one of the largest urban bat colonies in North America. This outdoor amphitheater is designed for the crowds of Austinites and visitors to watch the nightly emergence of Mexican free-tailed bats from beneath the bridge in the summertime.

We often think of the bats as an iconic part of Austin, but forget the important part they play in Austin's ecosystems and the delicate balance between city and nature that keeps them in Austin. It will be critical to ensure that this habitat is conserved by including Bat Conservation International as a stakeholder in any development occurring near the Congress Avenue Bridge, paying careful attention to bat-compatible standards both at the design and construction stage of the buildings. More information can be found in Appendix VI and at www.batcon.org.





Bat Observation Theater

A pedestrian plaza extends from Congress Avenue over the parking lot at the Statesman site to create an overlook to the lake. The plaza ramps down to the park and an amphitheater steps down to provide for viewing the bats and other events.



Existing view from Congress Avenue Bridge and Statesman parking lot



Proposed viewing area and entrance to Waterfront Park



Great Lawn

Better integrating the stormwater ponds into the park design creates more space for viewing Lady Bird Lake, the city skyline, and the Mexican free tail bats. This view shows the Bat Observation Theater along the northwestern length of the park which incorporates the amphitheater at the base of the Congress Avenue Bridge.



Pontoon Landing

The Pontoon Landing includes a pier where the proposed Waller Creek pontoon bridge could land on the south shore. A naturalized beach provides recreational water access. A pavilion at this location could serve the neighborhood with amenities such as restrooms, refreshments, and bike and kayak rentals.

Barton Springs Plaza Rain Gardens

A combination of streets trees and raingardens define walking and bicycling paths that will connect South Congress to the lake edge and trail system. Using green infrastructure as a signifier for connections between the street and lake is key to addressing the major grade change challenge between the elevated Congress Avenue and water's edge.

This system of green passage is highlighted by the removal of the "free right" turn lane from southbound Congress Avenue to Barton Springs Road. The existing lane encourages higher vehicle speeds and impairs safe pedestrian movement. Its removal also transforms this portion of the right-of-way into a highly-visible small public space. A natural landing place for pedestrians along Congress Avenue, this new plaza serves as a threshold between the streetscape and the lake trails and boardwalks.

The potential of this area for additional mixed-use and small infill development presents additional opportunity for rich, pedestrian-focused uses, including outdoor seating and dog-walk areas. Moreover, the raingardens and street trees provide invaluable environmental benefits, including stormwater treatment and detention, pedestrian shade, and heat island reduction.





Barton Springs Plaza

The existing free-right turn at Congress Avenue and Barton Springs Road creates an unsafe crossing for people walking or biking. This right turn could be removed and reassigned to be public space that adds a unique gateway into the district from downtown. Rain gardens would be incorporated into the new plaza.



Existing view turning right from Congress Avenue



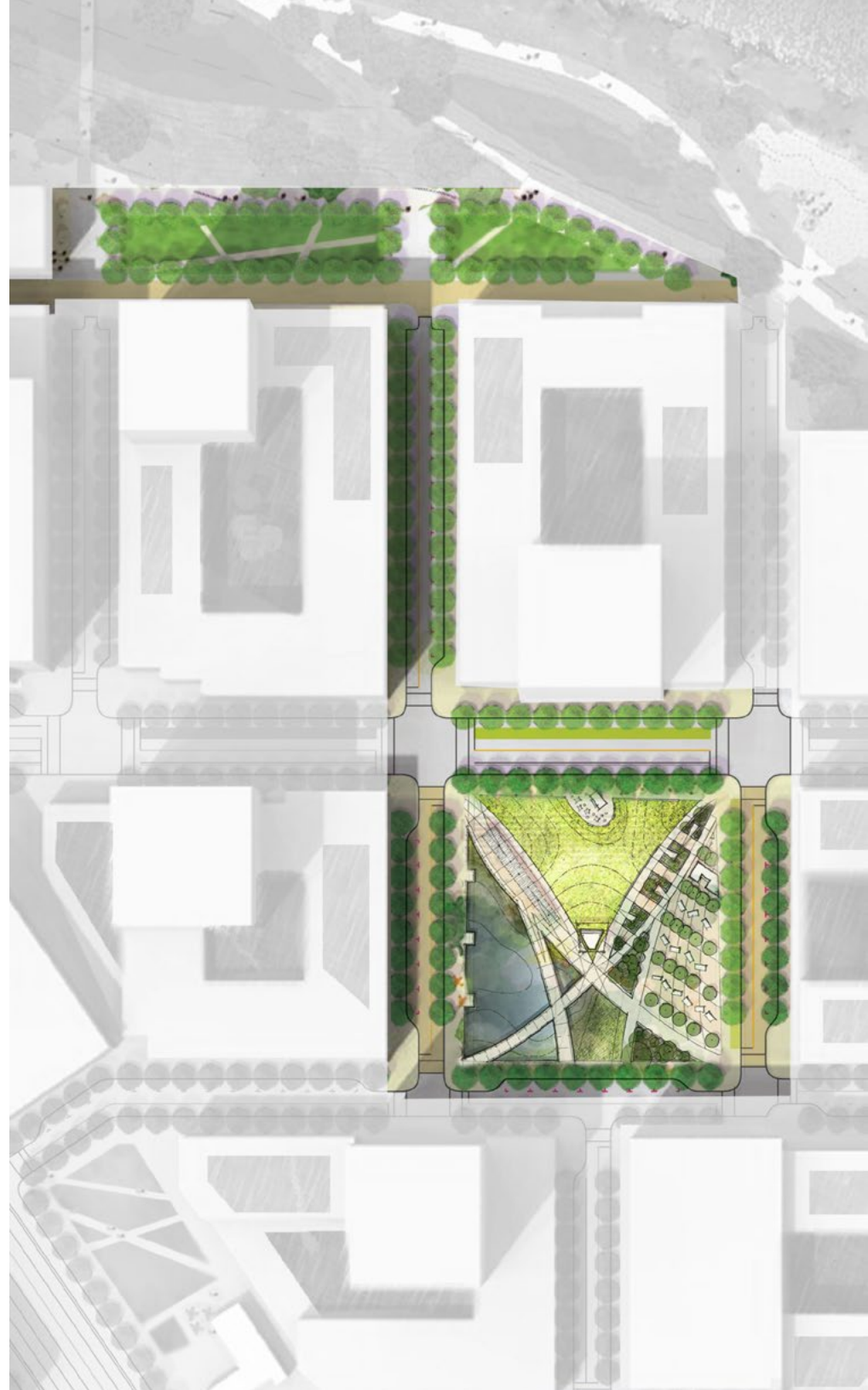
Proposed Rain Garden and Streetscape

Crocket Square and Cox Marketplace

Crocket Square provides the South Central Waterfront with a public plaza counterpart to the lake edge and a social space for district workers, residents and visitors. Its edges are highlighted by street trees and raingardens.

The Square's primary circulation paths define three key areas of program within the square. An urban demonstration wetland in the southeast corner is both a display of district-level water strategies and a play-and-learn discovery garden for kids and kids-at-heart. To the north, a bermed central lawn gently sculpts four small amphitheater spaces, places where people can gather, eat, sunbathe, or take in a movie from a small bandshell. The plaza also includes a large tree-lined plaza, gridded with small fountains that entice play and contact with water or are turned off so that a farmer's market or other vendor events can regularly enliven the plaza.

The Square has both grand spaces for congregation as well as smaller spaces for friends, lovers or quiet reflection. Small look-outs edge over the wetland area for views across the water to the park and forested cloister seating creates more intimate seating moments. A lengthy pergola along the Square's primary walking path also serves as a canopy for the Cox Marketplace, where food trucks and other entrepreneurial innovations and events can spring up periodically.





Bouldin Creek

The southern boundary of the South Central Waterfront planning area is roughly defined by the east branch of Bouldin Creek as it flows into Lady Bird Lake. Bouldin Creek defines the area in many ways, both topographically and in identity, yet the creek itself is mostly invisible to the public eye.

Inviting the public into the creek area by way of constructed boardwalks and walking paths encourages walking connectivity between the sides of the creek and fosters local stewardship over this natural resource. Concentrated public access on these paths also maintains a protected natural environment for the many plant and animal species who make the creek their home.

These paths connect South First Street to Congress Avenue and the South Central Waterfront area to the historic Texas School for the Deaf campus.





Bouldin Creek Canopy Walk

The Texas School for the Deaf campus could accommodate a linear park and multi-use trail along the creek, connecting South First Street to South Congress Avenue. As the trail approaches Congress Avenue a Canopy Walk leaps over the ravine to complete the trail connection. An additional bridge, as seen in the distance, spans over the creek to connect the trail to One Texas Center.



Existing view of Bouldin Creek from Congress Avenue

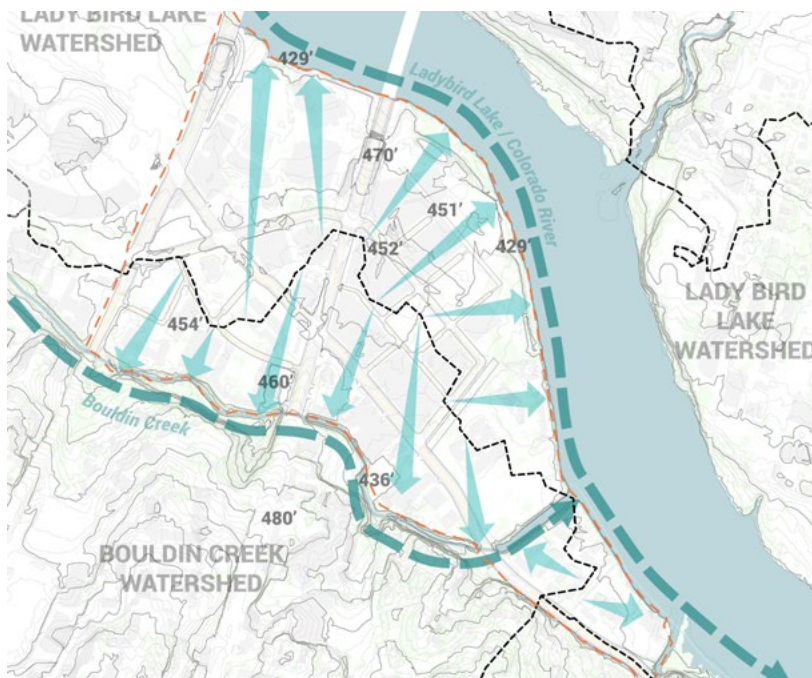


Proposed Proposed Boardwalk and Trail Connection

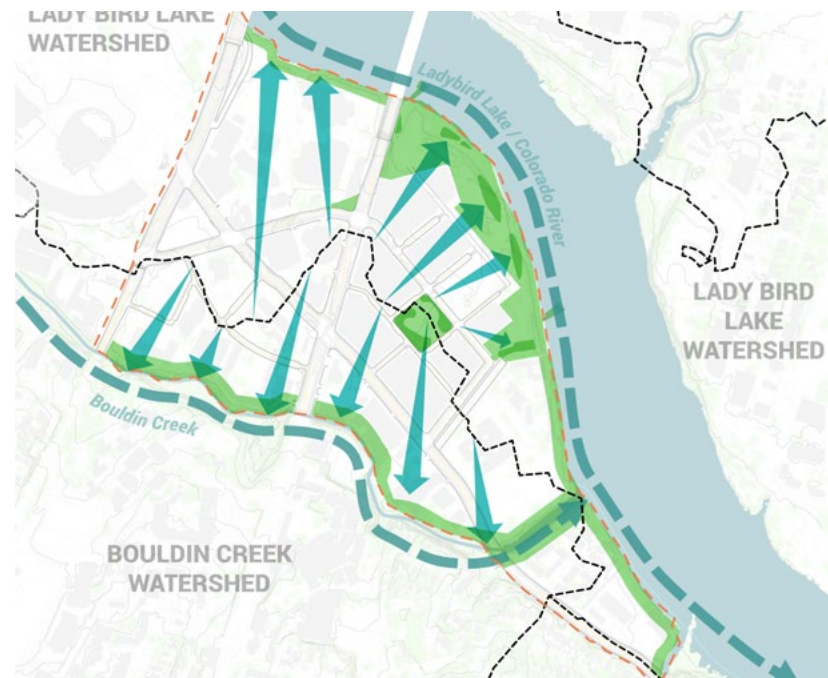
SUSTAINABILITY

District Thinking: Water

Water is a part of Austin's identity. With creeks interweaving through downtown and many of our city's neighborhoods, most Austin residents identify with water and creeks as a point of city pride, a focus of fond family memories, and as beautiful and meditative natural spaces. Water is also a big part of the South Central Waterfront. The district is divided by the Bouldin Creek watershed to the south and the Lady Bird Lake watershed to the north. With erosion on Bouldin Creek's margins and water quality issues in both the lake and creek, these systems suffer from common environmental issues in urban environments. The SCW Vision has an opportunity to ensure impactful benefits by planning how water moves through the district. The diagram on the left shows overall waterflow on site based on watershed distinctions and site topography. On the right, green space along Bouldin Creek and Lady Bird Lake act as the last line of defense for those water bodies against pollutants. These riparian areas are vital to the overall ecological functioning of the site and surrounding area.

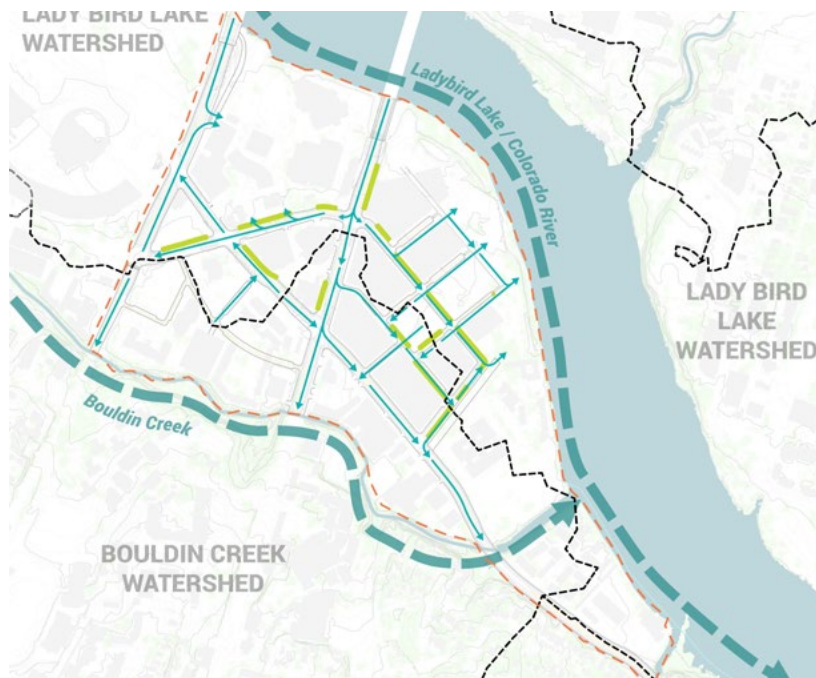


Existing: Runoff flows directly into Bouldin Creek and Lady Bird Lake



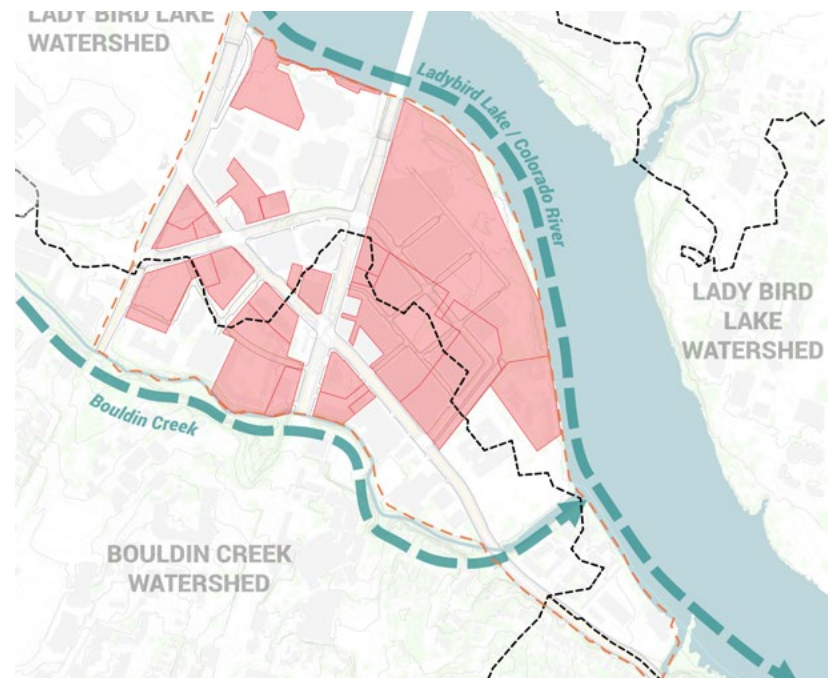
Envisioned: Rain gardens in trails and parks ensure that water flowing into Bouldin Creek and Lady Bird Lake is properly treated.

Street level green infrastructure both enhances the aesthetic for pedestrians of the South Central Waterfront and increases the district's capacity to manage and filter water that falls onsite. The diagram to the left illustrates how elevation and gravity drive water flow through the South Central Waterfront's street grid. Green strips along streets were located based on their ability to mitigate these on-site flows. This primary level of green infrastructure is the first line of defense in a process that filters out pollutants and enhances the water quality of both Lady Bird Lake and Bouldin Creek.



Envisioned: Bioswales and other green infrastructure along roadways filter and direct runoff from streets and buildings.

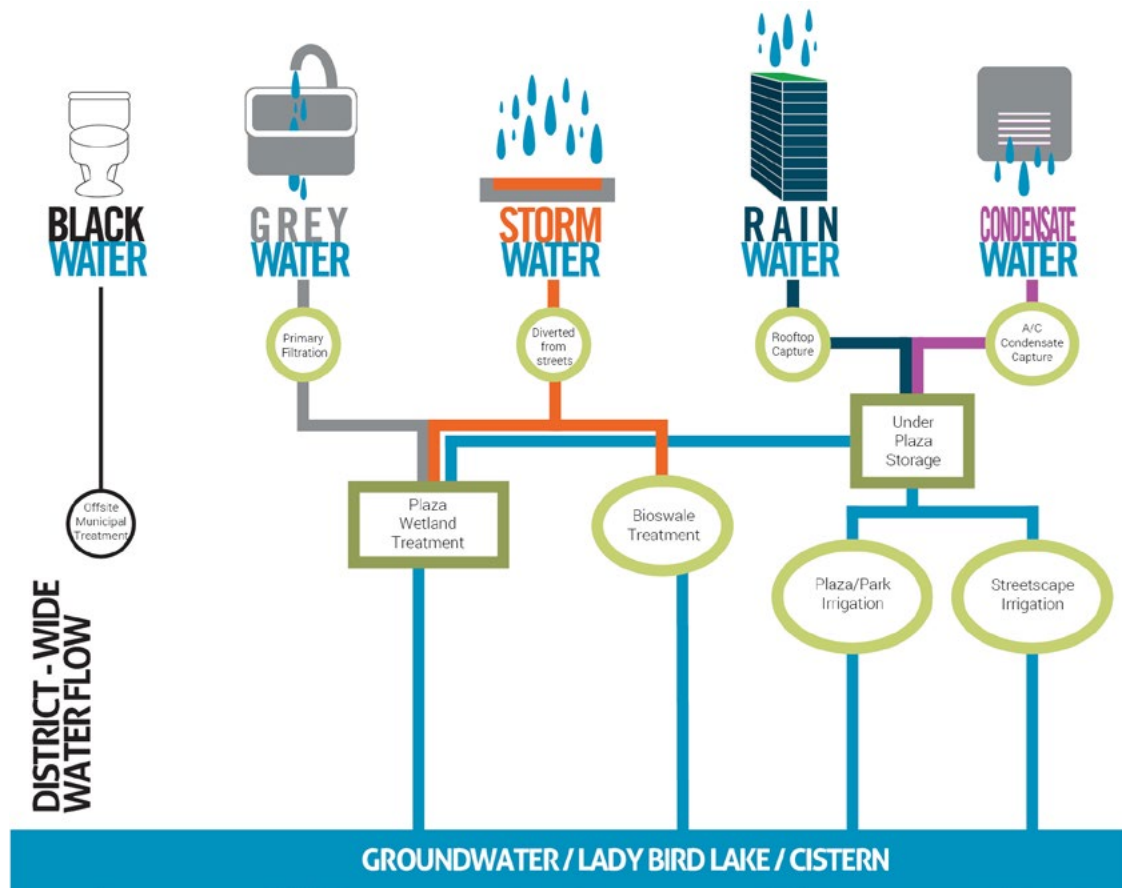
Owners of individual properties can use a variety of innovative strategies to complement green infrastructure in the public realm. Reducing impervious surface to a minimum and introducing bioswales, rain gardens, pervious paving, and detention ponds can reduce runoff and manage stormwater at the ground level. Green roofs and greywater reuse can mitigate wastewater generated by buildings and the people that use them. Often, these improvements pay for themselves over time, but the City can also provide incentives to encourage adoption. These strategies should be integrated with systems in the public realm to truly manage stormwater at the district level.



Envisioned: Green infrastructure integrated into new developments to reduce impervious surfaces and mitigate runoff.

District-wide Water Management

Rainwater, stormwater, greywater, and air conditioning condensate are integrated into the district's water management concept. Rainwater and condensate are collected and stored to irrigate green roofs and district right-of-ways and open space. Stormwater is diverted to green infrastructure in the right-of-way where it can be filtered before reaching open space in the riparian area of Lady Bird Lake. Greywater is treated on each building site using an underground sand filter before being stored and then released to contribute to district wide irrigation. Stored rainwater, condensate, and treated greywater can all be utilized by buildings where double piping allows for reuse for flushing toilets.

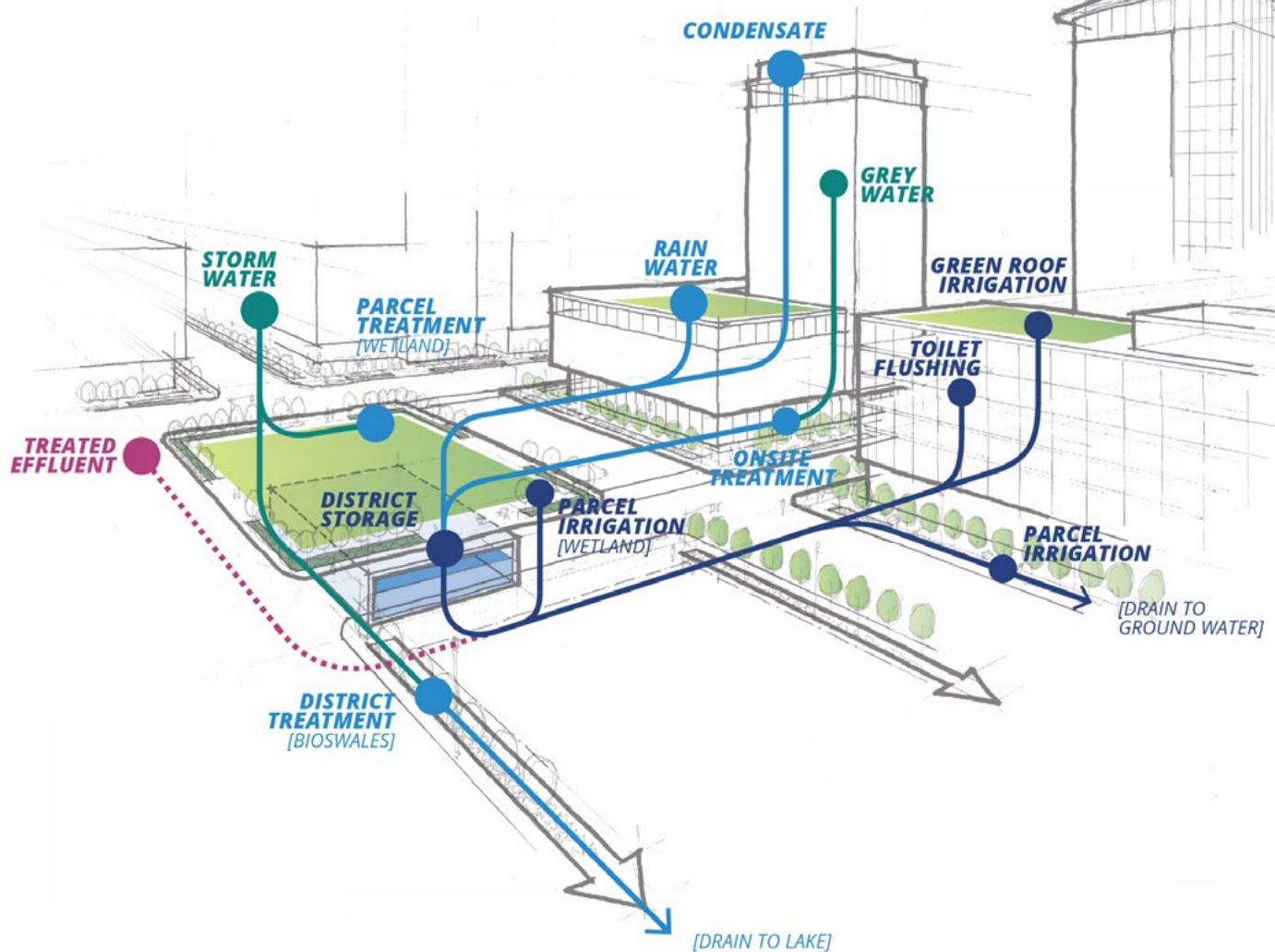


District-wide water flows

The diagram above illustrates how different sources of water flow through the district, and how each type of water source can be accounted for by various green infrastructure strategies to ensure treatment before reaching the City's aquifers and waterways.

Conceptual District Water-cycle

The diagram below illustrates how sustainable infrastructure and stormwater management strategies can be integrated into new development at a district-wide scale



Greywater is water that comes from sinks and showers.

Treatment of greywater and management of rain and stormwater on site are important and innovative sustainability measures.

Before entering the wetland filtration stage, particles that increase the nutrient load of greywater are filtered out using an underground sand filter.

City of Austin Auxiliary Water (Purple Pipe)

What is Purple Pipe

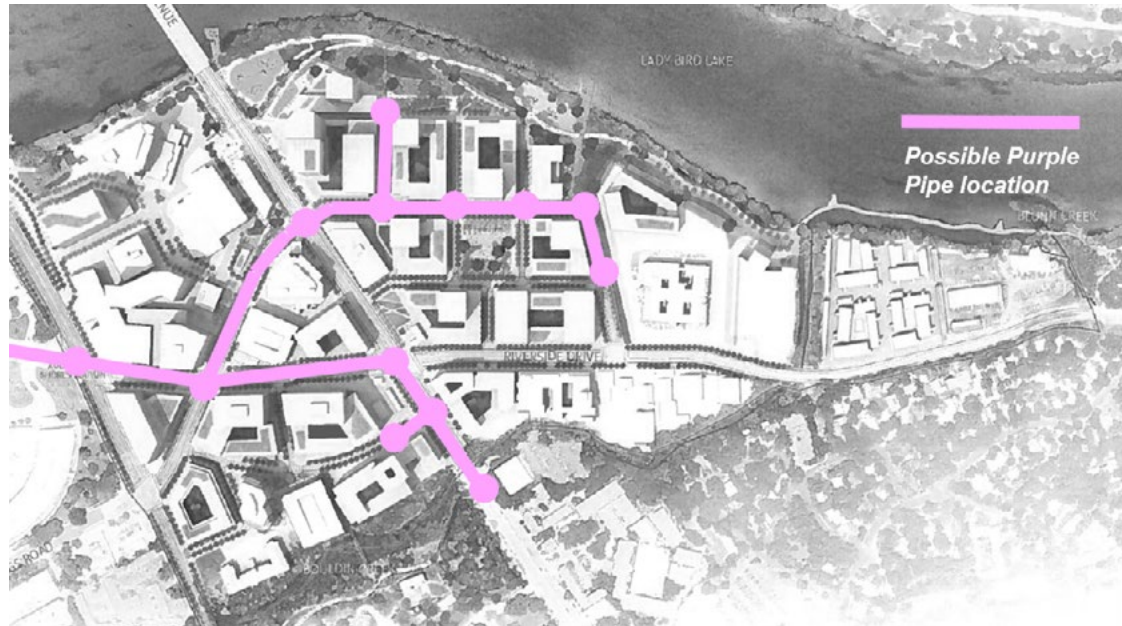
Reclaimed water is recycled from greywater generated by homes and businesses and treated for virtually any use not requiring higher-quality drinking water. Such uses may include irrigation, cooling towers, industrial uses and toilet flushing. More than 50 miles of reclaimed water runs in specially colored purple pipes beneath Austin streets--and that number is continuing to grow.

Benefit to developer

Reclaimed water is less expensive to use and can be as little as one-third the price of drinking water. Users can see a reduction in water fees.

Benefit to city and community

Reclaimed water is less expensive to treat, and reduces the demand on potable water. This reduces the community's risk to climate variability. Plus, the city can make additional profits for a product that is usually discarded



Rainwater Capture

What is Rainwater harvesting

Harvesting of rainwater and condensate is the collection of water for future use. Rainwater and condensate can be collected in pressurized systems with large cisterns. The most common use of harvested rainwater is landscape irrigation, but it can also be used for watering indoor plants, washing equipment, and filling fountains.

Benefit to developer

Using captured rainwater is less expensive than potable water for the building operator and the tenants. Water efficient features can differentiate the building against non-green and water intensive users.

Benefit to city and community

Using on-site water reduces the demand on potable water. This reduces the impact of climate variability for the city, community and property. Water reuse also saves energy associated with pumping the water from more distant sources.



Cistern below buildings to capture rainwater and condensate. Water to be reused for on-site toilets and irrigation



Watershed Protection: Raingardens

What is a Raingarden

A rain garden is a low area that absorbs and filters rain water runoff that comes from roofs, sidewalks, and driveways. Rain runs off the hard surfaces, collects in the shallow depression, and slowly soaks into the soil. They are usually planted with colorful native plants and grasses. Water is collected below the vegetation with perforated pipes and sent to a cistern for later use.

Benefit to developer

Raingardens using water that would otherwise flow into storm drains, thus reducing the need for irrigation.

Benefit to city and community

Carefully selected plants help filter pollutants, including chemicals from roofing tile, fertilizer and litter from sidewalks. This reduces the potential for fish kills and other ecological impacts. It also reduces flooding and erosion by collecting runoff in the low area and letting it soak into the soil instead of rapidly washing into creeks.



District-wide Cooling

What is District Cooling?

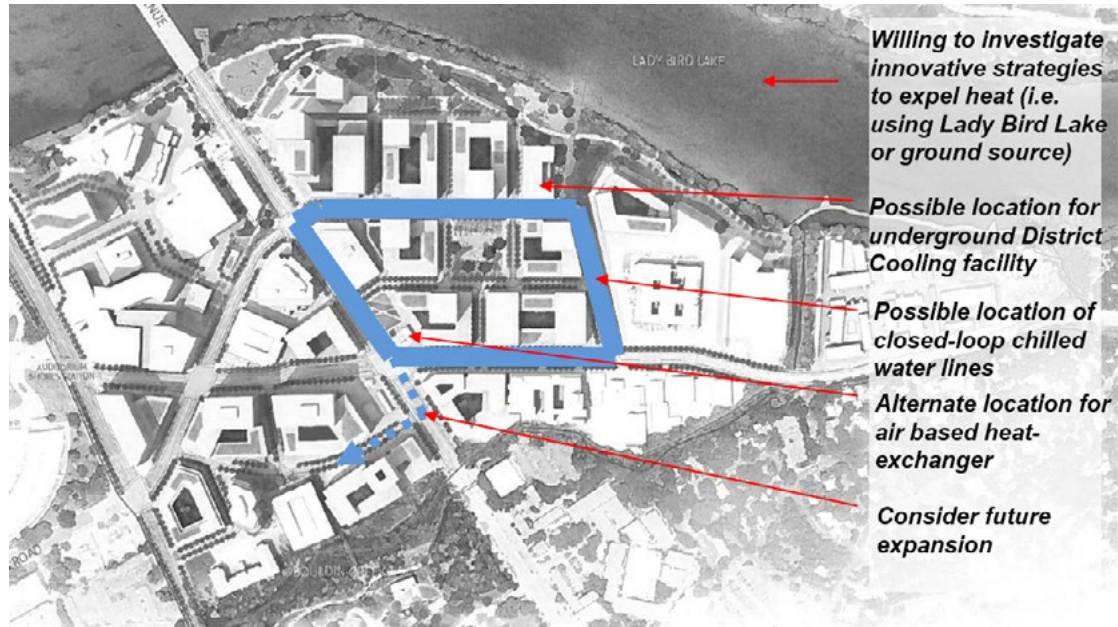
District cooling provides customers with HVAC requirements through a network of underground pipes that serve multiple buildings within a particular service area. A district cooling plant distributes chilled water (approximately 42 to 44 degrees) to the customer's building through a set of heat exchangers located in the customer's mechanical room.

Benefit to developer

District Cooling provides substantially reduced initial capital investment and lowers operational and energy expenses. In addition to stabilizing long-term costs, the developer does not need to provide a space for a mechanical room and other on-site HVAC dependent spaces.

Benefit to city and community:

District Cooling allows Austin Energy to manage peak demand in the summer and provide an added value to customers. All costs of the program are recovered through chilled water customer's fees and charges.



Building Solar

What is District Solar Photovoltaics (PV)?

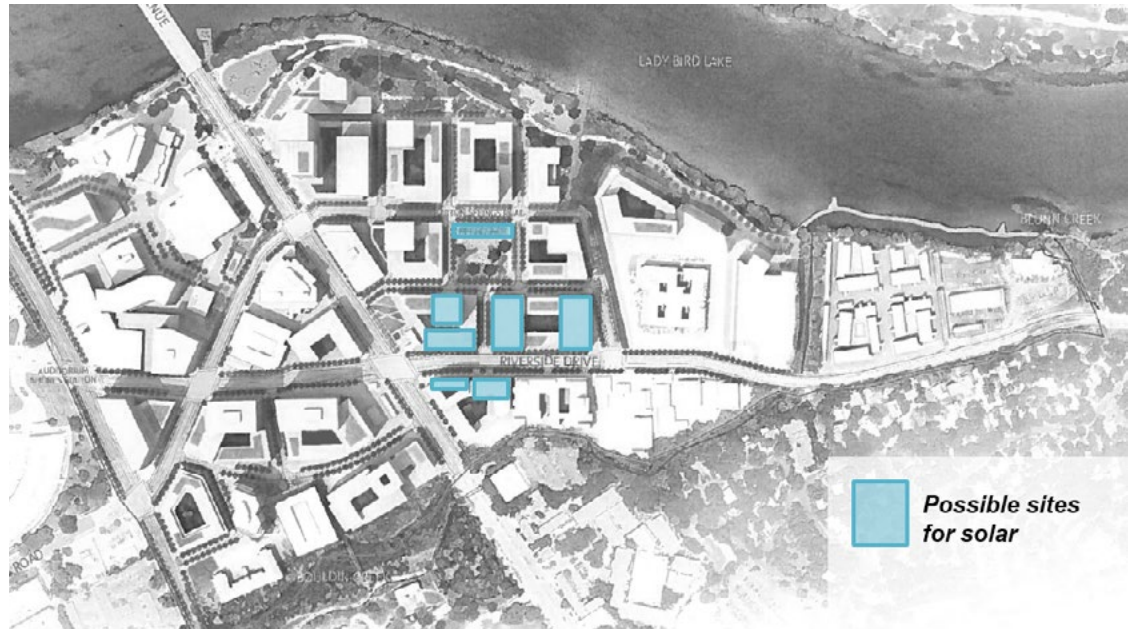
Solar PV systems use the sun's natural, renewable energy to generate electricity.

Benefit to developer

Solar PV systems are reliable, durable, and require little maintenance. Using solar PV systems to generate electricity reduces utility bills and can be a selling point for tenants.

Benefit to city and community

Solar PV helps protect the environment by reducing dependence on fossil fuels. Local Solar photovoltaics also reduce the need for long-distance transmission and can help improve local resiliency and energy self-sufficiency. Local solar also creates jobs and keeps energy dollars local.



District Charging

What is a plug-in electric vehicle (PEV) charging station

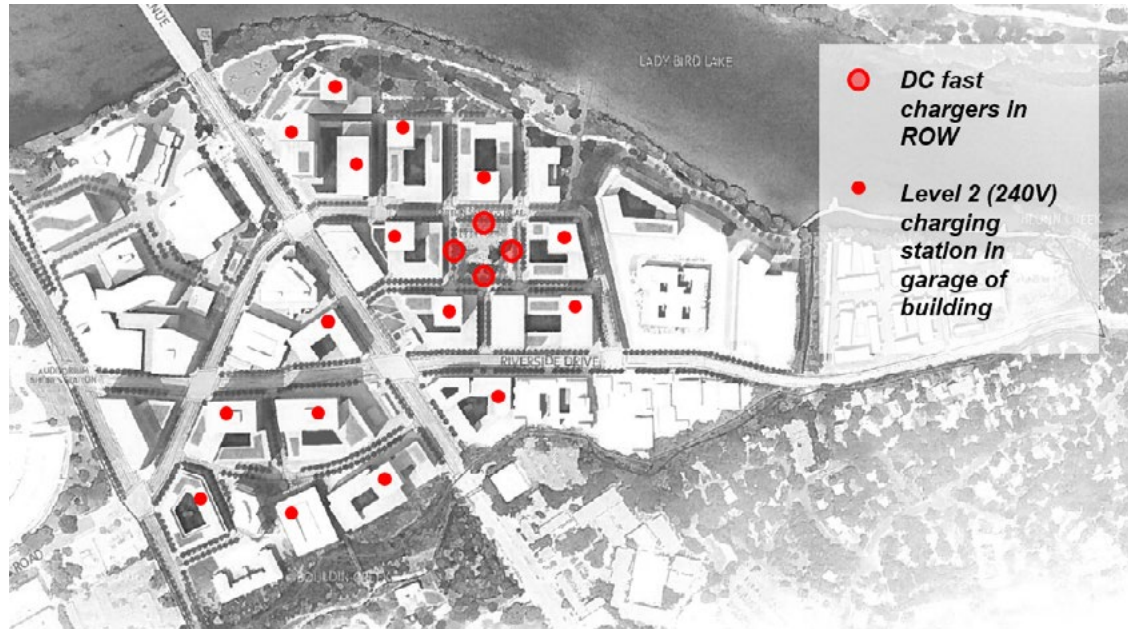
Electric vehicle charging stations supply electric energy for the recharging of electric vehicles, such as plug-in electric vehicles, including electric cars, neighborhood electric vehicles and plug-in hybrids. Level 2 (240V) charge about twice as fast as a typical wall socket. A DC fast charge delivers power up to 45 times faster than a typical wall outlet.

Benefit to developer

Installing PEV charging stations helps developers attract customers and tenants. This also benefits employees who own electric vehicles.

Benefit to city and community

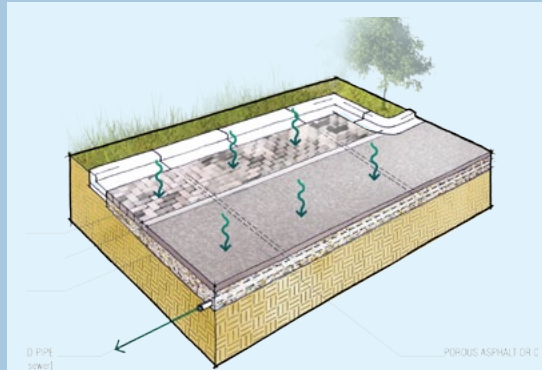
Increasing the number of electric vehicles on the road improves air quality and decreases dependence on fossil fuels. In addition, the charging stations are powered by 100% renewable energy from Austin Energy's GreenChoice® program.



Toolkit:

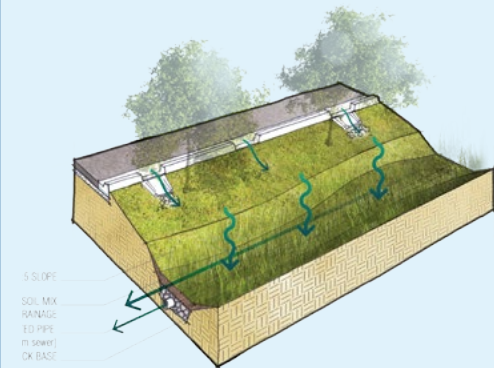
District-wide Water Management

To develop a networked, district level drainage and stormwater quality plan, the following green infrastructure techniques are recommended to be incorporated into both public and private property development. This toolkit of green infrastructure techniques are considered best management practices for stormwater, or BMPs. All of the BMPs are designed to detain and cleanse stormwater of pollutants, heavy metals and suspended solids, infiltrate water back into the soil, replenish groundwater and aquifers, minimize trash floating into water bodies, and provide dual uses as district amenities.



Permeable Pavement

Permeable pavement options include special mixes of permeable concrete or permeable asphalt as well as paver systems which allow stormwater infiltration through gravel filled spaces between pavers into gravel layers below.



Bioswales

Bioswales are vegetated depressions layered with engineered soil media and perforated drainage pipes that filter pollutants and provides stormwater storage. Bioswales are typically planted with native trees and plants that perform well in Austin's soils and weather patterns.



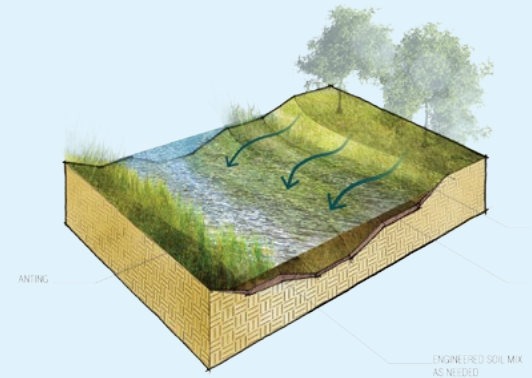
Rain Gardens

Rain gardens provide depressed, contained areas that also utilize engineered soils and perforated pipes to provide a slow, calculated drainage rate. Drainage is typically designed to infiltrate all stormwater within 48 hours in order to prevent mosquito breeding gestation.



Green Roofs

Green roofs provide soft, green vegetation on roof tops that slow rainfall runoff and filter airborne pollutants. This filtered runoff is often harvested in underground or above ground tanks for uses in landscape irrigation and greywater within buildings. The vegetated surfaces reduce area temperatures inside the building and on the rooftops as well.



Constructed Wetlands

Constructed wetlands are man-made shallow-water ecosystems designed to treat and store stormwater runoff, mitigate flooding and increase stormwater quality by allowing pollutants to settle out or to be treated by vegetation. Aeration should be provided to prevent water stagnation. Wetlands provide excellent plant and wildlife habitat as well as educational opportunities.

Sustainability Certifications

The following certification programs are available to stakeholders at either the building or district scale. Land owners and developers are encouraged to integrate these certifications into their projects. LEED has become the standard in green building and is recognized globally by both policy makers and consumers as the gold standard. LEED programs suitable for this site include LEED for Building Design and Construction and LEED for Neighborhood Development. Sustainable sites offers a certification program for landscapes that meet sustainable criteria. Other programs include Green Garage - a certification for sustainably performing parking garages; WELL building, a program certifying a building's positive effects on human health and well-being; and, Green Roads, a certification program promoting sustainable transportation projects.



**Sustainable
SITES
Initiative™**

LEED ND and LEED BD+C

Leaders across the globe have made LEED the most widely used green building rating system in the world with 1.85 million square feet of construction space certifying every day. LEED certification provides independent verification of a building or neighborhood's green features, allowing for the design, construction, operations, and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. LEED is the triple bottom line in action, benefiting people, planet, and profit.

Sustainable Sites

SITES is a sustainability-focused framework that ushers landscape architects, engineers, and others toward practices that protect ecosystems and enhance the mosaic of benefits they continuously provide our communities, such as climate regulation, carbon storage, and flood mitigation. SITES is the culmination of years of research and development by leading professionals in the fields of soil, water, vegetation, materials, and human health.



Green Garage

Green Garage Certification is the world's only rating system defining and recognizing sustainable practices in parking structure management, programming, design, and technology. An industry-driven, field-tested road map for high-performing new and existing parking garages, Green Garage Certification recognizes the forward-thinking facilities shaping tomorrow's sustainable mobility network.

WELL Building

WELL is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and well-being, through air, water, nourishment, light, fitness, comfort, and mind.

Greenroads

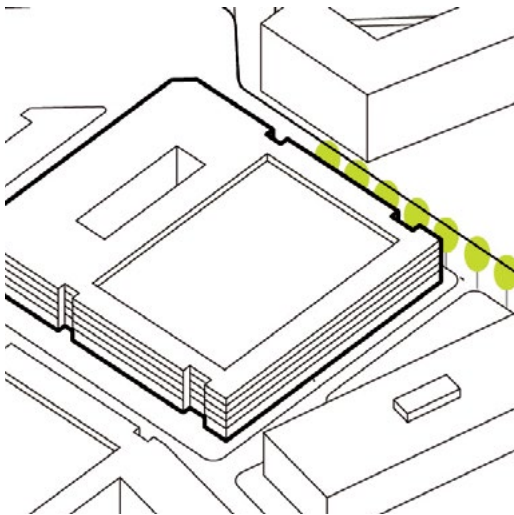
The mission of Greenroads is to benefit communities and the environment by recognizing sustainable transportation projects and by promoting sustainability education for transportation infrastructure.

URBAN DESIGN & DEVELOPMENT

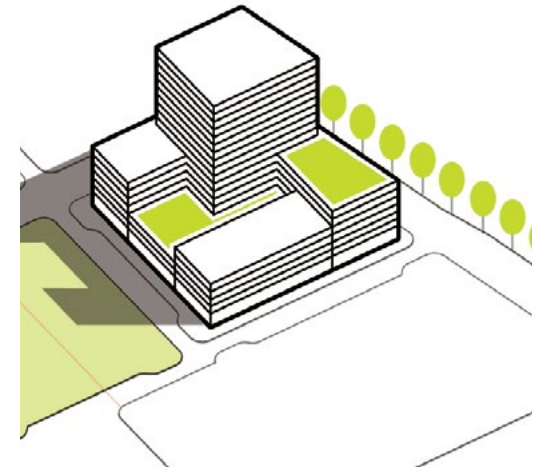
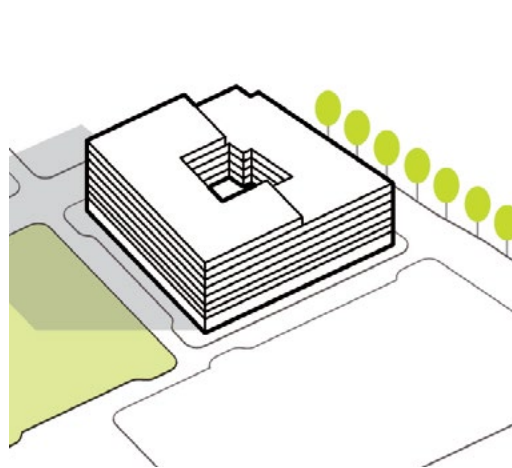
The design of the public realm laid out in previous sections of the physical framework are the foundational components to creating a district, but the physical form and massing of the buildings also play a substantial role in creating the South Central Waterfront's identity.

Ultimately, the design decisions made by architects and developers on their respective projects give the district a variety of architectural styles. At a district-wide level, the city's leadership is needed to set a high standard to ensure that together these individual developments create a vibrant, walkable district that complement the neighborhoods to the south and upholds the South Central Waterfront Vision.

The building massing and design principles presented in this Vision are the result of a comprehensive review of existing urban design guidelines, an extensive public outreach process, and a thorough financial feasibility study of the area's projected development. Some of these design guidelines are aimed at the ground level, ensuring new development contributes to an active, walkable pedestrian realm, whereas others are aimed at shaping the building envelopes to encourage new development that contributes to this iconic location along South Congress Avenue and the Lady Bird Lake.



In the baseline scenario, with no intervention, new development is fragmented, does not facilitate an adequate public realm, and does not help to fund new parks, public spaces, and affordable housing.



With the physical framework in place, new development helps to activate a cohesive district and new parks and public spaces. Both of the diagrams above conceptually illustrate the amount of new development needed to fund public infrastructure improvements. The drawing to the left illustrates a basic massing without urban design guidelines, whereas the drawing to the right illustrates a typical block with the same amount of development, but more stringent design guidelines.

Transitioning from Downtown to Neighborhoods

This physical model, constructed by a University of Texas architecture class, was used for a public open house in Spring 2016. The model illustrates how the urban design of the South Central Waterfront creates a smooth transition along South Congress Avenue between Downtown Austin, with buildings over 600 feet tall, and then steps down across the lake on the south shore and transitions to the neighborhoods to the south of the study area. The precedent images below illustrate neighborhoods with a similar scale of development.



Cherry Creek North (Denver, CO)



Seaport District (Boston, MA)



Pearl District (Portland, OR)

Designing for Nature

The South Central Waterfront is defined by water, and the stewardship of Bouldin Creek and Lady Bird Lake has been a central pillar of this initiative from the very beginning. The SCW Initiative seeks to define the relationship between development and the water in a way that current policy alone cannot. Bouldin Creek in particular is hemmed in by buildings and impervious surfaces despite the efforts of previous studies, organizations, and rules. Based on the economic and urban design analysis from the SCW Initiative, many of the properties that abut Bouldin Creek - some as close as 20' - are virtually impossible to redevelop because of several existing overlays. In practice, this means that the existing buildings will continue to encroach on the creek and waterfront setbacks and prevent public access in the foreseeable future. Recalibrating the existing guidelines to allow more development and consolidate setbacks in exchange for permanent public access and green infrastructure to manage runoff may be the best way to realize the vision of the original Town Lake Master Plan and create a green corridor along Bouldin Creek.

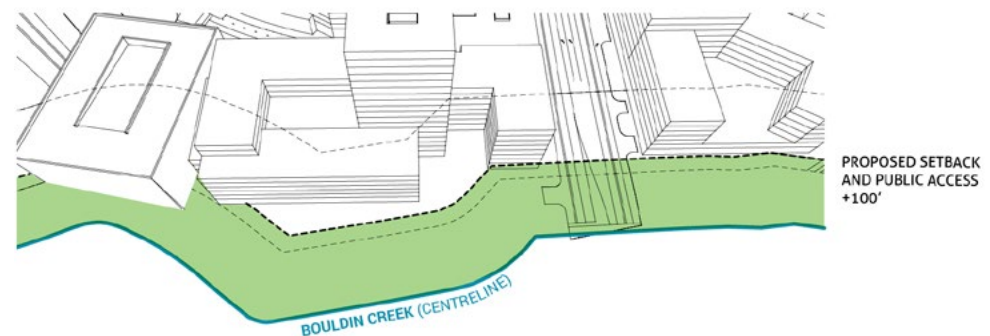
Existing Conditions

Buildings are set as close as 20' from the Creek, leaving little or no space for stormwater management or public access. Primary and secondary setbacks of 80' and 130', respectively, are intended to protect the environment around Bouldin Creek. The practical effect, however, is that these rules hamper feasible redevelopment at many locations, which perpetuates an undesirable situation.

It should be noted that the 2008 Waterfront Overlay Task Force (see p. 21) discovered that the original 1986 Waterfront Overlay Ordinance prescribed a secondary setback of 50' for East Bouldin Creek, rather than the current 130' secondary setback. The Task Force recommended that the code be revised to make the primary and secondary setbacks total 130', as per the 1986 code, instead of the current 130' secondary setback and 210' total setback. This recommendation was not put in place.

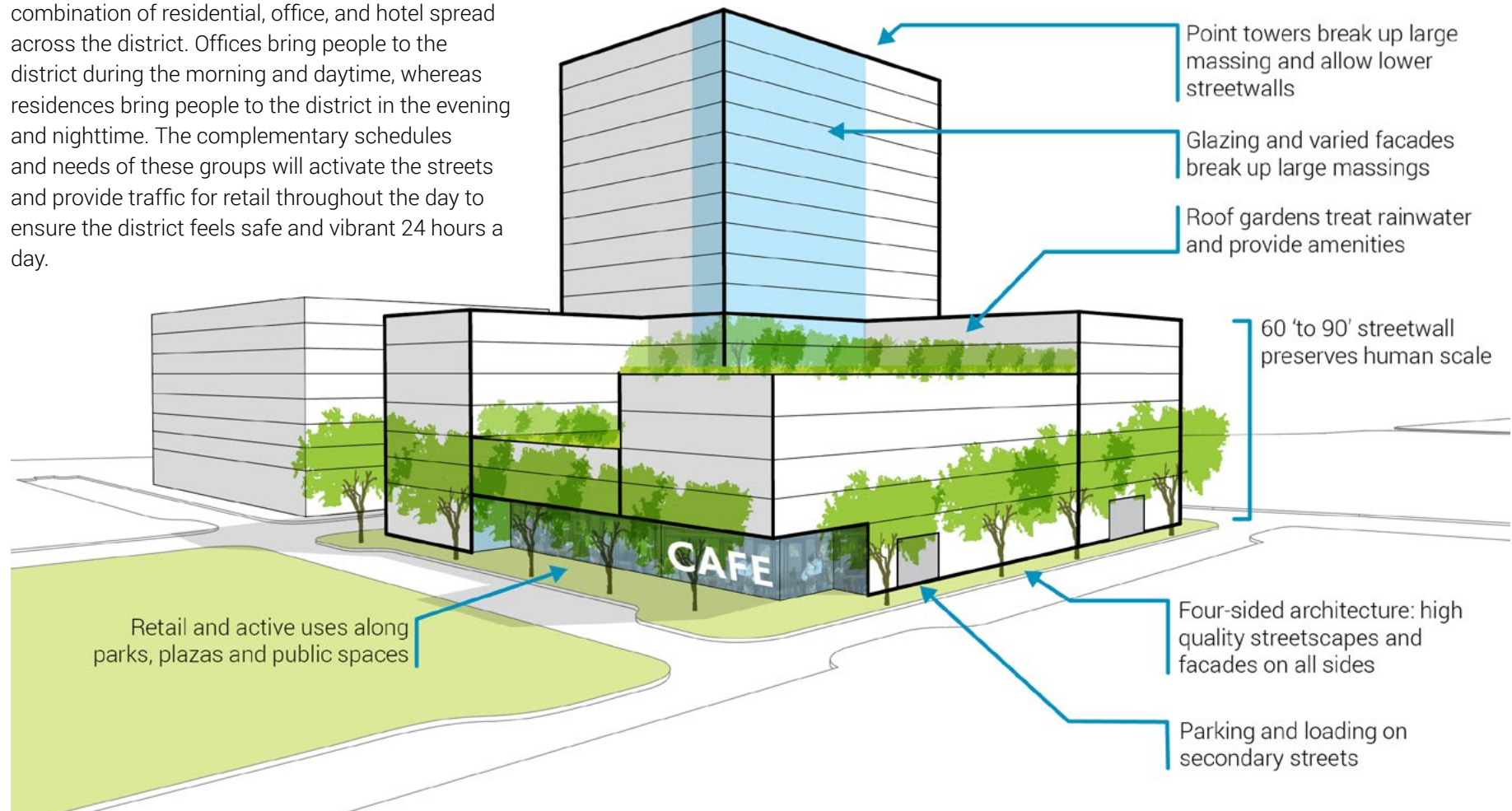
Vision

An opt-in provision that consolidates the existing setbacks with a 100' primary setback respects the water quality zone while making redevelopment feasible for properties along the creek. These new developments would be required to ensure public access within the entire water quality zone, provide stormwater management plans, and design the facade facing the creek to the same level as those fronting a public plaza or street.



Designing for People 24 / 7

Mixed use redevelopment is encouraged in the South Central Waterfront, with shops, restaurants and other active uses at the street level, and a combination of residential, office, and hotel spread across the district. Offices bring people to the district during the morning and daytime, whereas residences bring people to the district in the evening and nighttime. The complementary schedules and needs of these groups will activate the streets and provide traffic for retail throughout the day to ensure the district feels safe and vibrant 24 hours a day.



Public Art

Engaging with Artists

The SCW Initiative invited public artists to work aside planners, designers and residents, in a variety of workshops to lend an artists' eye to envisioning the future. Additionally, the SCW Initiative worked with Austin artists to provide arts-oriented engagement activities, which helped involve those who don't usually come to planning meetings. This engagement highlighted the importance of integrating public art into the landscape and infrastructure to lend a unique identity to the SCW as the area transforms.

The Value of Public Art

Public art can address economic prosperity, creating work for professional artists and associated trades, such as fabricators, materials suppliers, design support professionals, insurance agencies and transportation companies. It can also address economic prosperity by affecting how people view the importance of art, by developing an audience of art lovers and future art owners.

Public art can contribute to ecological health of an area by shining light on an environmental issue, by creating infrastructure to facilitate a needed physical process, such as removing pollutants from runoff before it goes back to a waterway, and by providing ecological services such as shade or reduction of the urban heat island effect.

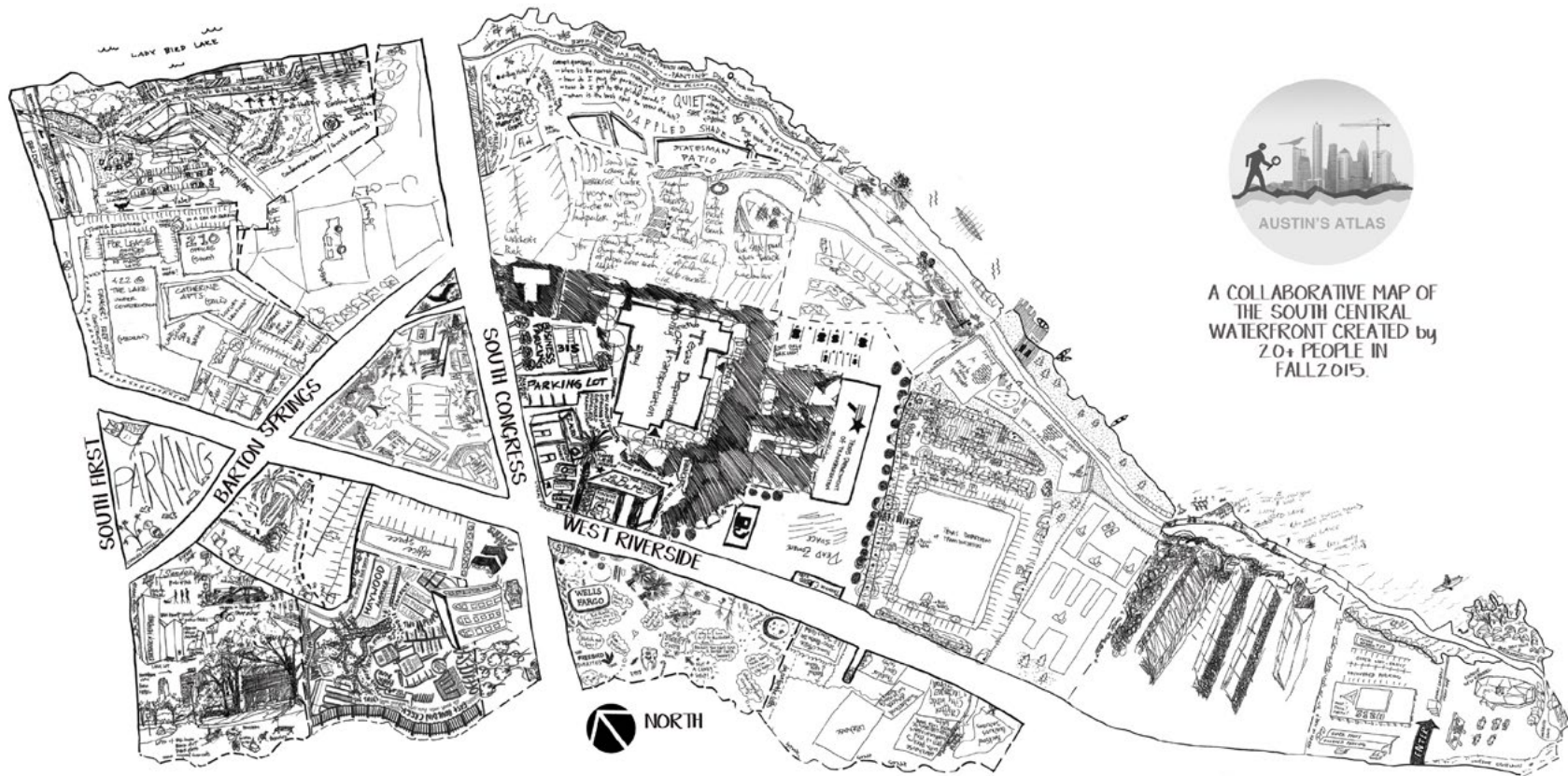
Public art can address social equity through participation in the political and cultural life of a community, addressing community issues and perhaps facilitating discussion and solution. Public art contributes to the identity of a place through artwork as cultural touchstones. Small interventions, such as an unexpected mural or an iconic sculpture, become opportunities for conversation and photos. Larger pieces can become place-making installations, or even icons of their neighborhoods or business locales. Art creates a place to meet,

a moment of reflection or humor and/or a chance for interaction in a way few other public amenities can.

Public Art Master Plan

Because of the valuable contributions public art can make to the civic engagement, policy goals, sustainability and cultural identity of an urban area, public art is recommended for inclusion the South Central Waterfront Vision Framework Plan, using the City of Austin's 2% of capital improvement project budgets as a model. Public art should be included in the master agreements with developers who execute the public right-of-way or other public amenities. In addition, developer incentives for public art based on a percentage of private construction budgets should be established. A master planning framework for public art should be completed and amended to the SCW Vision Framework Plan.





Left: Public Art that invites people to socialize

Open Room Austin by R+R Studio, located between Cesar Chavez and Electric Drive in the Seaholm District. The artwork installation includes approx. 50 crepe myrtles, a 40' table with an aluminum 'lace' tablecloth, benches and four tree-like lamps.

Above: Crowdsourced People's Map of the SCW

The SCW Initiative worked with Austin artist Ann Armstrong of Austin Atlas to provide Art Walkshops which invited people to look closely and draw their impressions of the waterfront as it exists today.

Site Specific Design Considerations

Riverside Gateway

The Riverside Gateway lies between Blunn Creek and the east branch of Bouldin Creek, and between East Riverside Drive and the lake shore. This location contains the Riverwalk Condominiums (composed of 140+/- separate owners), County Line Properties (offices for County Line BBQ), and River Crab LTD (location of Joe's Crab Shack).

Riverwalk Condos: The SCW Initiative recognizes the Riverwalk Condominiums as a stable entity that is not likely to change. The SCW Vision Framework Plan recommends streetscape improvements to include street tree plantings and sidewalk improvements to upgrade appearance, safety, shade, and water quality to the extent that improvements can be made within the existing right-of-way.

County Line & Joe's Crab Shack: The SCW Initiative identifies these two properties (1.9 acres for County Line, and 1.8 acres for Crab Shack) as potential "tipping" properties for future redevelopment. Currently, the collective 3.7 acres is almost completely impervious with aging buildings and vast parking lots that are ripe for redevelopment. However, these properties are also constrained from multiple regulations which include:

- The Waterfront Overlay Ordinance (Travis Heights sub-district) applies a 100' primary setback from the lake (no secondary setback in this sub-district), which impacts both properties.
- An 80' Blunn Creek setback, which impacts the "Crab Shack."
- The 100' Flood Plain encroaches on the "Crab Shack" beyond the Waterfront Overlay setbacks.
- Both properties are impacted by Compatibility Standards.

The SCW Initiative recognizes that the existing conditions do not contribute to the goals of increasing open space, public access,

and green water quality infrastructure. The Initiative explored the potential of the two properties working together with a horizontal development agreement to jointly develop the combined 3.7 acres. Under the scenario explored, most of the "Crab Shack" site would be turned into a "green infrastructure" park space that accommodates the flood plain and provides much needed open space at the lake for the Travis Heights neighborhood. The scenario then modeled what level of development would be required on the remaining joint land to make economic sense for the redevelopment. However, the density and height that would be required to make this scenario financially feasible would violate existing Compatibility Standards.

It is beyond the scope of the SCW Initiative to propose adjustments to Compatibility Standards. However, the SCW Plan recommends that the CodeNEXT process explore this case specific situation to see if an alternative approach to compatibility might be designed to provide an economically-viable redevelopment opportunity for the Riverside Gateway that fits within the SCW Vision.



One Texas Center

The block that contains the single city-owned property at One Texas Center (OTC), the so-called OTC Block, is dominated by two owners: the City of Austin with its 5-acre site, and adjacent Crockett parcels which include a mix of use and total 6 acres. The remaining smaller owners/parcels for the block include the Extended Stay America Hotel (2.5 acres) and the Chevron station at Congress and Riverside (.5 acres).

Even though the City's property is only one among 32 properties in the district, the City could leverage use potential future development at OTC to guide the physical framework for the superblock (creating streetscapes within its parcel, making cross-block connections in partnership with the adjacent owners, and providing trail/bridge connections to a potential trail at the Texas School for the Deaf). These design potentials are explored in other sections of this Plan.

The OTC property also provides other opportunities for the City to provide leadership for the SCW Vision. OTC is regulated by a Planned Unit Development (PUD) agreement which entitles a second office tower on the OTC parking lot (1.5 acres). The PUD would allow this second building at the scale of the current office tower (approximately 200K square feet and 186' height). A city-staffed work group has studied building a needed city office building at OTC. However, through the direction established by the Strategic Facilities Plan, the City is now focused on soliciting development proposals to build city offices at another location (to be determined in the proposal process) through a public-private partnership. This initiative to provide expansion of city office needs at another location opens up the potential that the entitlements at OTC might be used for other city purposes.

A potential use of the OTC parking lot could be to contribute to the affordable housing goals of the SCW Vision. The SCW Initiative modeled this potential in the Plan's Test Scenario. Under the scenario, the 1.5 acre parking lot would be developed for affordable housing. The Test Scenario assumed the construction of a 150 unit family-friendly affordable housing complex, with parking, through a public private partnership. (See #1 below).

For the Test Scenario, the housing development was designed to a 60' height limit. In order for the City to retain the full value of its PUD entitlement, the remaining entitled height/density might be realized through a Transfer of Development Rights (TDR) mechanism. TDRs, as explained in the Financial Framework section, might allow the City to transfer unused entitlements to a receiving property(s) in exchange for equivalent value contributions to public purposes, including infrastructure and/or affordable housing in the SCW, or other city-designated areas.



Hyatt Block

The block defined by South First Street, West Riverside Drive, Barton Spring Road, Congress Avenue, and the lakeshore is comprised of nine properties in a patchwork of parcels totalling 16.4 acres. The block is dominated and largely defined by the Hyatt Regency Hotel (Tantallon property @ 9.5 acres), and two recently completed/nearly completed residential developments (the Catherine, on 1.6 acres, and the 422 Riverside Apartments, on 1.5 acres). Squeezed in between these larger developments is the nearly landlocked building/parcel addressed at 210 Barton Spring Road (Ogle property @ 1.2 acres).

This block also contains two small properties that the SCW Test Scenario modeled as too constrained to develop on their own but could potentially redevelop under a cooperative horizontal development agreement (Mossler Liza property, location of Zax's with .3 acres; the Bible Trust property, location of Aussie's with 1 acre) – that scenario development is shown on the illustrative plan below. The property at 300 Barton Springs Road (Associated General Contractors, with .4 acres) is shown unchanged/not “tipping” in the illustrative plan, though future market dynamics and/or a potential horizontal development agreement with adjacent properties could make this financially feasible for redevelopment.

The remaining properties at 200 S. Congress Avenue (Sherry Matthews/Bathaus LTD with .8 acres) and 220 S. Congress Avenue (acquired in 2015 by Cielo, with .3 acres and now undergoing extensive renovation) are not shown to redevelop under the modeled financial scenario.

This so-called Hyatt Block is mostly built out and the overall physical framework for the block is mostly set in place. The block serves as a cautionary tale on what happens when redevelopment takes place

on a parcel-by-parcel approach without an overarching master plan. The block lacks through-block connectivity, has poor public access to the lake, the existing trail is constrained, there is limited, almost nonexistent, open space and views, and the development has not contributed to affordable housing. Nonetheless, the SCW Vision Framework Plan envisions a key place-making opportunity for this block, which can be achieved with cooperation among property owners and the city, and the SCW Plan sees opportunity to improve the trail along the Hyatt's shoreline.

Barton Springs Plaza: The SCW Plan details the opportunity to transform Barton Springs Road into a complete-and-green street, and highlights a particular place-making opportunity at the corner of Barton Springs Road and Congress Avenue. To be fully achieved, the current driveway access from Barton Spring Road to the parking lot for 200 S. Congress would need to be eliminated. Currently, the access to the parking lot for 200 S. Congress is being satisfied through a nonbinding agreement that provides access from the Hyatt. (see # 4 on map) The SCW Plan encourages that this arrangement be made permanent in order to provide certainty that the community benefit of the Barton Springs Plaza can be secured. This recommendation would require an amendment to the current Hyatt PUD.

Trail Improvements: The shoreline trail along the Hyatt property is constricted with pinch points, competing activities, blind sight lines. The SCW Plan encourages the Hyatt to work with community partners to make improvements to the trail. These trail improvements could include upgrading the boat dock area with an extended boardwalk or floating dock that expands public access and separates the competing activities of trail uses with recreational water users (see # 1 on map).

Also, the SCW Plan encourages that the trail be expanded to 18' wide, where possible. Particular opportunity to expand the trail could be realized along the eastern side of the Hyatt (see # 2 on map), which could be accommodated with a repositioning of the retaining wall. Trail improvements would require amendments to the existing Hyatt PUD, and may require additional easement amendments.

Small building on the Hyatt property at Barton Springs Road:

Currently, the Hyatt site, which is regulated by a Planned Unit Development (PUD), is entitled to building a tower on the western portion of the site (PUD phase 2). This entitled tower, at 200' height, is shown on the illustration and was calculated into the SCW baseline and test scenario.

The Hyatt has also expressed interest in building a small building on their property along Barton Springs Road. At issue, however, is that the construction of a small building at this location may violate the impervious cover limits. Building at this location would require an amendment to the PUD agreement.

The SCW Vision Framework Plan suggests that the above listed site improvements – providing permanent easement between the Hyatt and 200 S. Congress; improvements to the trail, as outlined; inclusion of green roofs on both the PUD entitled tower and the desired building on Barton Springs; limits on the footprint of the Barton Springs Road building to preserve adequate open space to contribute to Barton Springs Plaza; and active pedestrian ground floor uses in the new building could together form the basis of a potential agreement that could further the goals of the SCW Vision Framework Plan.





WALLER CREEK

LADY BIRD LAKE

CONGRESS AVENUE

SOUTH FIRST STREET

BARTON SPRINGS ROAD

RIVERSIDE DRIVE

AUDITORIUM SHORES STATION

BOULDIN CREEK

BARTON SPRINGS ROAD

An aerial photograph of a waterfront area. A creek, labeled 'BLUNN CREEK', flows from the top left towards the center. The area is a mix of greenery, trees, and some buildings. A road or path runs along the waterfront. The overall scene is a mix of natural and developed land.

Financial Framework

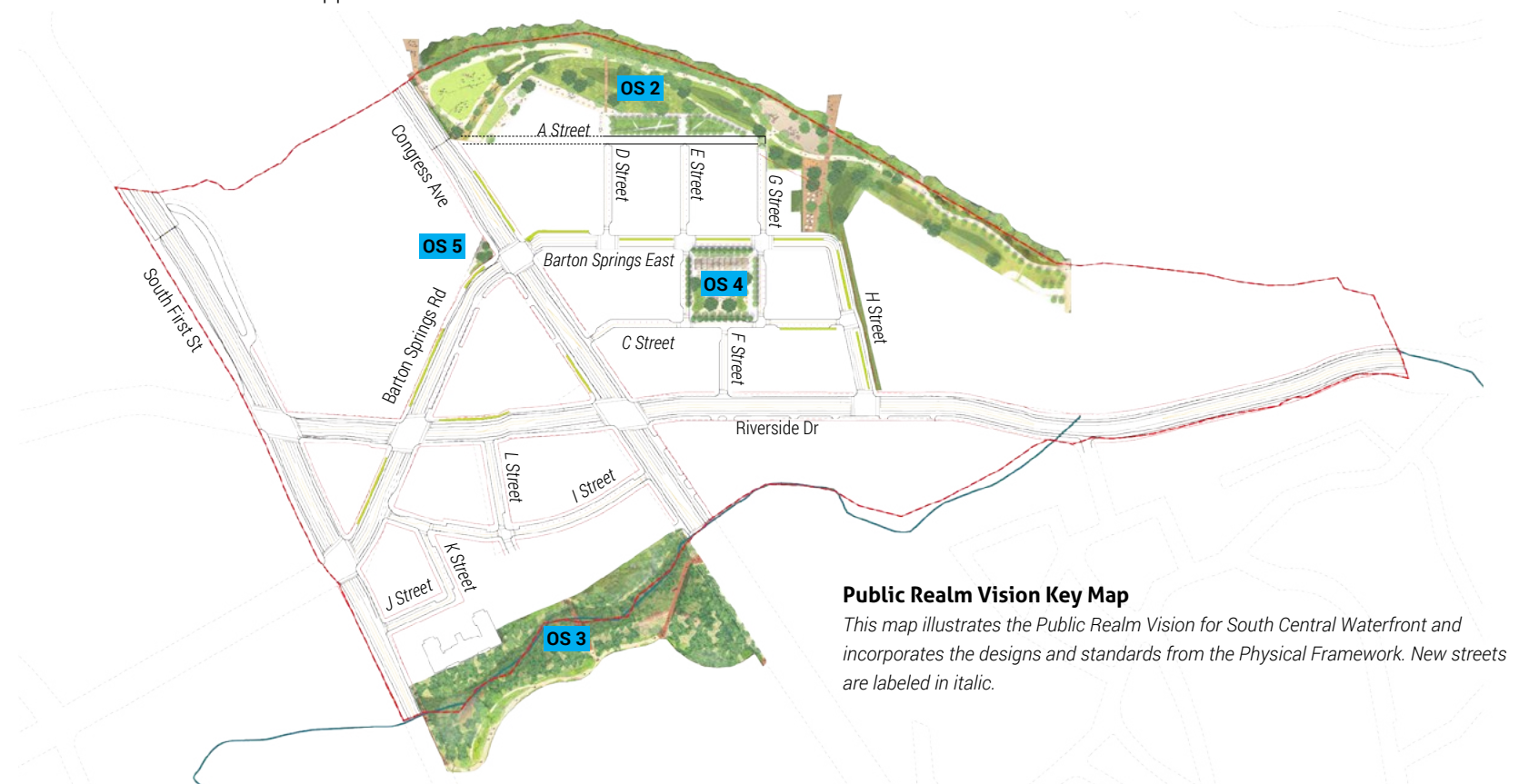
Realizing the vision for the South Central Waterfront will require coordinated partnerships among many different players. The SCW Vision Framework Plan proposes an implementation approach that builds upon the following tenets:

- 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.

Value of Community Benefits

Public Realm

Based on the conceptual designs for the parks, plazas, roadway improvements, and other public realm improvements presented in the physical framework chapter, a rough opinion of probable costs was calculated. Every effort was made to be as precise as possible, for example incorporating information from recent great streets project in Austin, but these are still only planning-level figures and include a 35 percent contingency. The chart on the opposite page summarizes potential costs for each improvement identified in the Vision, with a total estimated cost of just under \$100 million. A more detailed breakdown can be found in Appendix II.



Public Realm Vision Key Map

This map illustrates the Public Realm Vision for South Central Waterfront and incorporates the designs and standards from the Physical Framework. New streets are labeled in *italics*.

Summary of Probable Costs for the Public Realm Vision

Open Space Summary						
Name	Code	Area (SF)	Area (ac)	Unit	Unit Cost	Total Cost
Waterfront Park	OS2	418,619	9.61	SF	\$ 15.62	\$ 6,537,119
Bouldin Creek / TSD	OS3	286,189	6.57	SF	\$ 15.80	\$ 4,521,908
Cox Crocket Plaza	OS4	60,548	1.39	SF	\$ 59.36	\$ 3,594,075
Barton Springs Rain Garden	OS5	36,590	0.84	SF	\$ 21.07	\$ 771,026
Open Space Total		801,947	18.41	SF	\$ 19.23	\$ 15,424,128

Streets and Green Infrastructure Summary											
Name	Code	Length (LF)	MFTP	Transit	Bike	Total Cost	Civil Cost	Amenities Cost	Landscape Cost	Transit / Bike Cost	Utilities Cost
Existing Streets (Total \$)						\$ 23,957,590	\$ 10,214,990	\$ 600,000	\$ 497,600	\$ 360,000	\$ 12,285,000
Existing Streets (\$/LF)						\$ 3,076.61	\$ 1,311.80	\$ 77.05	\$ 63.90	\$ 46.23	\$ 1,577.63
Barton Springs Drive	B5-6	989				\$ 3,418,430	\$ 1,647,300	\$ 100,000	\$ 111,880	\$ -	\$ 1,559,250
Riverside Drive	M	3,575				\$ 13,735,270	\$ 7,554,890	\$ 200,000	\$ 191,880	\$ 150,000.00	\$ 5,638,500
Congress Avenue	N	1,624				\$ 3,653,200	\$ 729,860	\$ 150,000	\$ 116,840	\$ 105,000.00	\$ 2,551,500
South First Street	O	1,599				\$ 3,150,690	\$ 282,940	\$ 150,000	\$ 77,000	\$ 105,000.00	\$ 2,535,750
New Streets (total)						\$ 33,974,460	\$ 22,211,050	\$ 1,150,000	\$ 459,160	\$ -	\$ 10,154,250
New Streets (\$/LF)						\$ 5,500.16	\$ 3,595.77	\$ 186.17	\$ 74.33	\$ -	\$ 1,643.88
A Street	A	881				\$ 1,953,660	\$ 411,660	\$ 150,000	\$ 42,000	\$ -	\$ 1,350,000
Barton Springs Drive East	B1-4	1041				\$ 7,699,590	\$ 5,953,920	\$ 200,000	\$ 98,920	\$ -	\$ 1,446,750
C Street	C	323				\$ 5,170,140	\$ 3,678,910	\$ 150,000	\$ 74,480	\$ -	\$ 1,266,750
D Street	D	323				\$ 1,797,910	\$ 1,283,910	\$ 50,000	\$ 14,000	\$ -	\$ 450,000
E Street	E	539				\$ 2,930,240	\$ 1,996,740	\$ 100,000	\$ 28,000	\$ -	\$ 805,500
F Street	F	236				\$ 1,384,750	\$ 942,750	\$ 50,000	\$ 14,000	\$ -	\$ 378,000
G Street	G	547				\$ 2,589,070	\$ 1,580,540	\$ 100,000	\$ 42,280	\$ -	\$ 866,250
H Street	H	539				\$ 4,075,800	\$ 3,063,820	\$ 100,000	\$ 61,480	\$ -	\$ 850,500
I Street	I	923				\$ 4,327,750	\$ 2,736,750	\$ 100,000	\$ 42,000	\$ -	\$ 1,449,000
J Street	J	244				\$ 673,890	\$ 231,890	\$ 50,000	\$ 14,000	\$ -	\$ 378,000
K Street	K	250				\$ 662,590	\$ 204,840	\$ 50,000	\$ 14,000	\$ -	\$ 393,750
L Street	L	331				\$ 709,070	\$ 125,320	\$ 50,000	\$ 14,000	\$ -	\$ 519,750
Streets and GI Total						\$ 57,932,050	\$ 32,426,040	\$ 1,750,000	\$ 956,760	\$ 360,000	\$ 22,439,250

Public Realm Total	\$ 73,356,178
Total With Contingency	35% \$ 99,030,841

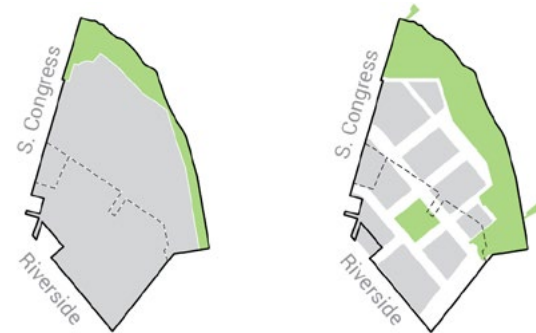
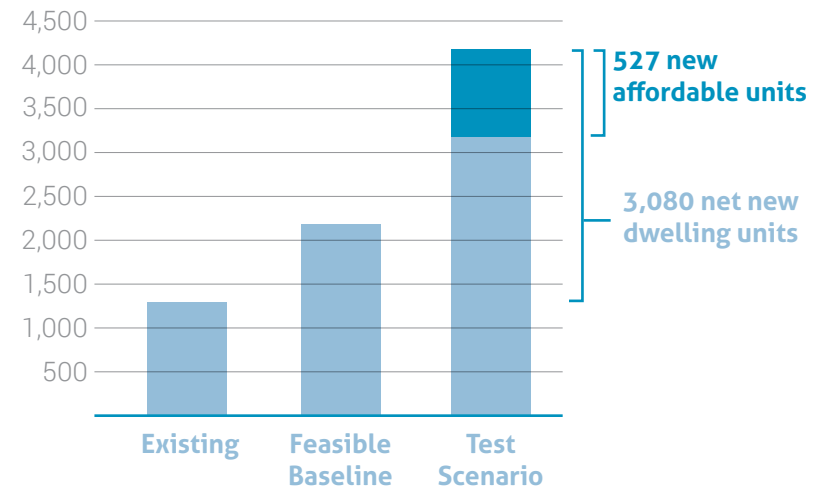
Affordable Housing

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.

Partnerships

Financing for both public realm infrastructure and affordable housing will require a shared contribution from the public and private sectors. One of the underlying challenges of this Vision is that a very small amount of the district is public land, thus only a few projects can be completely financed and implemented by the City of Austin alone. Some projects will be implemented by the public sector with financial or in-kind contributions from private-sector partners, while others will be built by developers and reimbursed by the City of Austin, either directly or through development bonuses. The diagram to the right illustrates how a large development at the Cox and Crocket properties might be reorganized into many smaller parcels to provide a development bonus for developers in return for a dedication of right-of-way and parkland to the City.

Housing Potential in the SCW District



	Existing (ac)	Vision (ac)
Open Space	4.3	10.6
Right-of-Way	0	7.5
Parcels	26.8	13.1

Funding Toolkit

The project team evaluated possible funding tools based on a set of evaluation criteria developed specifically to fit the South Central Waterfront context. The process of developing this evaluation criteria and narrowing the set of applicable funding tools is outlined in more detail in Appendix IV: Funding Tools Evaluation. The evaluation criteria included:

- Economic feasibility: Can the tool create and maintain revenues?
- Fairness: Who pays for the tool in relation, and who benefits from the projects?
- Legality: Is the tool legal in the state of Texas?
- Political acceptability: How likely are elected officials and the public at large to support the funding source?

The primary toolkit identifies local funding tools that can fund public realm and infrastructure improvements in the area. In addition to the toolkit identified in this section, the City will explore state and federal funding tools for development and infrastructure projects on a project by project basis including New Market Tax Credits, TIGER grants, HUD discretionary grants, Section 108 loans, and other state/federal grants and loans as applicable. The City will remain open to other potential funding tools that become available after the adoption of this Plan.

	Transportation Infrastructure	Parks and Open Space	Affordable Housing
Publicly Funded			
Tax Increment Financing (TIF)	X	X	X
Parking Partnership	X		
CIP Funds	X	X	
GO Bonds	X	X	X
Tax Abatement			X
Housing Trust Fund			X
Vertical Housing Development Program			X
Privately Funded			
Public Improvement District (PID)	X	X	X
Philanthropy	X	X	X
Transfer of Development Rights		X	X
Low Income Housing Tax Credit			X
Real Estate Investment Trust			X

Blue: Preferred tool

Black: Other tool to be considered

Public Funding Tools

As a result of this evaluation, the team identified a preferred funding toolkit. This section provides information on a set of tools which can be bundled to meet the goals of the SCW Plan. It is not meant to be an exhaustive list (e.g., discretionary state and federal grants are among resources not included), but rather a pragmatic approach that lays out a set of potential tools that could be bundled for selected projects.

Tax Increment Financing (TIF)

Tax Increment Reinvestment Zone

How it works:

Tax increment financing allows a jurisdiction to finance infrastructure improvements and other projects using a portion of proceeds from property and sales tax within an established boundary, a Tax Increment Reinvestment Zone (TIRZ). Revenues pay back upfront bonds for large-scale improvements including parks, street improvements, as well as for strategic site acquisitions and eligible economic development projects.

Applicable SCW projects:

Parks, plazas, street improvements, utility upgrades, structured parking, and site acquisition. Explore the potential to support affordable housing.

Preliminary assessment:

Austin has experience creating Reinvestment Zones. The preliminary capacity estimates that the District can pay for significant portions of many key projects using TIF. In addition, the potential for the Reinvestment Zone to raise significant revenue looks promising, as there are several projects that are on the cusp of redevelopment that could help to jumpstart the district.

Next steps:

Conduct a study with a public process and financing plan that includes: boundary determination, findings of blight, projected frozen property and sales tax base, defined projects, duration of the zone, projected development absorption, projected property and sales tax revenues, maximum indebtedness, and project and bonding timelines.

Capital Improvement Program

How it works:

The City of Austin has identified a variety of infrastructure deficiencies in the South Central Waterfront District. Most of these projects provide enhancements to existing facilities. The City could coordinate its projected CIP efforts with other efforts identified in the Plan to optimize the use of public resources.

Applicable SCW projects:

Parks, plazas, street improvements, and utility upgrades.

Preliminary assessment:

The City's CIP capacity is somewhat limited in this area, and may not be able to support the development of new transportation and open space amenities.

Next steps:

Work with City departments to determine applicable projects that could be implemented through existing CIP processes.

Public-Private Partnerships for Parking Facilities

How it works:

The City receives revenues from on street and publicly owned parking garages. A portion of these revenues can be used to float revenue backed bonds to construct new district serving public parking structures that achieve multiple benefits which include: reducing the need for more single use parking spaces, generating revenues for the City, providing more shared parking spaces within a district, and enabling for and non-profit developers to invest more in uses that provide housing and jobs.

Applicable SCW projects:

Provide district parking as part of public and privately owned facilities or strictly public structures.

Preliminary assessment:

Engaging with private and non-profit developers early in the redevelopment process to make them aware of the benefits of such parking partnerships can result in helping make more redevelopment projects viable, particularly those that are poised to proceed but still have funding gaps.

Next steps:

Assess the capacity of this program and initiate discussions with developers about potential interest and utilization of this resource.

Private Funding Tools

Public Improvement District

How it Works:

A Public Improvement District (PID) is a special assessment district where property owners voluntarily commit to assess themselves a fee to fund capital improvements and affordable housing assistance programs. The City would work with property owners to establish the PID, and would then sell bonds to finance the identified improvements and programs. Property owners within the PID would repay the bonds through annual payments tied to their property taxes or other selected assessment measure.

Applicable SCW Projects:

Parks, street improvements, utilities, marketing/branding, and affordable housing

Preliminary Assessment:

The revenue capacity for PIDs is dependent upon property owners' willingness to self-assess to cover infrastructure and other project/program costs, and the size of the PID boundary. The City would need to work with property owners to generate support for the projects or programs identified in the plan which could include infrastructure, operations, and affordable housing projects.

Next Steps:

Evaluate whether to expand the existing downtown PID or create a new PID for the SCW district. This evaluation should make detailed PID projections on project/program costs and identify the assessments required to achieve PID goals. The City or a group of property owners could then initiate a petition that calls for the SCW district to be declared a public improvement district.

Transfer of Development Rights

How it Works:

Transfer of development rights (TDR) is a market-based technique that encourages the voluntary transfer of growth from places where a community envisions less development (called sending areas) to places where a community would like to see more development (called receiving areas). There are likely several possible "sender" and "receiver" properties. TDR receivers (senders and buyers) could include for or non-profit developers, or a public entity such as the City.

Applicable SCW Projects:

Parks, plazas, affordable housing sites.

Preliminary Assessment:

There are a number of privately held and publicly owned parcels that could serve as TDR senders enabling those owners to receive payment for development rights that would be transferred elsewhere. Determining potential receiving areas will require more work (e.g., size of the TDR boundary). Among the private tools, TDRs are the most subject to a variety of market conditions (e.g., interest from senders in selling, needs of potential receivers, costs of the TDR, development cycles). This makes them a less predictable, but nevertheless, helpful, resource for public realm and affordable housing.

Next Steps:

The City would need to work with local property owners to gauge interest in a TDR Program. The City should create a legal document that 1) defines the TDR area area, and 2) develops a sender and receiver structure.

Philanthropic Sources

How it Works:

Other cities have engaged in successful capital campaigns to raise private money to fund streetscape and park projects as well as for affordable housing. These efforts typically fund plaza construction, street furniture, plantings, and light installations, and ongoing maintenance, as well as various aspects of affordable housing that may include site acquisition and participation in construction.

There may be several players interested in a philanthropic contribution, naming rights, or sponsorship to public realm elements and affordable housing in the South Central Waterfront.

Applicable SCW Projects:

Parks, public art, and affordable housing.

Preliminary Assessment:

The current interests for philanthropic contributions are unknown, but could include civic-minded individuals, local foundations, conservancies, and SCW developers that support the vision for the area. Philanthropic commitments can also help leverage investments in redevelopment efforts by the public and private sectors.

Next Steps:

Initiate conversations with existing conservancies, foundations, and others about potential interest in philanthropic contributions for the first SCW projects.

Affordable Housing Strategies

The City and its partners have developed a preliminary toolkit for affordable housing in the district that includes, but is not limited to the following tools:

Housing Trust Fund

In 2015, Austin City Council made a decision to increase the amount of revenue directed to the Housing Trust Fund. Previously, only 40% of the increment from formerly publicly-owned properties was going into the fund. Now, 100% is going into the HTF. That could produce a significant, sustainable source of funding for affordable housing.

Public Improvement District

The development, rehabilitation, or expansion of affordable housing is an allowed use in a PID, and should be further explored in a PID Feasibility Study.

Vertical Development Program

This program allows for additional height in exchange for the commitment to include a percentage of affordable units at 80% of Median Family Income. If combined with other incentives (like low interest loans through a PID financing program), this bonus would produce more units or a different mix of units.

Preservation Strike Fund

In 2014, the City recommended implementation of a preservation strike fund that was identified in Housingworks 2014 report, "Taking Action: Preservation of Affordable Housing in the City of Austin." The fund can be used to acquire sites for affordable housing. The City is working on development of a sustainable economic model for the fund, a determination of a fund structure and a framework for the housing portfolio, and options for seeding the fund. This fund could provide seed money for the development of housing that meets fund criteria within SCW.

Tax abatements

The City allows tax abatements for non-profit owned affordable housing, limited to the City's portion (20%) of the total property tax. The City will continue to explore expanding tax abatements for privately developed/ owned affordable units that are part of mixed-income developments.

Low Income Housing Tax Credits

This program directs private capital toward the development and preservation of affordable rental housing for low-income households. Tax credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing. Both the 9% and 4% credits can be pursued for affordable housing in SCW. These credits can also be supplemented with TIF participation. For example: The Housing Authority has been successful with securing 4% tax credits and partnering with private developers to create more affordable housing (through its subsidiary, Austin Affordable Housing Corporation). HACA typically owns the land, thereby securing tax exempt status, and leases to the partnership. Exemption can reduce operating expenses in the 20% range, thereby enabling lower rents.

Real Estate Investment Trust

The Trust is a vehicle that allows local investment in the SCW's affordable projects.

Tax Increment Financing

Tax increment financing allows a jurisdiction to finance infrastructure improvements and other projects using a portion of proceeds from property and sales tax within an established boundary.

Financing and Public Return on Investment

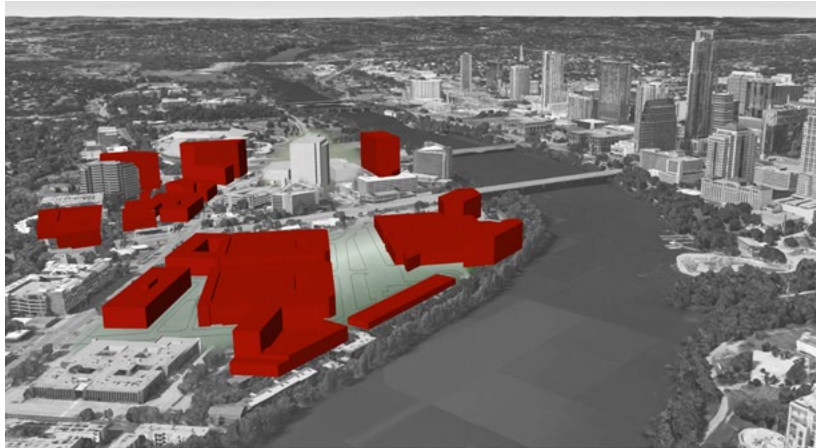
Development Scenarios:

To better understand how new development might help realize the public realm envisioned by the South Central Waterfront Initiative, two development scenarios were modeled: a Feasible Baseline Scenario and a Test Scenario. The Feasible Baseline Scenario modeled what would likely happen with no specific interventions under current regulatory and economic environments, while the Test Scenario modeled what might be possible with a city-led effort to realize the public realm and the affordable housing goals that are envisioned by the South Central Waterfront Initiative. Please refer to Appendix V: Scenario Evaluation, for more detail about the scenario modeling.



Existing Conditions

Currently, the South Central Waterfront is comprised of 32 privately-owned parcels and a single city-owned property. Unlike other recent City initiatives, such as the Seaholm and Mueller Redevelopments where the City owns most, if not all, of the properties, the City only controls one 5-acre property in this district. Having this many property owners and existing patchwork of parcel shapes presents challenges to coordinating an orderly redevelopment of the area. The area contains an overabundance of parking lots and aging auto-oriented development; superblocks that impede pedestrian access to the waterfront; unfriendly streetscapes; three-quarters of the area is impervious cover; outdated and inadequate infrastructure for addressing water quality and new development needs; and poor mobility connections.



Feasible Baseline Scenario

The purpose of the Feasible Baseline Scenario is to show the scope and scale of development that might happen in the SCW without any intervention from the City of Austin, beyond planned capital improvements. The scenario assumed that existing entitlements stay in place and that existing trends continue. Please refer to page 29 for more information about the Feasible Baseline Scenario.

Development Program

The Feasible Baseline Scenario assumes 2.2 million square feet of new development in a mix of low to mid-rise office towers, mixed-use office buildings, and multi-family residential buildings with ground floor retail. This new development, added to the existing development that remains stable, brings the district total to 4.5 million square feet of usable space. Of the approximately 97 total parcel acres in the study area, the Feasible Baseline assumes that 49 acres have potential to develop and 47 acres would remain stable. Heights range from three to six stories, except for sites with an existing Planned Unit Development where heights could go to 15 stories. The feasible baseline scenario assumes no additional funding for infrastructure

in the district, beyond few internal roads required by Subchapter E to split up some of the largest parcels.

Development Feasibility

Analysis of the feasibility of this development program found that there is not much inducement to redevelop larger sites under current code conditions. The current market does not support new development of low density office and residential product types. This development would not be able to support the public realm or affordability targets envisioned for the area. Please refer to Appendix III for a market overview of the South Central Waterfront District.

Of course, the reality is that properties which are not financially feasible for redevelopment under the current regulations could likely apply for zoning changes under the Planned Unit Development (PUD) provisions, as has been the case in the past. However, without the provisions of the SCW Plan, further PUD development is not likely to provide for integrated public realm improvements and do not hold any guarantee for additional affordable housing.



Test Scenario

The purpose of the Test Scenario is to show the scope and scale of development that could occur in the SCW if the City and private partners participated in a shared investment in the public realm Vision of the South Central Waterfront and committed to an ambitious affordable housing target. The scenario assumes a higher density district that would include significant public open space, streetscape enhancements, and affordable housing.

Development Program

The Test Scenario, which illustrates one way to help achieve public realm and public purpose goals, assumes a total of 8.5 million square feet of total space in the district in a range of a range of scales and uses, and over 2 million square feet in required parking structures. Heights in the area range from five stories for some wood-frame apartment buildings to 26 stories for high-rise point towers. The density of the test scenario could be built with shorter, stockier buildings, but narrower, taller point towers open up views and light, and create a more distinctive skyline. Some existing Planned Unit Developments remain, and development continues to adhere to and exceed the setbacks from the Lady Bird Lake Shoreline.

Development Feasibility

The current market could support new development of higher density office and residential product types. While this Test Scenario assesment was not able to complete an absorption study (which will be necessary as part of subsequent process steps), it does demonstrate that achievable rents for various product types are sufficient to encourage property owners to redevelop their land and secure viable returns for developer investments as well as generate significant public resources via TIF and PID, the latter of which, can play a pivotal role in helping to achieve public realm and public purpose goals.

Contribution to District Projects and Programs

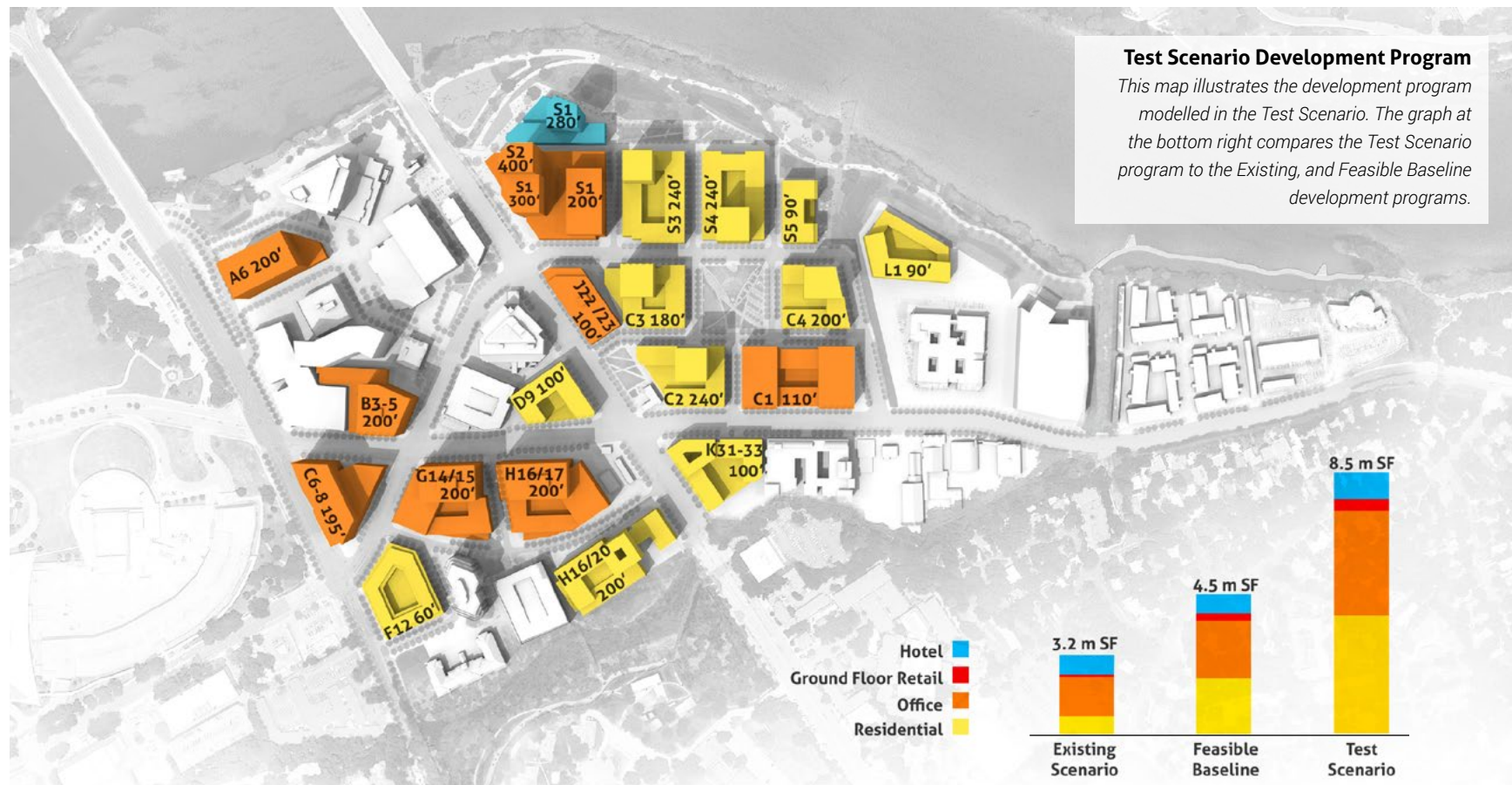
Property tax revenues were estimated for full buildout of the Test Scenario to understand the potential of what new development in the district could generate. This does not assume sales tax revenue or appreciation from property tax on stable parcels, nor did it include an absorption schedule for new construction for bonding purposes.

Implications

The Test Scenario reflects the finding that better quality development on larger sites is more likely to occur with enhanced entitlements (Floor Area Ratio and height). The alternative is a series of separate Planned Unit Developments that would likely will result in piecemeal projects that fail to achieve the public objectives of high-quality open spaces, affordable housing, and connectivity.

Test Scenario Development Program

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 Test Scenario is a "what if" financial model to calibrate the additional development needed beyond existing entitlements to incentivize private properties to participate in the Vision. The map below shows the Test Scenario on "tipping parcels" – properties most likely to redevelop within the next 15 years. Under the Test Scenario, private properties ultimately pay for the whole public realm vision through on site improvements and the recommended Funding Toolkit on page 97. Please refer to Appendix V: Scenario Evaluation for more details about the scenario modelling.



Financial Implications of the Scenarios

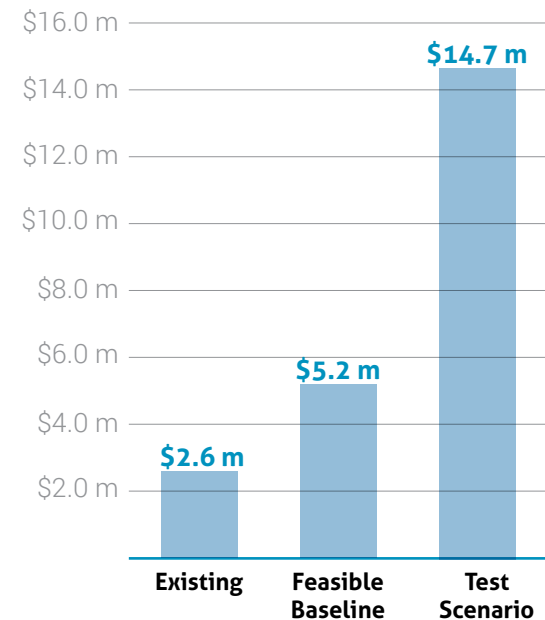
The results of the scenario models are compared with existing conditions in the table below. The Theoretical Baseline scenario revealed that while current zoning and urban design regulations would legally allow a full buildout of approximately 5 million square feet, much of this is not economically feasible. Therefore a second scenario was modeled, the Feasible Baseline, which projected how much development would realistically occur given the economic conditions in Austin. This Feasible Baseline model shows that under current regulatory and financial conditions, it is not financially viable for the private sector to dedicate any land towards new right-of-way or parkland, making it prohibitively expensive for the City to realize the full Vision without these contributions. The Test Scenario demonstrates how much new development would be necessary to enable both the private sector -- through public realm and affordable housing dedications -- and the City -- through increased tax increments -- to realize the coordinated development and public realm envisioned by the South Central Waterfront Vision Framework Plan.

		Existing Baseline	Theoretical Baseline	Feasible Baseline	Test Scenario
Office	sf	1,225,332	2,252,274	1,874,631	3,405,306
Retail	sf	128,181	258,145	240,973	422,530
Residential	sf	1,258,637	2,022,892	1,818,637	3,963,392
	units	1,297	2,168	1,956	3,999
Hotel	sf	604,822	604,822	604,822	859,322
	keys	839	839	839	1,264
Total	sf	3,216,972	5,138,133	4,539,063	8,650,550
Parking	spaces	7,465	10,399	8,853	14,393
Building Cost			\$786,804,612	\$548,405,162	\$2,053,083,362
Total Value		\$612,668,503	\$1,250,619,723	\$1,177,427,155	\$3,245,748,978
COA Tax		\$2,552,352	\$5,514,032	\$5,178,152	\$14,669,680
Total Tax		\$12,976,526	\$27,990,541	\$26,261,403	\$74,683,984

*sf is leasable square footage, and does not include sf for parking

**current tax valuation remains constant for properties that do not redevelop

City of Austin Tax Revenue



Case Study: Portland South Waterfront

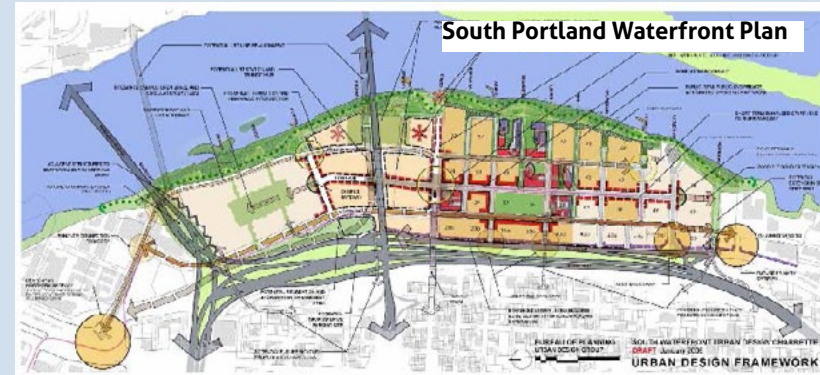
Portland's South Waterfront is an example of how a district-wide approach to redevelopment can be achieved. Public-private partnerships and serious commitments from the community and property owners turned this new waterfront district into a success story that is on track to realize the ultimate vision of the 1999 North Macadam District Framework Plan.

Many similarities exist between Austin and Portland's waterfront districts before development, including the size (130 Portland - 118 in Austin), number of private property owners (34 in Portland, 31 in Austin), and the lack of a street structure and connectivity to surrounding neighborhoods. The previous land uses in Portland included industrial and warehouse uses, while Austin includes industrial and commercial along with limited multifamily and hotel uses. This makes the Portland Waterfront an important case study for developing and implementing a financial plan for Austin's South Central Waterfront District.

Silver Buckshot, Not a Single Silver Bullet

Portland's Waterfront district was not built by one "silver bullet" tool but rather a complex combination of funding, zoning, negotiations, commitments, and salesmanship to create a new neighborhood on once disconnected and underutilized land.

A variety of public and private stakeholders actively participated in the implementation of this plan since its inception – that is a fifteen-year and counting commitment by public and private stakeholders to realize this vision.



Public Return on Investment:

Portland Commitment:

- Up-front investment in infrastructure
- Revised zoning district
- Park site acquisition
- Urban renewal financial risk
- Political support
- Staffing resources

Portland Received:

- District "jump start"
- Affordable housing and jobs creation
- Higher quality development
- LEED building commitments
- TIF generation
- "Gap payment" obligation
- Infrastructure cost-sharing
- First right of refusal

Private Return on Investment:

Private Commitment

- Infrastructure investment
- Development by a certain date
- Greater investment in public amenities
- LEED-certified buildings
- Land for affordable housing
- Cover TIF risk

Private Received

- Policy/political support
- Amenities for private investment
- Cost sharing for infrastructure
- Increased return on investment

Public investment is Key

Nothing along Portland's waterfront happened on the ground until the City stepped in with commitments totaling over \$100 million. These commitments funded and built infrastructure components of the plan, such as key streets, property acquisition for a public green, a tram stop, and an affordable housing fund. This public investment provided enough certainty for a critical mass of private property owners to pledge over \$1 Billion in redevelopment investments to build their development in accords to the agreed urban design framework. Through Tax Increment Finance, The City of Portland is on-track to recoup its initial investments.



Portland Central Square

Acquiring land for the Central Square in Portland's South Waterfront was a key component to gaining support and agreement to the framework plan. This land was bought with public funds and the park was created through a public-private partnership.

Along Austin's Waterfront

The SCW Vision Framework identifies several catalyst projects, seen below, that could serve as the City's commitment to the SCW Vision. These projects include key streets and parks built to the standards specified in the Public Realm Framework, as well as a down payment on the affordable housing goal through redevelopment of the City's One Texas Center property. As with the Portland example, the City can lead the public-private coalition to achieve the Vision.



Potential Catalyst Projects in the South Central Waterfront.

Strategic public investment defines the future of the South Central Waterfront and catalyzes future redevelopment. A new public plaza on the TxDOT site, an extension of Barton Springs Road, and new internal streets within the One Texas Center block are all potential catalyst projects.



Stéphanie Bower | Architectural Illustration



City Leadership

To accomplish the Vision, the City will need to be proactive in pursuing partnerships with private owners, developers, agencies, and other private and public entities. The City will need to make strategic capital investments to share the risk with the private community. The City will need to establish a suite of financial and district management tools, as outlined in this Plan. The scope and combination of innovative finance tools and partnerships, which builds on national best practices, will allow the South Central Waterfront to be a inspirational first example of district planning for the City. The South Central Waterfront Vision Framework Plan is based on the confidence that if other cities can accomplish this, then the City of Austin can do so as well.

Adopting the South Central Waterfront Vision Framework Plan into the City's Comprehensive Plan – Imagine Austin – is the critical next step, not the final step, to achieving the Vision. Adopting the South Central Waterfront Vision Framework Plan does not change zoning entitlements or implement the funding tools. However, adoption does set in motion a series of Next Steps to move the Vision forward. Many of these Next Steps, which include recommendations such as completing follow-up feasibility studies on specific financial tools, will require their own process, timeline, and approval, with the appropriate checks and balances along the way.

Adopting the South Central Waterfront Vision Framework Plan is not the end of a process, but the beginning. The SCW Vision Framework Plan points to the possibility of what we might achieve if we pursue the opportunity to shape the future of this district while there is still a chance.

Artist's rendering of the test scenario for the South Central Waterfront (Left)

This rendering is a "what if" illustration that imagines how the South Central Waterfront might appear twenty years from now. The rendering begins with a framework of a quality public realm and pedestrian-scaled blocks on the ground, and adds in new development with enough density to provide the incentives for developers to help pay for the public realm and hundreds of units of affordable housing.

Implementing the Plan

Phasing Considerations

The SCW Framework Plan presents a holistic redevelopment program for the area and envisions a vibrant, sustainable mixed-use waterfront urban neighborhood. The SCW Plan provides a path to transforming the district with vital streetscapes, enhanced connectivity through the area and to surrounding neighborhoods, a range of open space amenities, and hundreds of units of affordable housing. Reorienting a district at this scale will require phased implementation, most likely triggered by private property owners as they move forward with redeveloping land and enter into binding development agreements with the City. Given market conditions that continue to encourage new development in the area, the City expects the first phase of development to occur within the next few years.

Governance and Organization

Establish a South Central Waterfront Development Corporation

A development corporation could provide the district with a suite of predevelopment and development services to assist the execution of both public and private projects within the district. This development corporation could facilitate and advocate for necessary public approvals, champion city-building public infrastructure to support development, and package a range of incentives and funding tools necessary to achieve the aspirations of the South Central Waterfront Vision. A development corporation can be structured as a public entity, a non-profit or a private venture, and can include public and private partners in either option. Upon adoption of this plan, the City should take the necessary steps to research the feasibility and potential structure of a South Central Waterfront Development Corporation. Recommendations and an ordinance to implement should be returned for City Council consideration as soon as possible.

Establish a SCW Public Improvement District

A public improvement district (PID) could provide funding for projects in the district, as identified in the Plan, including infrastructure and affordable housing. The PID could also provide management for programs, district services and additional maintenance of the public realm. The City should take the necessary steps to evaluate the feasibility of a PID, including evaluation of whether to expand the existing downtown PID or create a new SCW PID. This evaluation should make detailed PID projections on project/program costs and identify the assessments required to achieve the PID goals.

Mandate a SCW Advisory Group Appointed by City Council

The SCW Initiative benefited from ongoing engagement with the Waterfront Planning Advisory Board (WPAB) up until the WPAB was dissolved in June 2015. Moreover, the WPAB created a South Central Waterfront Stakeholder Outreach Committee (SOC) in January 2014 to provide additional representation and expertise to the SCW Initiative and the SCW Initiative has benefited from this informal committee. The SCW SOC included representatives from the WPAB plus representatives from adjacent neighborhoods to the SCW, SCW property owners, real estate professionals, affordable housing professionals, and the Texas School for the Deaf. Staff has informally continued to work with the SCW SOC to facilitate dialogue and outreach. The currently active membership of the SCW SOC, as last authorized by the WPAB, is listed in the Acknowledgments section of this document. A Council authorized SCW Advisory Group could provide continuity and communication among stakeholders and advocates as the SCW Plan moves towards implementation, as well as provide recommendations to the city council and city boards as Next Steps proceed, outlined in this Plan.

Coordinate City government to effectively implement the plan

The City Manager should identify a lead city department and staff to implement the SCW Plan, and key City departments should assign point individuals to an interdepartmental work group with a central oversight role for plan implementation. This group should coordinate efforts of all affected City departments, and act as the liaison to the SCW Advisory Group, the South Central Waterfront Development, and other entities which may be formed.

Regulatory Amendments

Adopt the South Central Waterfront Vision Framework

Upon adoption, this Vision Framework Plan will become an amendment to the City's Comprehensive Plan and amend the growth concept map to add a regional center to the area covered by the plan.

Make amendments to other plans

Adoption of this Vision Framework Plan will set in motion due process and the necessary steps to amend any existing plan affected.

Coordinate with CodeNEXT

The creation of a Regulating Plan for the South Central Waterfront District will be assigned to the CodeNEXT Initiative.

Capital Improvement Projects

Coordinate with Projects Identified in the Capital Improvement Program Pipeline and Rolling Needs Assessment

Several infrastructure projects in the South Central Waterfront district are already identified in the City's Five-Year Capital Improvement Program Pipeline and Rolling Needs Assessment. Most of these projects provide enhancements to existing facilities and will need to coordinate with any improvements recommended by the SCW Vision Framework Plan. These projects are described in more detail in Appendix V. Notable planned projects include streetscape improvements to Congress Avenue, shoreline restoration of Lady Bird Lake, and ongoing programs to rehabilitate and reconstruct arterial and neighborhood streets, install bicycle and pedestrian facilities, and address water quality problems identified by the Watershed Protection Master Plan.

Waterfront Park and District Open Space

The waterfront park is a pivotal feature for the area. Its realization must be tied to and integrated with the redevelopment of the Statesman site. That said, if the City wants to complete the park before the Statesman site is redeveloped, it could take either of two approaches, each conditional on reaching a development agreement with the Statesman property owners:

- 1) Build the entire park at once by floating a general obligation bond, using philanthropic sources, or a combination of the two.
- 2) Phase construction over time. If phasing is required due to funding and redevelopment issues, then the City could use a combination of tax increment revenues, a public improvement district, and/or philanthropic sources.

Expand Funding Toolkit

To achieve the public realm and affordable housing vision, the City of Austin and other providers need to enact tools such as a public improvement district, tax credits, TDRs, and land write downs to help secure sites for affordable units and to finance new affordable and mixed-income developments on publicly-owned and private sites. The adoption of this plan will set in motion the required next steps to initiate feasibility studies and potential ordinances for Council to consider for the creation of a Public Improvement District, Transfer of Development Rights ordinance, and Tax Increment Finance District.

Next Steps

City Action	Timeframe		Key Partners	
	0-1 yr	2+ yr	City	Other
Identify lead entity in City to coordinate efforts moving forward and assign lead person	X		CMO	
Create cross-departmental City team with assigned departmental points of contact	X		Multiple Departments	
Create a South Central Waterfront Advisory Group	X		Council	
Coordinate with ongoing city initiatives The adoption of the SCW Vision Framework Plan includes recommendations that should be coordinated with the following initiatives (not a complete list): • Congress Avenue Urban Design Study • CPO Strategic Capital Planning • ATD Transportation Criteria Manual • Bicycle and Sidewalk Master Plans • CodeNEXT • Revision of Watershed Ordinance and update of Watershed Master Plan • Downtown Austin Parking Strategy • Movability Austin • Project Connect	X	X	ATD, CPO, Planning, PWD, Watershed, NHCD, Others	Downtown Austin Alliance, Downtown Austin Transportation Management Assoc., CapMetro
Closure of free-right turn lane and creation of Barton Springs Rain Gardens • Continue coordination with key properties and multiple departments to implement SCW Vision. • Develop Policy and program for Council consideration to facilitate conversion of ROW from transportation to public space. • Develop and implement tactical, interim, and long -term implementation to realize Barton Springs Rain Gardens.	X		Planning, Transportation, Public Works, Water Energy, Real Estate, Legal	Affected Property Owners
Develop a SCW Public Art Master Plan	X		Art in Public Places, Economic Development	Artists and arts groups
Coordinate with Texas School for the Deaf / Texas Facilities Commission • Coordinate with the Texas Facilities Commission and the TSD to incorporate the SCW schematic designs into the TSD Master Plan. • Explore public/private partnerships, State and Federal funding, and other grants and philanthropic donors to realize the trail along Bouldin Creek.	X		Parks, Planning, Public Works, Watershed	Texas School for the Deaf, Texas Facilities Commission

City Action	Timeframe		Key Partners	
	0-1 yr	2+ yr	City	Other
Initiate Public Improvement District evaluation To evaluate the feasibility of a Public Improvement District, the City will need to engage property owners in a similar process to the tax increment study. The process should: - Engage with private property owners and the Downtown Austin Alliance. Since part of the area is already within a PID, the City will need to 1) assess the benefits and costs of expanding the PID or creating new one. - Identify potential PID eligible projects and programs and conduct detailed PID projections on project/program costs. - Identify assessments required to achieve PID goals - Complete the steps required for PID adoption, detailed in the Local Government Code Chapter 372. Improvement Districts in Municipalities and Counties (http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.372.htm)	X		Economic Development, Finance	Coordinate with taxing jurisdictions, Downtown Austin Alliance. Potential consultant support
Initiate Development Corporation / Authority Evaluation Evaluate potential structures for a South Central Waterfront Development Authority	X		Economic Development, Finance, Legal	Potential consultant support
Transfer of Development Rights. Evaluate the potential of a TDR ordinance that defines TDR areas and develops a sender and receiver structure. The structure would address among other factors: - How to value development rights. - How the development rights can be used by the receiving entity (e.g., more FAR and/or height as well as other conditions such as possible affordable housing commitment either on site or a fee-in-lieu). - Who is eligible to buy the rights (e.g., private property owners and developers, the City, non-profits). There are several possible "sender" properties. Three of these could include One Texas Center (related to affordable housing), the Cox properties (related to the waterfront park), and the Crockett properties (related to the plaza).	X		Legal, CodeNEXT	Potential consultant support
Develop a Regulating Plan The City should aim to set up regulatory conditions that lead to changes in the entitlements to the area over time. Incorporate incentives and form-based code provisions to provide clarity for public realm and urban design intentions		X	Coordinate with CodeNEXT staff and consultants	

City Action	Timeframe		Key Partners	
	0-1 yr	2+ yr	City	Other
Evaluate the feasibility of Tax Increment Financing in the SCW Prepare a TIF/TIRZ feasibility study that builds on the preliminary projections in the SCW framework plan. • clarify that the area meets statutory blight requirements • assess projected absorption potential for varying product types • factor in possible sales tax increment in addition to property tax • evaluate alternative boundaries • make assumptions about projects that may be tax-exempt • identify desired TIF eligible projects and programs Additional information on the process to set up a TIRZ are summarized in the Local Economic Development Handbook.[1]	X		Transportation, Economic Development, Finance	Coordinate with taxing jurisdictions. Potential consultant support.
Evaluate the potential of a Parking Management District. The City should evaluate the potential for investment in district parking options that can provide public parking to support area uses.	X		Transportation, Economic Development, Finance	
Refine affordable housing implementation strategy This includes refining MFI target goals, identifying phased opportunities for site acquisition and implementation of various product types. Identify key partners and lead roles for each component of the toolkit.	X		NHCD, Real Estate	Potential affordable housing partners.
Initiate conversations with potential philanthropic donors. The City has had initial discussions with existing foundations and trusts such as The Trail Foundation, and the St. Davis Foundation about potential partnership. As part of continuing conversations, the City will discuss the feasibility of developing a South Waterfront Conservancy.	X	X	City Council, Departments TBD	



June 2016 Austin, Texas

Exhibit D: Public Improvements/Project Costs

Tier	Project Costs	Amount	Years*
1	Roadway and Drainage (New and refurbished)	\$83,400,000	1-10
1	Affordable Housing	\$69,525,000	TBD
2	Streetscapes	\$56,300,000	TBD
3	Open Spaces (parks, trails, plazas)	\$93,700,000	TBD
3	Utilities (Water, wastewater, electric, etc.)	\$35,700,000	TBD
3	Green Infrastructure (Water quality)	\$5,500,000	TBD
3	Reclaimed Water	\$2,400,000	TBD
N/A	Underwriter Discount & Cost of Issuance	\$800,000	TBD
N/A	TIRZ Administrative Costs	\$7,289,211	1-20
--	TOTAL	\$354,614,211	--

* Timeline will be further refined in the Final Plan.

Exhibit E: TIRZ Analysis



South Central Waterfront

Tax Increment Reinvestment Zone (TIRZ) Analysis

Prepared for

Mr. Ed Van Eenoo
Chief Finance Officer
City of Austin
301 West Second Street
Austin, Texas 78701

By

Capitol Market Research, Inc.
1102 West Avenue, Suite 100
Austin, Texas 78701

On

September 24, 2021



CAPITOL MARKET RESEARCH

Real Estate Research, Land Development Economics & Market Analysis

September 24, 2021

Mr. Ed Van Eenoo
Chief Finance Officer
City of Austin, Finance Department
301 West Second Street
Austin, Texas 78701

Dear Mr. Van Eenoo:

As requested, we have completed the Tax Increment Reinvestment Zone (TIRZ) analysis for the South-Central Waterfront District in Austin, Texas. This analysis provides a 20-year estimate of the annual increases in value for the 118-acre subject site.

The results of our analysis are provided in the report that follows. The report was prepared in its entirety by Capitol Market Research and relies primarily on original research and analysis conducted by CMR staff and secondary sources that include the U.S. Bureau of Census and the Travis Central Appraisal District. We appreciate the opportunity to provide you with this analysis and welcome any questions or comments that you may have.

Respectfully submitted,

CAPITOL MARKET RESEARCH

Charles H. Heimsath
President

CHH/cad

Capitol Market Research
1102 West Avenue, Suite 100
Austin, TX 78704
(512) 476-5000

TABLE OF CONTENTS

<i>LIST OF TABLES</i>	<i>iv</i>
<i>LIST OF FIGURES</i>	<i>vi</i>
<i>Overview</i>	<i>vii</i>
GENERAL AREA ANALYSIS:	1
DEMAND DRIVERS	1
<i>Economic Context</i>	<i>2</i>
Overview	2
<i>Austin MSA Housing Demand</i>	<i>4</i>
MARKET AREA DEFINITION &	5
DEMOGRAPHIC ANALYSIS	5
<i>South Central Waterfront Market Area Definition</i>	<i>6</i>
OFFICE MARKET CONDITIONS	8
<i>Austin Office Market Overview</i>	<i>9</i>
Historical Trends	9
Recent Market Conditions	10
<i>Downtown Austin Office Market Conditions</i>	<i>13</i>
New Construction	13
Occupancy & Absorption	13
Average Rents	14
Market Outlook	14
<i>Inventory and Market Share</i>	<i>17</i>
<i>Historical Absorption</i>	<i>18</i>
<i>Downtown Competitive Office Sites</i>	<i>19</i>
<i>Austin MSA Office Demand Forecast</i>	<i>22</i>
<i>Market Area and Subject Absorption Forecast</i>	<i>24</i>
<i>South Central Waterfront Office Absorption</i>	<i>26</i>
APARTMENT MARKET CONDITIONS	29
<i>Apartment Market Trends in the Austin MSA</i>	<i>30</i>
Current Market Conditions	30
<i>Downtown Multi-Family Housing Market Conditions</i>	<i>33</i>
Overview	33
Project Absorption and Lease-Up Rates	37
<i>Downtown Austin Demographic Trends</i>	<i>39</i>
<i>Downtown Austin Population and Household Forecast</i>	<i>40</i>
<i>Downtown Austin Multi-Family Demand Forecast</i>	<i>41</i>
<i>Downtown Competitive Multi-Family Sites</i>	<i>42</i>

<i>Downtown Austin and Subject Absorption Forecast</i>	43
<i>South Central Waterfront Multi-Family Absorption</i>	45
DOWNTOWN AUSTIN	48
ATTACHED HOUSING (CONDO) MARKET CONDITIONS	48
<i>Condominium Market Trends in the Austin MSA</i>	49
Current Market Conditions (MLS)	50
Current Market Conditions (MetroStudy)	52
<i>Austin MSA Condominium Demand Forecast</i>	53
<i>Market Area MLS Attached Housing Sales</i>	54
<i>Market Area New Attached Housing Market Trends</i>	56
Overview	56
Completed Projects	56
Active Projects	56
Projects Under Construction	56
Absorption Rates	56
<i>Market Area New Attached Housing Unit Sales</i>	59
<i>Market Area Condominium Demand</i>	61
<i>Market Area Planned Condominium Projects</i>	63
<i>South Central Waterfront Attached Housing Absorption</i>	66
ABSORPTION SUMMARY AND TIF FORECAST	69
<i>Absorption Summary and TIF Forecast</i>	70
<i>Development Without Plan implementation</i>	74
	76
APPENDIX	77
<i>Certificate</i>	78
<i>CHARLES H. HEIMSATH QUALIFICATIONS</i>	79

LIST OF TABLES

Table (1)	Historical & Projected Employment Growth: Austin MSA	3
Table (2)	Multi-Family Housing Demand: Austin-Round Rock MSA	4
Table (3)	Austin Citywide Office Market Summary: December 1991 – December 2017	12
Table (4)	Austin CBD Market Inventory	15
Table (5)	Office Inventory & Market Share: Downtown Austin	17
Table (6)	Historical Office Absorption: Downtown Austin	18
Table (7)	Planned Multi-Tenant Office Buildings: Downtown Austin	19
Table (9)	Office Employment Growth: Austin-Round Rock MSA	23
Table (10)	Office Absorption and Occupancy Forecast: Downtown Austin	25
Table (11)	Office Space Absorption Forecast: Downtown Austin and the South Central Waterfront	27
Table (13)	Austin Citywide Apartment Summary: December 2005 – June 2021	32
Table (14)	Apartment Market Summary: Downtown Austin	35
Table (15)	Average Rent by Building Type: Downtown Austin	36
Table (16)	Recent Leasing Activity in New Market Rate Communities: Downtown Austin	37
Table (17)	Population and Household Trends: Downtown Market Area	39
Table (18)	Population and Household Forecast: Downtown Austin	40
Table (19)	Multi-Family Unit Demand: Downtown Austin	41
Table (20)	Multi-Family Sites in Development: Downtown Austin	42
Table (21)	Proposed Project Timing: Downtown Austin	43
Table (22)	Planned Multi-Family Development: Annual Apartment Unit Absorption Potential	46
Table (23)	Multi-Family Absorption Forecast: South Central Waterfront	47
Table (24)	Austin MSA Attached Housing Sales: December 2006 – June 2021	51
Table (25)	MetroStudy Active Condominium Summary: Austin MSA	52
Table (26)	Attached Housing Demand: Austin Round Rock MSA	53
Table (27)	Downtown Austin Attached Housing Sales: December 2005 – June 2021	55
Table (28)	Downtown Market Area Competitive Inventory	57
Table (29)	New Condominium Original Developer Sales: Based on Recorded Deed Transfer: Downtown Austin January 2004 – June 2021	60
Table (30)	Attached Housing Unit Demand: Downtown Austin	62
Table (31)	Condominium Projects in Development: Downtown Austin	63
Table (32)	Condominium Project Timing: Downtown Austin	64
Table (33)	South Central Waterfront: Annual Condominium Unit Absorption Potential	67
Table (34)	Condominium Absorption Forecast: South Central Waterfront	68

Table (35)	Opportunity Sites for New Development: Downtown and South Central Waterfront	70
Table (36)	Absorption Summary: Proposed SCW TIRZ Boundary	71
Table (37)	Average Building Value by Type: Downtown Austin	72
Table (38)	Projected Tax Values 2021 – 2040: South Central Waterfront	73
Table (39)	Opportunity Sites for New Development: Downtown and South Central	74
Table (40)	Baseline Absorption Summary: Proposed SCW TIRZ Boundary	75
Table (41)	Baseline Projected Tax Values 2021 – 2040: South Central Waterfront	76

LIST OF FIGURES

Figure (1)	South Central Waterfront	viii
Figure (2)	Downtown Austin: 2010 Census Tracts	7
Figure (3)	Downtown Austin: Existing Multi-Tenant Office Buildings	15
Figure (4)	Downtown Austin: Planned Multi-Tenant Office Buildings	20
Figure (5)	Downtown Austin: Existing Apartment Communities	37
Figure (6)	Downtown Austin: Multi-Family Sites in Development	43
Figure (7)	Downtown Austin: New Condominiums	57
Figure (8)	Downtown Austin: Condominium Projects in Development	64

Overview

This report has been prepared for the City of Austin Finance Department to examine the development potential and anticipated future assessed values within the potential South Central Waterfront Tax Increment Reinvestment Zone (TIRZ) through 2040.

In August of 2013 the City Council passed a resolution to initiate a comprehensive small area planning process for the South Shore Central sub district and three adjacent parcels of the Travis Heights sub district of the Waterfront Overlay Combining District Ordinance. For simplicity, this 118-acre district was named the South-Central Waterfront (SCW) Initiative. The City Council cited key findings from preliminary studies which warned that zoning ordinances alone were not adequate to guide development in a way to achieve community values that date back to the Town Lake Corridor Study of 1985. These values include: enhanced public access to the shore, expanded open space, and ensuring quality design and the maximization of water quality. More recent public engagement, and the adoption of the Imagine Austin Comprehensive Plan, has expanded the list of community desires to include more affordable housing and sustainable technologies. The urgent need to establish a coordinated plan was underscored by a 2013 study which projected up to \$1.2 billion of private investment through development projects in the South-Central Waterfront over the next twenty years.

This report will evaluate the future potential for development and tax base enhancement in the area with a specific focus on the potential timing of development. The pace of new construction and value additions is a critical component in the evaluation of TIRZ bond issuance. This report will be one of several studies that will be relied on in the evaluation of the potential TIRZ district.

The following sections of the report present a demand-based forecast for the South-Central Waterfront planning area of approximately 118 acres, through 2040. The demand forecast establishes the pace of development (absorption) that is likely to occur over the next 20 years. The development potential is then converted into new development value and used to calculate the change in tax base and property tax revenues. The report also incorporates those projects currently underway or planned for the district and their timing for delivery in the early years of the forecast. In addition, CMR has provided a baseline case showing the level of development that is likely to occur in the absence of the TIRZ creation and the enhanced City infrastructure investment.



Hotel
Ground Floor Retail
Office
Residential



GENERAL AREA ANALYSIS:

DEMAND DRIVERS

Economic Context

Overview

The South-Central Waterfront is located at the southern edge of the Downtown Austin market area, and is primarily influenced by the economic base of the City of Austin, Travis County, and the broader Austin-Round Rock MSA. The Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis and Williamson counties. According to the U.S. Census Bureau, the Austin-Round Rock MSA grew by 33.7% in from 2010 through 2020 (U.S. Census estimates, July 1), and now has a population of almost 2.3 million people. According to the US Census Bureau's 2019 population estimates, the closest large city, the City of Austin grew from a population of 790,390 in 2010 to 961,855 in 2020, an increase of 21.7%.

The Austin-Round Rock MSA is anchored by employment in state and local government and higher education, including the University of Texas, St. Edward's University, Texas State University, and Southwestern University. Research and development and healthcare are also important economic influences, while high-tech and internet-based companies have become an integral part of the economy.

Employment Growth

Employment grew rapidly in Austin in the late 1990s with annual increases ranging from 25,100 in 1996 to 38,000 in 2000. However, in 2002 the Austin area lost more than 16,000, and 5,400 in 2003, due to the regional impact of the dot.com crisis, which heavily affected the local technology sector. In a remarkable recovery, growth resumed in 2004, and the Texas Workforce Commission reported a net increase of 108,100 jobs in from January 2004 through December 2007. For a period of time in late 2007 and early 2008 it appeared that Austin might not be affected by the national housing crisis, but eventually the lack of credit for new lot construction, retail store expansions and business inventory additions resulted in a decrease in new job creation in the local economy, which was diminished by -17,000 in 2009. However, the economy began a modest recovery in 2010 with 11,500 jobs added and gained more momentum in 2011 with 26,600 jobs added. The recovery then accelerated, adding over 39,000 jobs in 2013 and 2014. Employment growth continued its positive trajectory through 2015 and 2018, with an average increase of 36,525 jobs a year, slowing slightly in 2019.

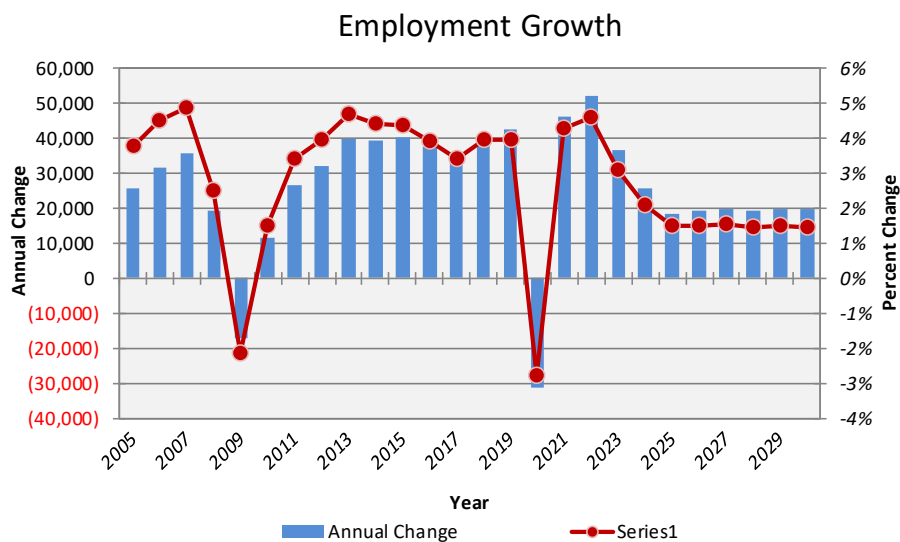
The most recent forecast (April 2021) from Moody's Analytics shows a rapid recovery from the novel Covid-19 global pandemic and the rapid job losses seen as a result. Table (1) on the following page provides recent employment statistics and projections for the Austin-Round Rock MSA. Employment growth for 2020 through the end of the year was negative, due to the lingering effects of the pandemic. This year (2021) will see a recovery period at a higher than typical growth rate, with a continuation of robust employment growth in 2022 and 2023, leveling out to an expected 2.3% average annual rate from 2021 through 2030. The forecast shown is from Moody's, Economy.com, Austin-Round Rock MSA Employment Forecast, from April 7, 2021.

Table (1)
Historical & Projected Employment Growth
 Austin-Round Rock MSA

	Year	Total Wage & Salary Emp.	Annual Change	Percent Change
Historical	2005	704,600	25,600	3.77%
	2006	736,300	31,700	4.50%
	2007	772,000	35,700	4.85%
	2008	791,100	19,100	2.47%
	2009	774,100	(17,000)	-2.15%
	2010	785,600	11,500	1.49%
	2011	812,200	26,600	3.39%
	2012	844,300	32,100	3.95%
	2013	883,900	39,600	4.69%
	2014	923,000	39,100	4.42%
	2015	963,300	40,300	4.37%
Projected	2016	1,000,900	37,600	3.90%
	2017	1,034,900	34,000	3.40%
	2018	1,075,600	40,700	3.93%
	2019	1,117,900	42,300	3.93%
	2020	1,086,800	(31,100)	-2.78%
	2021	1,133,100	46,300	4.26%
	2022	1,185,100	52,000	4.59%
	2023	1,221,800	36,700	3.10%
	2024	1,247,300	25,500	2.09%
	2025	1,265,800	18,500	1.48%
	2026	1,285,000	19,200	1.52%
	2027	1,304,800	19,800	1.54%
	2028	1,324,000	19,200	1.47%
	2029	1,343,900	19,900	1.50%
	2030	1,363,400	19,500	1.45%

Source: Texas Workforce Commission, Annual Average Wage &
 Non-Farm Salary Employment (2000-2019)
 Forecasted employment increase obtained from Moody's
 Economy.com April 2021

empgro_Austin_2021.xls



Austin MSA Housing Demand

As demonstrated in the previous section, population growth in Austin and other rapidly growing U.S. cities is almost always attributable to the immigration of people from other areas, often because of job opportunities. However, due to the recent COVID-19 global pandemic, population growth based on in-migration has been severely reduced.

Although CMR has utilized job growth rates during times of high employment growth (Shown previously in Table (1)) to forecast short-term population growth, for this forecast CMR has chosen to use population estimates which are based on the most recently completed forecast available from the Texas State Data Center at Texas A&M University. This forecast was modified to reflect the slower job growth and lower in-migration experienced in 2020 as a result of the COVID-19 impact. Forecasts for 2021 and beyond are based on the State Data Center forecasted annual population increase.

Combining population growth with average household size (US Census 2010), CMR has estimated that the Austin-Round Rock MSA will grow by an annual average of 26,793 households per year from 2021 through 2040.

Table (2)
Household Forecast
Austin-Round Rock MSA

Year	MSA Population	Population Increase	Household Size	New Households
2021	2,268,036	56,955	2.58	22,076
2022	2,325,888	57,852	2.58	22,423
2023	2,384,845	58,957	2.58	22,852
2024	2,444,914	60,069	2.58	23,283
2025	2,506,270	61,356	2.58	23,781
2026	2,568,870	62,600	2.58	24,264
2027	2,632,714	63,844	2.58	24,746
2028	2,697,944	65,230	2.58	25,283
2029	2,764,612	66,668	2.58	25,840
2030	2,832,721	68,109	2.58	26,399
2031	2,902,268	69,547	2.58	26,956
2032	2,973,256	70,988	2.58	27,515
2033	3,045,682	72,426	2.58	28,072
2034	3,119,445	73,763	2.58	28,590
2035	3,194,629	75,184	2.58	29,141
2036	3,271,321	76,692	2.58	29,726
2037	3,349,545	78,224	2.58	30,319
2038	3,429,355	79,810	2.58	30,934
2039	3,510,672	81,317	2.58	31,518
2040	3,593,607	82,935	2.58	32,145

empgro_Austin_2021.xls

Source: Population increase based on TSDC MSA Forecast,
assuming natural growth only (37.2% of total) in 2020
due to the impact of the Covid-19 global pandemic.

**MARKET AREA DEFINITION &
DEMOGRAPHIC ANALYSIS**

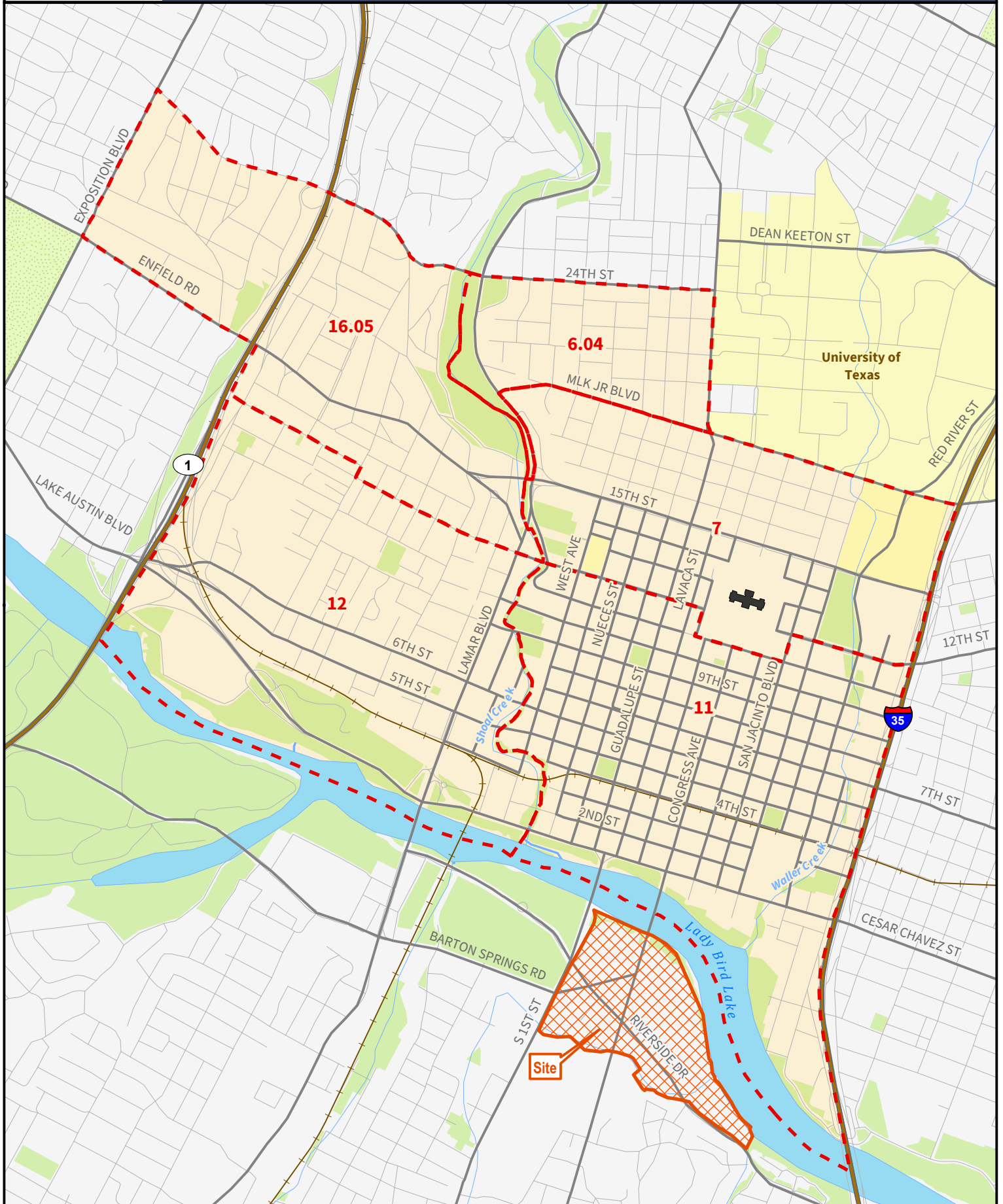
South Central Waterfront Market Area Definition

In order to accurately represent the demand for condominium units at the subject site, regional demand must be disaggregated to the neighborhood or market area level. This process of disaggregation is accomplished by segmenting a geographic region into small apartment market areas or neighborhoods. The market area for the subject property must be small enough to capture relevant local trends and product preferences, but it also must be large enough to capture all of the current and potentially competitive properties along with important employment and activity generators.

The South-Central Waterfront is approximately 118 acres located on the south side of Lady Bird Lake, between South First Street and Bouldin Creek. Land uses and natural attributes in the area that are considered to be important include abundant green space along Lady Bird Lake, the Butler Hike & Bike Trail, Waller Creek, Shoal Creek, and the Capital Grounds. Additional attractions include the Sixth Street and Rainey Street entertainment districts, the Austin Convention Center, the Palmer Events Center, Zilker Park, and the 2nd Street shopping district. North of the site is the University of Texas Campus, The Blanton Museum, and the ATT Conference Center.

Another important consideration for defining the market is image and market perceptions. This is often quite difficult to quantify because one market may phase quietly into another without a clear physical or psychological barrier. This is not the case for the subject property market area delineation. The multifamily development will likely draw a majority of tenants from those who work in the CBD, or at the University of Texas and the nearby State Capitol complex. It is also likely that a number of tenants or condominium buyers will be downsizing empty nester households from central and west Austin, and out of town, second home buyers. The subject market area is defined as the traditional downtown business district located north of Lady Bird Lake, south of the University of Texas, and in between Interstate 35 and MoPac (Loop 1). This boundary has been expanded to include the South-Central Waterfront 118-acre planning area in anticipation that higher density development will be approved and built in the area.

Finally, the definition of the Downtown market area must take into consideration the availability of relevant information, particularly demographic area. Census tract geography is most often used to delineate market areas because the data available from the census is critical to thorough and relevant analysis of the market. This area is made up of Travis County 2010 Census tracts 6.04, 7, 11, 12, and 16.05.



OFFICE MARKET CONDITIONS

Austin Office Market Overview

The office market in Austin has, over the last 26 years, evolved from a relatively small government-oriented market to a much larger and more diverse multi-tenant market. In 1980 the multi-tenant office market in Austin contained approximately 5.4 million square feet of space in 77 buildings. By 1987, the market had expanded fourfold to include more than 22 million square feet in 251 buildings and it now contains over 54 million square feet.

Reflecting the historical focus on State government and the location of the Capitol Building, for most of the 20th century a majority of office space was concentrated in Downtown Austin. In recent years, however, suburban office development has dominated the market, since almost 100% of the space built during the nineties was constructed in the suburban market. From 1993 to 1999, a majority of leasing activity also took place in the suburbs, and until the first quarter of 2001, the suburban markets displayed remarkable strength, with almost every new building fully leased when it received a certificate of occupancy. Now, as a result of another boom in suburban office construction in 2007 and 2008 the suburban market occupancy rates have dropped dramatically and the market has become much more competitive.

Historical Trends

Austin, like many other cities in Texas, experienced an unprecedented boom in office space construction and absorption in the mid-eighties. Driven by a rapidly expanding economy and media attention associated with the formation of MCC (Microelectronics & Computer Technology Corporation, a consortium of high-tech businesses, working together to create innovative technology), office absorption in 1984 surged to 2.56 million square feet. From 1983 to 1987 the inventory of general-purpose office space increased by 128%, a dramatic expansion caused by a massive construction boom. Unfortunately, the downturn in the Texas economy coupled with slow growth in the computer industry caused declines in office employment and absorption of the new space. In 1987, Austin had one of the lowest occupancy rates in the country at 62.6%.

With increasing occupancy and improving rental rates, 1990 was the turnaround year for the Austin office market. Government agencies led the market recovery as entities like the Austin Independent School District, Austin Community College and the State of Texas purchased vacant multi-tenant office buildings, removing them from the available inventory. This trend continued through 1991 and 1992, and in 1993 and 1994 private companies initiated a similar trend as they bought and occupied suburban office buildings. From 1995 through the end of 2000, the market expansion gained strength as rental rates increased and new buildings were completed and fully leased at completion. Between January 2000 and December 2002, the Austin office market deteriorated rapidly as many pre-profit dot.com companies went out of business and gave up their lease space. Over the same three-year period over 6.0 million square feet were completed in 77 new buildings. In 2003 only one building was completed with 83,843 sq. ft. Four buildings were completed in 2004 with a total of 605,686 sq. ft. and in 2005 and 2006 there were no (0) new buildings added to the inventory. The December 2006 office report showed a dramatic increase in occupancy to 87.8% (including sublease space) and 88.9% occupancy of owner-offered (direct) space. But in December 2007 the occupancy rate dropped to 85.2% due to the lack of leasing activity

combined with the completion of 1,398,077 sq. ft. of new office space in 2007. Absorption for the year was an anemic 145,122 sq. ft., which was a dramatic slowdown from the positive trend of the prior three years. In December 2008 the office market conditions continue to decline as 2,373,710 square feet were added to the market and only 484,876 square feet were absorbed. Then, in 2009, the market experienced negative absorption of almost one million sq. ft. while 976,999 sq. ft. were added during the year. December 2010 occupancy, including sublease space, increased to 80.3% but the quoted rental rates dropped by \$1.63 to \$24.68. Throughout 2011, average rates continued their decline, but occupancy rates increased and, in some areas, like the CBD and Southwest Austin, finding large blocks of contiguous space was increasingly difficult. At the end of 2011, average rates were down slightly from 2010 to \$24.19, but occupancy including sublease space increased to 83.7%.

Throughout 2012 and 2013, the market steadily improved with strong leasing activity in the CBD, Northwest and Southwest market areas. At the end of 2015, the citywide occupancy rate surpassed 90.0% for the first time since 2000. The market continued to gain strength through 2016, ending the year with 91.6% occupancy and average rents reaching \$34.05 (gross rates).

Recent Market Conditions

Starting in December 2017, Capitol Market Research was unable to continue the citywide research due to the sudden bankruptcy of our data provider, Xceligent. We have therefore chosen to use the average of the data collected from three brokerage firms active in Austin. These four firms include CBRE, Cushman and Wakefield, and JLL. These firms were chosen because the inventory that they track is most closely aligned to our previous data set.

In December 2017 Austin office market was 90.3% occupied with an average absorption rate of 1,238,912 square feet. Capitol Market Research documented over 1.6 million square feet of office space delivered in 2017, and average rents climbed, reaching \$35.67 (gross) per square feet. In December 2018, rental rates continued upward, rising to \$38.82 (gross) per square feet, but occupancy dropped to 89.3% and absorption slowed to 799,509 square feet. A total of 1,397,698 sq.ft. was added to the market in 2018.

At the end of 2019 the market continued to show incredible strength, as over three million square feet was added to the market, including the SXSW Offices (145,000 sq.ft.), The Foundry (75,000 sq.ft.), Four Points Centre Bldg. 3 (168,000 sq.ft.), and Mesa Creek in Round Rock (59,000 sq.ft.), and occupancy increased to 90.3%. There are several buildings under construction that have had significant preleasing activity, such as CityView, Bouldin Creek Commons, Domain 10, Domain 12, East6, Music Lane, Offices at Saltillo, and Rollingwood Town Center Bldg. III. Rental rates continued to climb as demand for office space accelerated, reaching \$41.99 (gross) per square foot for the Austin market.

The first quarter of 2020 began well, but the market was hit hard as the COVID induced “stay at home” orders were issued in March, and occupancy in office buildings plummeted. At the end of 2020, the occupancy rate fell to a ten-year low as additions to inventory continued and leasing activity fell. The uncertainty created by COVID has caused some tenants to postpone their leasing decisions while others

have renewed leases for shorter terms or less space (or both). In addition, large blocks of sub-lease space have become available as companies laid off workers (Go Daddy and Paisley Energy) or shifted to a work-from-home business model. Rental rates have continued to rise and now average \$45.53 per square foot as operating expenses have increased and landlords' endeavor to maintain their "quoted" rental rates. As the reality of tenant demand becomes more evident and sub-lease rates continue to decline, the quoted face rates will begin to drop.

This year, 2021, the office market is showing signs of recovery as the amount of sub-lease space has greatly diminished and leasing activity has picked up again. In addition, the pace of new space delivery has slowed and pre-leasing has increased. These data are reflected below where the overall occupancy rate has dropped to 82.0% and average rents have dropped to \$46.20. Developers and brokers remain positive, and see the execution of several large leases as an indication of an emerging rebound.

Table (3)
Austin Citywide Office Market Summary
December 2000 - June 2021

Year	Net Rentable Area	Total Leased	Percent Occupied	Additions (Sq.Ft.)	Absorption (Net Sq.Ft.)	Average Rent per Sq. Ft.
2000	28,524,537	27,213,822	95.4%	1,764,244	1,867,353	\$26.70
2001	31,162,686	25,531,590	81.9%	2,520,265	(1,680,818)	\$26.05
2002	33,198,203	24,256,957	73.1%	1,617,984	(1,274,633)	\$20.71
2003	33,125,064	24,840,794	75.0%	83,843	583,837	\$18.35
2004	34,529,701	27,960,818	81.0%	605,686	1,572,164	\$18.88
2005	34,607,839	29,402,802	85.0%	0	912,552	\$20.08
2006	34,513,174	30,288,445	87.8%	0	965,954	\$21.96
2007	35,630,721	30,365,399	85.2%	1,398,077	145,122	\$25.47
2008	38,445,479	31,313,962	81.5%	2,373,710	484,876	\$27.41
2009	39,677,836	30,584,102	77.1%	976,999	(971,414)	\$26.31
2010	39,274,313	31,548,225	80.3%	88,694	964,123	\$24.68
2011	39,358,387	32,959,646	83.7%	0	1,361,946	\$24.19
2012	39,555,890	34,070,832	86.1%	62,192	1,072,575	\$25.41
2013	39,156,400	34,195,776	87.3%	101,444	485,059	\$27.74
2014	42,222,619	37,626,733	89.1%	1,274,569	1,851,291	\$29.78
2015	44,004,567	40,013,489	90.9%	1,768,664	2,365,751	\$31.18
2016	45,977,582	42,135,826	91.6%	1,632,342	1,833,694	\$34.05
2017	50,158,624	45,357,520	90.4%	1,684,323	1,283,912	\$35.92
2018	51,660,805	46,033,942	89.1%	1,502,180	1,123,094	\$39.69
2019	54,790,523	49,494,449	90.3%	3,129,718	2,580,822	\$41.99
2020	57,034,131	48,813,762	85.6%	2,243,609	(1,441,617)	\$45.53
Q1 2021	57,565,963	48,360,389	84.0%	531,832	(628,758)	\$49.45
Q2 2021	59,110,994	48,456,330	82.0%	1,545,031	(63,168)	\$46.20

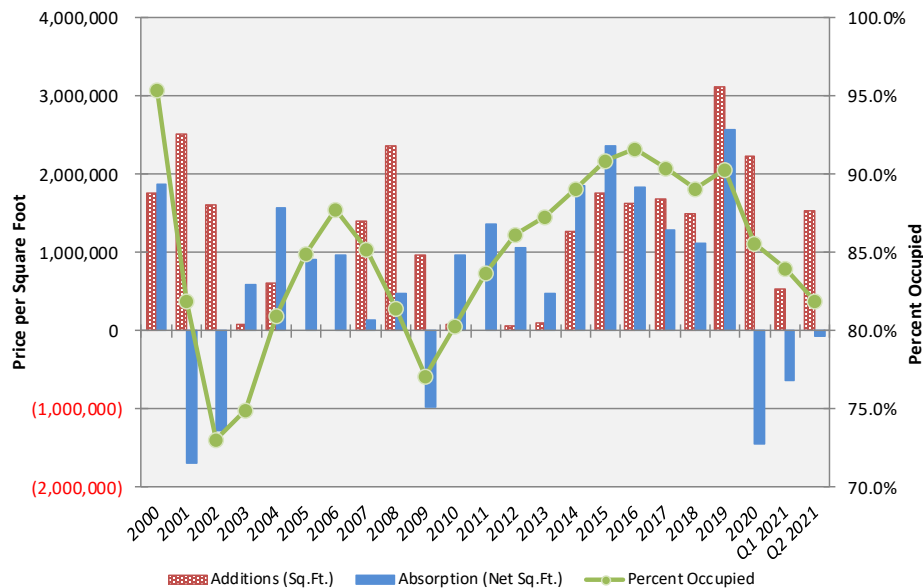
Source: Capitol Market Research, Austin Area Office Survey, December 2000 - December 2016

off_sum_Q2_21.xls

Average quoted rent for all available space on a "Gross" Lease basis

Includes sublease space starting in 2001

Note: Starting in December 2017, data is from the average of three brokerage firms active in the Austin Market
These firms have an average that is higher than the Exceligent tracking set, therefore
The additions to inventory in 2017 reflect actual construction, not change in data sources.



Downtown Austin Office Market Conditions

In July 2021, Capitol Market Research surveyed all 69 active multi-tenant office buildings in the Austin CBD that together comprise a total of 11,823,333 square feet of rentable space. Currently, the market area occupancy, including sublease space, is 80.1%, which is down from December 2020 when it was 88.0%. Average rents are \$59.66 per square foot on a “gross” lease basis, down slightly since December 2020 when they were \$60.12.

New Construction

Since 2014, fourteen buildings with a total of 2,837,373 sq. ft. of rentable space have been added to the market area: 501 Congress (rehab), 3Eleven Bowie, Seaholm office and 1705 Guadalupe in 2015, 5th + Colorado and Northshore in 2016, 500 West 2nd, Shoal Creek Walk and the UT System building in 2017, Third + Shoal and Westview (rehab) in 2018, and during the first six month of 2021, 300 Colorado, indeed tower and The Quincy.

Currently, there are fourteen office buildings under construction, which together will add 3,850,381 square feet to the market. As noted above, three buildings have already opened this year, and six more buildings are scheduled to open 1,114,144 square feet of space in the second half of 2021. The six remaining buildings are scheduled to deliver 1,917,318 square feet in 2022 and 2023. In the South-Central Waterfront Planning Area there is one building (RiverSouth) under construction with 271, 663 square feet of office space which is scheduled to deliver in November 2021. There are also several additional proposed projects that are considering office use as part of a mixed-use development or as a free-standing office building.

Occupancy & Absorption

The current (July 2021) occupancy in the market area is 80.1% which is a substantial drop from 88.0% in December 2020. The decrease in occupancy is due, in part, to the addition of 1,116,530 square feet of multi-tenant office space in three buildings since December. Approximately 68.6% of the delivered space is pre-leased.

Absorption in a tight market is usually driven by the completion of new space. However, from 1991 through 1999 the subject market area experienced sustained absorption and rapidly rising rental rates with no new construction. Then, just as new buildings were started in 2001 and 2002, the market became soft due to the dotcom bust, and absorption turned negative. From 2000 through the end of 2005 (with the exception of 2004), the market area experienced negative absorption each year. Then from the beginning of 2006 through the end of 2008, the market made a remarkable recovery and absorbed a total of 670,606 sq. ft. before slowing down in 2009, as the national recession impacted Austin and downsizings had a negative effect on absorption. However, leasing activity picked up the following year, with 270,085 square feet absorbed in 2010 and 248,662 square feet absorbed in 2011 and 2012 combined. Absorption slowed again in 2013, due in part to the lack of available space. Then, from 2013 through the end of 2016, market demand accelerated as nine new office buildings opened, with most of the space preleased before opening.

Over the last three Pre-COVID years, 2017-2019, the downtown market area received five new buildings with 1,186,566 square feet of space. Over that same time period, 1,652,925 square feet of space was absorbed and at the end of 2019 the market was 94.2% occupied. This rapid pace of absorption led to a surge in new construction and the delivery of 1,116,530 square feet in the first six months of 2021. The stay-at-home orders in March 2020 were followed by months of uncertainty regarding the occupancy of office space, which is only now becoming more acceptable.

Average Rents

Average rents in the Downtown market area rose dramatically from 1990 to 2000, ending the decade at \$32.62 in December 2000. Since then, rents dropped back to \$21.62 per sq. ft. in December 2003, but have since increased dramatically and are currently at \$59.97 per sq. ft. in June 2021.

New large, class “A” buildings are leasing at rental rates higher than the market average (ranging from a gross average of \$56.15 to \$76.01 per square foot) while generally maintaining a higher-than-average stabilized occupancy. The rent disparity between the new Class A+ properties and smaller Class A and B buildings is a result of the willingness of certain tenants to pay a premium for high-quality, prestige and image. Other factors affecting Class A+ rates are the larger, more efficient floor plates in the new buildings, superior HVAC and energy efficient design coupled with numerous building amenities. Because some tenants are willing to pay for quality, view, location, and amenities, and because there is a shortage of supply in these buildings, these landlords are able to obtain much higher rents.

Market Outlook

The continued increase in total occupancy has allowed average rental rates to increase, and the combination of high rents and increasing occupancy has resulted in the delivery of twelve class “A” properties since 2014, with an additional five buildings under construction. In addition to the multi-tenant space planned in the market area, several owner-occupied office buildings were built in and around Downtown Austin, including Oracle, just south of Lady Bird Lake, the GoDaddy building in East Austin and the SXSW building at 1400 Lavaca Street.

The leasing of an entire building to Google at 601 west 2nd Street and Whole Foods at Shoal Creek Walk II, shows the increasing diversity of the downtown tenant mix, as tech and other “creative” companies look for well-located office space in Downtown Austin. Preleasing at the Indeed Tower confirms the continuing attractiveness of Downtown Austin for large companies looking to maintain or expand their presence in a highly desirable location.

In the longer term, the continued expansion of the Downtown and near South Central residential and retail development is likely to support increases in occupancy rates, and will attract a more varied tenant mix than the historically dominant law firms, lobbyists and financial institutions. There are also a limited number of sites on which to construct new buildings, as well as significant additional costs for construction on constrained sites in the central core versus suburban buildings.

Table (4)
Austin CBD Market Inventory
December 2000 - June 2021

Year	Net Rentable Area	Total Leased	Percent Occupied	Additions (Sq.Ft.)	Absorption (Net Sq.Ft.)	Average Rent per Sq. Ft.
2000	6,909,980	6,625,991	95.9%	...	...	\$32.62
2001	7,003,641	6,038,157	86.2%	93,661	(587,834)	\$27.96
2002	7,408,860	5,915,409	79.8%	405,219	(122,748)	\$23.58
2003	7,486,771	5,880,903	78.6%	77,911	(34,506)	\$21.62
2004	8,204,255	6,534,529	79.6%	717,484	653,626	\$22.51
2005	8,183,635	6,485,265	79.2%	(20,620)	(49,264)	\$22.12
2006	8,166,880	6,739,807	82.5%	(16,755)	254,542	\$26.10
2007	8,138,270	6,975,958	85.7%	(28,610)	236,151	\$29.39
2008	8,212,712	7,124,310	86.7%	74,442	148,352	\$31.78
2009	8,395,208	6,846,197	81.5%	182,496	(278,113)	\$32.92
2010	8,400,048	7,328,610	87.2%	4,840	482,413	\$33.32
2011	8,516,361	7,271,929	85.4%	116,313	(56,681)	\$32.34
2012	8,527,208	7,584,887	88.9%	10,847	312,958	\$35.33
2013	8,348,915	7,313,266	87.6%	(178,293)	(271,621)	\$38.06
2014	9,009,220	8,333,469	92.5%	660,305	1,020,203	\$41.02
2015	9,295,905	8,709,496	93.7%	286,685	376,027	\$43.90
2016	9,498,497	8,957,267	94.3%	202,592	247,771	\$48.60
2017	10,580,370	9,601,679	90.7%	1,081,873	644,412	\$55.71
2018	10,865,835	9,985,073	91.9%	285,465	383,394	\$52.51
2019	11,265,672	10,610,192	94.2%	399,837	625,119	\$57.17
2020	11,359,284	9,991,597	88.0%	93,611	(633,990)	\$58.81
Q1 2021	11,765,551	9,992,076	84.9%	406,268	(107,128)	\$60.12
Q2 2021	12,676,237	10,488,529	82.7%	910,685	(31,602)	\$59.97

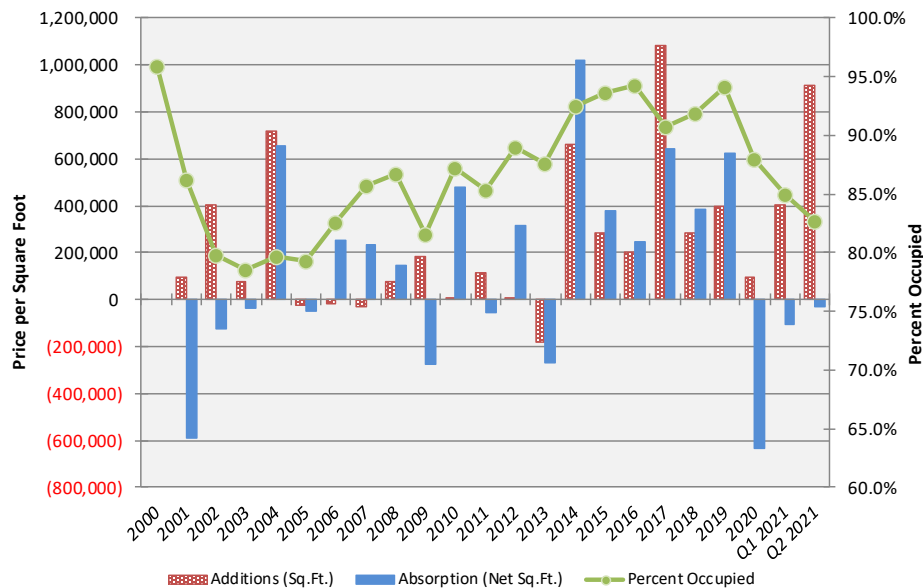
Source: Capitol Market Research, Austin Area Office Survey, December 2000 - December 2016

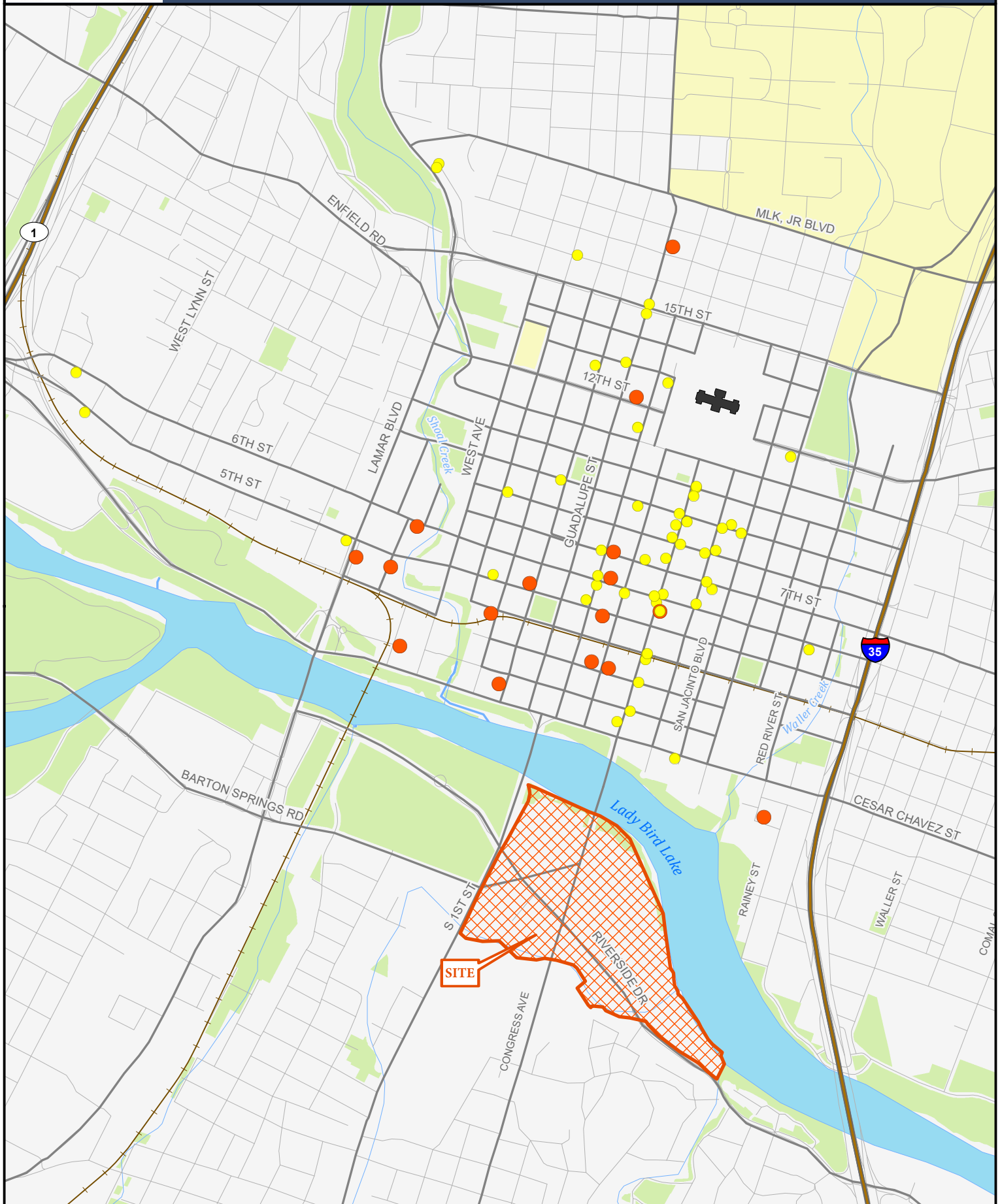
off_sum_Q2_21.xls

Average quoted rent for all available space on a "Gross" Lease basis

Includes sublease space starting in 2001

Note: Starting in December 2017, data is from the average of three brokerage firms active in the Austin Market
These firms have an average that is higher than the Exceligent tracking set, therefore
The additions to inventory in 2017 reflect actual construction, not change in data sources.





Inventory and Market Share

Since December 2000, the Downtown Austin market has grown from 6,909,980 sq. ft. in 50 buildings to 12,676,237 sq. ft. in 69 buildings (June 2021). While construction of new buildings tends to come in “spurts”, the annual increase to the market inventory has averaged approximately 250,245 sq. ft. since December 2000. The inventory share of the total Austin market has slowly decreased, from a high of 24.2% in 2000, to a low of 20.7% in December 2016 but increased in 2021 to 21.4%, while maintaining an average of 21.9% over the past 20.5 years. The decline in share reflects the rapid expansion of the suburban market, where buildings tend to be smaller, less expensive to build, and easier to get financed.

Table (5)
Office Inventory & Market Share
Downtown Austin

Year	Citywide Inventory	Market Area Inventory	Market Share	Change in Share
2000	28,524,537	6,909,980	24.2%	-2.5%
2001	31,162,686	7,003,641	22.5%	-1.8%
2002	33,198,203	7,408,860	22.3%	-0.2%
2003	33,125,064	7,486,771	22.6%	0.3%
2004	34,529,701	8,204,255	23.8%	1.2%
2005	34,607,839	8,183,635	23.6%	-0.1%
2006	34,513,174	8,166,880	23.7%	0.0%
2007	35,630,721	8,138,270	22.8%	-0.8%
2008	38,445,479	8,212,712	21.4%	-1.5%
2009	39,677,836	8,395,208	21.2%	-0.2%
2010	39,274,313	8,400,048	21.4%	0.2%
2011	39,358,387	8,516,361	21.6%	0.2%
2012	39,555,890	8,527,208	21.6%	-0.1%
2013	39,156,400	8,348,915	21.3%	-0.2%
2014	42,222,619	9,009,220	21.3%	0.0%
2015	44,004,567	9,295,905	21.1%	-0.2%
2016	45,977,582	9,498,497	20.7%	-0.5%
2017	50,158,624	10,580,370	21.1%	0.4%
2018	51,660,805	10,865,835	21.0%	-0.1%
2019	54,790,523	11,265,989	20.6%	-0.5%
2020	57,034,131	11,359,284	19.9%	-0.6%
Q2 2021	59,110,994	12,676,237	21.4%	1.5%
Average			21.9%	

Source: Capitol Market Research, December 2000 - June 2021

offsum_cbd-2021.xls

Historical Absorption

Absorption in the downtown market area has fluctuated significantly over the years, but it has averaged approximately 21.0% of the annual citywide office space absorption since 2001, equating to an average annual absorption of 220,665 square feet a year between January 2004 and June 2021. In 2001, absorption was negative in the city and the market area as many e-commerce, start-up companies gave up their space. Then from 2004 through 2006, absorption picked up as the economy improved, and companies began to expand and needed more space. Then the world-wide financial crisis brought an end to corporate relocations and expansion and the office market suffered through the end of 2009. However, following the global financial crisis, the office market the Downtown market area experienced increases in occupancy and positive absorption, which confirms the ongoing desirability of the market area.

The Downtown market area has captured 21.0% of the citywide absorption from January 2004 through June 2021. This healthy amount of absorption in the market area can be attributed (in part) to the high level of pre-leasing activity seen in the market area, which is driven by the strong demand for space in the most desirable office market in the region.

Table (6)
Historical Office Absorption
Downtown Austin

Year	Citywide Absorption	Market Area Absorption	Market Share
2001	-1,680,818	-587,834	35.0%
2002	-1,274,633	-122,748	9.6%
2003	583,837	-34,506	-5.9%
2004	1,572,164	653,626	41.6%
2005	912,552	-49,264	-5.4%
2006	965,954	254,542	26.4%
2007	145,122	236,151	162.7%
2008	484,876	148,352	30.6%
2009	-971,414	-278,113	28.6%
2010	964,123	482,413	50.0%
2011	1,361,946	-56,681	-4.2%
2012	1,072,575	312,958	29.2%
2013	485,059	-271,621	-56.0%
2014	1,851,291	1,020,203	55.1%
2015	2,365,751	376,027	15.9%
2016	1,833,694	247,771	13.5%
2017	1,283,912	644,412	50.2%
2018	1,123,094	383,394	34.1%
2019	2,580,822	503,151	19.5%
2020	-1,441,617	-496,627	34.4%
2021	-691,926	-138,730	20.0%
Total	15,393,716	3,226,876	21.0%

Source: Capitol Market Research, September 2021
Citywide Office Market Surveys Dec. 2000 - June 2021

offsum_cbd.xls

Downtown Competitive Office Sites

In addition to the existing buildings, office space in the South-Central Waterfront TIF District will be competing with other downtown market area office sites and new buildings under construction. The potential additions to the defined market resulting from the development of other planned office sites is based on the capacity of office developers to obtain the necessary construction financing and city approvals, often after a lengthy process where the developer has negotiated the land purchase with multiple ownership interests.

The August 2021 survey conducted by Capitol Market Research for this evaluation revealed a total of twenty-three zoned sites that have buildings that are either under construction, have been “announced” or that are likely to be developed as competitive office space. Later this year, 1111 West Sixth Street, 405 Colorado, 701 Rio, RiverSouth and Shoal Creek Walk II will deliver 738,584 square feet. In total there is 7,153,556 square feet of office space under construction and planned, thus indicating the potential for competitive development within the proposed project development horizon. After interviewing developers, property owners and leasing agents, we have prepared a “pipeline” analysis for the subject market area that represents the best information available to us in September 2021.

Table (7)
Planned Multi-Tenant Office Buildings
Downtown Austin

Map No.	Name	Address	Developer Name	Size	Status	Estimated Start	Estimated Completion
1	1111 West 6th South	1111 West 6th Street	Schlosser Development	70,000	Construction	Aug-20	Sep-21
.....	1111 West 6th North	1111 West 6th Street	Schlosser Development	108,000	Planned	Feb-22	May-23
2	1204 San Antonio	1204 San Antonio	TAC Risk Management	41,698	Construction	Sep-19	Mar-21
3	1301 Lavaca	1301 Lavaca	Ryan Companies	58,631	Submitted	tbd	tbd
4	14th & Guadalupe	400 West 14th Street	CREA	58,631	Submitted	tbd	tbd
5	300 Colorado	300 Colorado Street	Cousins	340,000	Construction	Dec-18	Feb-21
6	405 Colorado	405 Colorado St	Brandywine	202,138	Construction	Mar-19	Aug-21
7	410 Uptown	410 W. 18th St	Mid-City Development	186,957	Proposed	tbd	tbd
8	6X Guadalupe	600 Guadalupe St.	Lincoln/ Kairo	570,000	Construction	Sep-18	Oct-22
9	701 Rio	701 Rio Grande	Investor Alliance	120,983	Construction	Jan-20	Jul-21
10	98 Red River	98 Red River	Lincoln/ Kairo	700,000	Re-submitted	tbd	tbd
11	Block 16	201 San Jacinto	Manifold Real Estate	875,035	Submitted	tbd	tbd
12	Block 87	701 Trinity St.	Cielo Property Group	182,328	Withdrawn	tbd	tbd
13	Google Tower	601 West 2nd Street	Trammell Crow	800,000	Construction	Feb-19	Jun-22
14	Horizon Bank Tower	600 West 5th Street	Development 2000	138,218	Construction	May-21	Jan-23
15	Indeed Tower	200 W. 6th St.	Trammell Crow	665,000	Construction	Feb-18	May-21
16	Rainey Marketplace	84 Rainey St.	Sackman Development	68,500	Submitted	tbd	tbd
17	RiverSouth	401 South First St.	Stream Realty	271,663	Construction	Mar-19	Nov-21
18	Shoal Creek Walk II	805 West Sixth	Schlosser Development	143,800	Construction	Nov-20	Nov-21
19	TBA Redevelopment	203 West 10th Street	Development 2000	85,100	Construction	Apr-21	Oct-22
20	The Quincy	91 Red River	Endeavor Real Estate	77,781	Construction	Mar-19	May-21
21	Tower 5C	415 Colorado	Ryan Companies	463,723	Submitted	tbd	tbd
22	The Republic	308 Guadalupe Street	Lincoln Property Group	601,370	Submitted	tbd	tbd
23	UT Waterloo Tower	1313 Red River	2033 Foundation	324,000	Construction	Dec-19	Mar-22
Total				7,153,556			

Source: Capitol Market Research, Developer Interviews, September 2021

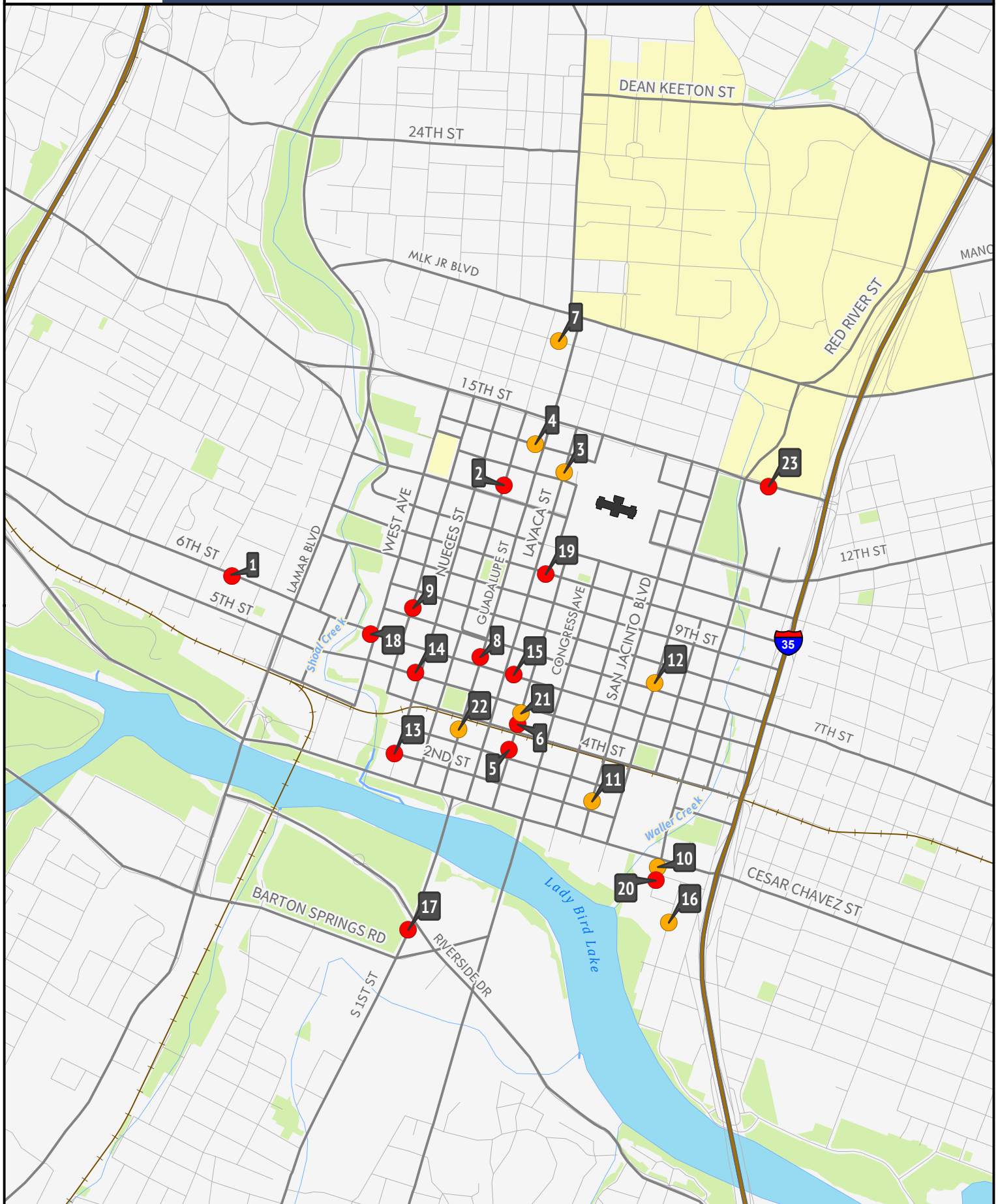
composite off_cbd.xls

Table (8)
Future Office Building Delivery
Downtown Austin

Map No.	Name	Sq.Ft.	Delivery Date	2021	2022	2023	2024	Future
1	1111 West 6th South	70,000	Sep-21	70,000	.....	.....	.....	.....
.....	1111 West 6th North	108,000	May-23	.....	.....	108,000	.....	.....
2	1204 San Antonio	41,698	Mar-21	41,698	.....	.....	.....	.....
3	1301 Lavaca	58,631	tbd	.....	.....	.....	.....	58,631
4	14th & Guadalupe	58,631	tbd	.....	.....	.....	.....	58,631
5	300 Colorado	340,000	Feb-21	340,000	.....	.....	.....	.....
6	405 Colorado	202,138	Aug-21	202,138	.....	.....	.....	.....
7	410 Uptown	186,957	tbd	.....	.....	.....	.....	186,957
8	6X Guadalupe	570,000	Oct-22	.....	570,000	.....	.....	.....
9	701 Rio	120,983	Jul-21	120,983	.....	.....	.....	.....
10	98 Red River	700,000	tbd	.....	.....	.....	.....	700,000
11	Block 16	875,035	tbd	.....	.....	.....	.....	875,035
12	Block 87	182,328	tbd	.....	.....	.....	.....	182,328
13	Google Tower	800,000	Jun-22	.....	800,000	.....	.....	.....
14	Horizon Bank Tower	138,218	Jan-23	.....	.....	138,218	.....	.....
15	Indeed Tower	665,000	May-21	665,000	.....	.....	.....	.....
16	Rainey Marketplace	68,500	tbd	.....	.....	.....	.....	68,500
17	RiverSouth	271,663	Nov-21	271,663	.....	.....	.....	.....
18	Shoal Creek Walk II	143,800	Nov-21	143,800	.....	.....	.....	.....
19	TBA Redevelopment	85,100	Oct-22	.....	85,100	.....	.....	.....
20	The Quincy	77,781	May-21	77,781	.....	.....	.....	.....
21	Tower 5C	463,723	tbd	.....	.....	.....	.....	463,723
22	The Republic	601,370	tbd	.....	.....	.....	.....	601,370
23	UT Waterloo Tower	324,000	Mar-22	.....	324,000	.....	.....	.....
Total Sq. Ft.:		7,153,556		1,933,063	1,779,100	246,218	0	3,195,175
Percent Leased:		28.8%		50.0%	63.2%	15.4%	...	...

Source: Capitol Market Research, Developer Interviews, September 2021

compsite off_cbd.xls



Austin MSA Office Demand Forecast

Total employment in the Austin area is expected to grow by an average of 1.9% per year over the forecasted 20 years (2021-2040). In order to determine the number of these jobs being created in need of office space, CMR utilized the 2018 Texas Workforce Commission's occupational breakdown of workers for each major industry group, including most professional, managerial, and clerical categories. CMR staff then reviewed each occupational category and assigned it an office percentage based on the type of work conducted by employees in each industry class. The results of this CMR analysis indicate that currently 47.3% of all workers in the Austin area are located in office space, however, the percentage by industry group ranges from a low of 5% in Hospitality to 84% in Information. Based on the predicted shift in industry mix, this percentage is forecasted to decline steadily to 47.1% in 2040. CMR has also estimated that each office worker will need an average of 225 square feet of space.

The final step to estimate the proportion of office demand that is likely to be absorbed in multi-tenant office buildings is to determine the percentage of owner-occupied buildings and subtracting office workers in those buildings from the total absorption demand. It is likely that multi-tenant leasing will dominate, as a substantial amount of new office space is now available, and the desire to move rapidly into already completed and relatively affordable space drives the decision-making in many companies. Based on the 2019 Travis Central Appraisal District (TCAD) records and the inventory of multi-tenant buildings, multi-tenant space accounts for 64% of total office space demand. By using the employment forecast shown in Table (1), CMR has concluded that the Austin MSA will absorb an average of approximately 1.65 million square feet of "multi-tenant" office space annually from 2021 through 2040.

Table (9)
Office Employment Growth
Austin-Round Rock MSA

Year	Total Wage & Salary Emp.	Percent Office Employment	Office Employment	Annual Change	Office Space Absorption	Multi-Tenant Space Absorption
2021	1,133,100	47.3%	535,730	19,510	4,389,750	2,809,440
2022	1,185,100	47.3%	560,060	24,330	5,474,250	3,503,520
2023	1,221,800	47.3%	577,330	17,270	3,885,750	2,486,880
2024	1,247,300	47.2%	589,220	11,890	2,675,250	1,712,160
2025	1,265,800	47.2%	597,540	8,320	1,872,000	1,198,080
2026	1,285,000	47.2%	606,160	8,620	1,939,500	1,241,280
2027	1,304,800	47.1%	615,160	9,000	2,025,000	1,296,000
2028	1,324,000	47.1%	624,120	8,960	2,016,000	1,290,240
2029	1,343,900	47.1%	633,400	9,280	2,088,000	1,336,320
2030	1,363,400	47.1%	642,590	9,190	2,067,750	1,323,360
2031	1,383,805	47.1%	652,210	9,620	2,164,500	1,385,280
2032	1,404,516	47.1%	661,970	9,760	2,196,000	1,405,440
2033	1,425,536	47.1%	671,880	9,910	2,229,750	1,427,040
2034	1,446,871	47.1%	681,930	10,050	2,261,250	1,447,200
2035	1,468,526	47.1%	692,140	10,210	2,297,250	1,470,240
2036	1,490,504	47.1%	702,500	10,360	2,331,000	1,491,840
2037	1,512,812	47.1%	713,010	10,510	2,364,750	1,513,440
2038	1,535,453	47.1%	723,680	10,670	2,400,750	1,536,480
2039	1,558,433	47.1%	734,510	10,830	2,436,750	1,559,520
2040	1,581,757	47.1%	745,510	11,000	2,475,000	1,584,000
Total				229,290	51,590,250	33,017,760

Source: Employment Forecast from Table (1)

empgro_Austin_2021.xls

Note: Office Employment is estimated to range from 47.3% to 47.1% of Total Employment, based on CMR occupation survey

Employment to space ratio estimated to be 225 sq. ft. per person

Multi-tenant space estimated to be 64% of the total demand

Market Area and Subject Absorption Forecast

Since 2010, the office market conditions in the Downtown Austin have experienced a dramatic improvement from the negative absorption and stagnant rent growth experienced because of the economic downturn in 2009. The recession effectively curtailed any short-term plans for development, but the market is now experiencing a dramatic resurgence, with over 3.17 million square feet of Class “A” office delivered since 2016, and 3.85 million square feet currently under construction. Construction on all office buildings continued through 2020 and early 2021 in spite of the uncertainty regarding occupancy of leased space. The consensus among office building developers and their tenants is that there will be continuing need for office space, although the interior space lay-out and frequency of use will be altered as a result of the pandemic.

The downtown market area is currently 82.0% occupied, and in spite of the high vacancy rate, there are very few large blocks of contiguous space available for lease. Over the last nine months the amount of space available in older buildings has decreased as sub-lease space is taken of the market, or has been leased. Due to the continued strong demand, in spite of the uncertainty surrounding the COVID pandemic most of the future absorption will take place in buildings that are planned for completion over the next few years. CMR has estimated that a proportionate share of absorption will take place in the Downtown market area from 2021 through 2040 based on the 25.0% historical capture rate experienced in the market area from 2004 through June 2021. Based on these assumptions, and the planned site inventory and future construction schedule previously discussed, an absorption and occupancy forecast has been developed and is shown in Table (10) on the following page.

Table (10)
Office Absorption and Occupancy Forecast
Downtown Austin

Year	Net Rentable Area	Additions (Sq.Ft.)	Sq.Ft Available	Percent Occupied	Absorption (Sq.Ft.)
2005	8,183,635	(20,620)	1,698,370	79.2%	(49,264)
2006	8,166,880	(16,755)	1,427,073	82.5%	254,542
2007	8,138,270	(28,610)	1,162,312	85.7%	236,151
2008	8,212,712	74,442	1,088,402	86.7%	148,352
2009	8,395,208	182,496	1,549,011	81.5%	(278,113)
2010	8,400,048	4,840	1,071,438	87.2%	482,413
2011	8,516,361	116,313	1,244,432	85.4%	(56,681)
2012	8,527,208	10,847	942,321	88.9%	312,958
2013	8,348,915	(178,293)	1,035,649	87.6%	(271,621)
2014	9,009,220	660,305	675,751	92.5%	1,020,203
2015	9,295,905	286,685	586,409	93.7%	376,027
2016	9,498,497	202,592	541,230	94.3%	247,771
2017	10,580,370	1,081,873	978,691	90.7%	644,412
2018	10,865,835	285,465	880,762	91.9%	383,394
2019	11,265,989	400,154	777,765	93.1%	503,151
2020	11,359,284	93,295	1,367,686	88.0%	(496,627)
2021	13,292,347	1,933,063	1,632,209	87.7%	1,668,541
2022	15,071,447	1,779,100	1,411,986	90.6%	1,999,322
2023	15,317,665	246,218	1,036,880	93.2%	621,324
2024	15,745,665	428,000	1,037,112	93.4%	427,768
2025	16,044,665	299,000	1,036,783	93.5%	299,329
2026	16,354,665	310,000	1,036,661	93.7%	310,122
2027	16,678,665	324,000	1,036,867	93.8%	323,794
2028	17,000,665	322,000	1,036,512	93.9%	322,355
2029	17,334,665	334,000	1,036,645	94.0%	333,867
2030	17,665,665	331,000	1,037,015	94.1%	330,629
2031	18,011,665	346,000	1,036,916	94.2%	346,100
2032	18,362,665	351,000	1,036,779	94.4%	351,136
2033	18,719,665	357,000	1,037,247	94.5%	356,533
2034	19,081,665	362,000	1,037,677	94.6%	361,570
2035	19,448,665	367,000	1,037,351	94.7%	367,326
2036	19,821,665	373,000	1,037,628	94.8%	372,723
2037	20,199,665	378,000	1,037,509	94.9%	378,119
2038	20,583,665	384,000	1,037,634	95.0%	383,875
2039	20,973,665	390,000	1,038,002	95.1%	389,632
2040	21,369,665	396,000	1,038,254	95.1%	395,748

Source: Capitol Market Research, September 2021

offsum_cbd_2021.xls

Additions to inventory in 2021 - 2023 are based on the delivery of buildings currently under construction or planned with a definitive delivery date.

The office space additions shown for 2024 - 2030 above are assumed to approximately equal absorption

South Central Waterfront Office Absorption

The previous sections have discussed the regional office market and the growth statistics related to the office market in Downtown Austin. The data shows that the subject market area continues to be competitive in the regional office context and has maintained a healthy share of new office construction and absorption while also commanding the highest average rental rates in the city. As discussed earlier, the success of the market area in a regional context is largely due to the rich mix of land uses in close proximity, and the walkable character of the Downtown neighborhoods. The continuing success of the market area is also dependent upon the availability of vacant land, and the redevelopment of underutilized parcels.

In 2010, the City of Austin completed the Austin Downtown Master Plan which outlined a vision for the CBD that included a proposed land use plan for sub districts within the CBD. As part of the future land use plan, the master plan consultants identified “opportunity sites.” These opportunity sites were either vacant (in 2010) or had low density improvements which do not reflect the highest and best use of the property. Current CBD zoning allows an 8:1 FAR unless the site is within an historic district (like West 6th Street) or is within a protected Capital View Corridor (CVC). On some sites the owner has achieved a higher density “bonus” that increased the FAR. Taking the FAR constraints into consideration, the Master Plan consultants identified the potential for adding approximately 37.2 million square feet of additional building net rentable space in the CBD. Over the last few years, the City of Austin has pursued a planning exercise for the South-Central Waterfront (SCW) District, an area viewed by many as the southern extension of the CBD. According to the South-Central Waterfront Vision Framework Plan (adopted in June 16, 2016), more than 8 million square feet of new development could be built under the proposed framework plan. While actual development may deviate from the assumed test scenario, CMR assumes that this is a reasonable estimate of the development opportunity in the SCW planning area.

In 2017, Nelsen Nygaard completed the Downtown Austin Parking Strategy Plan for the Downtown Austin Alliance. Part of the plan included an “opportunity site” assessment (update) which was completed by McCann Adams Studio. The Downtown site assessment shows a total of 37.8 million square feet of development opportunity, which assumes that all sites are built to their maximum F.A.R., including a density bonus. Within the South-Central Waterfront District there is a potential to develop 8.5 million square feet of development (congruent with the regulating plan), which is 18.4% of the total development potential in the CBD, plus the SCW (46.3 m. sq. ft.).

A preliminary estimate of the office absorption potential for the South-Central Waterfront was calculated for the Potential TIRZ district using the proportional share of the downtown development potential (18.4%) combined with an estimate of the “competitive” share. This competitive share reflects the change in character likely to occur as a result of the implementation of the planned South Central framework plan and significant infrastructure improvements. The “blended” capture rate is the average of the proportional and competitive share. This absorption forecast is shown on Table (11) on the following page.

Table (11)
Office Space Absorption Forecast
Downtown Austin and the SouthCentral Waterfront

Year	Citywide Absorption	CBD Market %	Market Area (CBD) Absorption	Market Area Additions	South Central Waterfront				
					Proportional Capture Rate	Competitive Capture Rate	Blended Rate	Absorption Potential in SCW	Cummulative Potential Absorption
2021	2,809,440	25.0%	1,668,541	1,933,063	18.4%	18.4%	18.4%	307,011	307,011
2022	3,503,520	25.0%	1,999,322	1,779,100	18.4%	20.1%	19.2%	384,501	691,513
2023	2,486,880	25.0%	621,324	246,218	18.4%	21.7%	20.1%	124,657	816,170
2024	1,712,160	25.0%	427,768	428,000	18.4%	23.4%	20.9%	89,381	905,551
2025	1,198,080	25.0%	299,329	299,000	18.4%	25.1%	21.7%	65,033	970,584
2026	1,241,280	25.0%	310,122	310,000	18.4%	26.7%	22.6%	69,957	1,040,541
2027	1,296,000	25.0%	323,794	324,000	18.4%	28.4%	23.4%	75,734	1,116,275
2028	1,290,240	25.0%	322,355	322,000	18.4%	30.0%	24.2%	78,078	1,194,353
2029	1,336,320	25.0%	333,867	334,000	18.4%	31.7%	25.1%	83,643	1,277,995
2030	1,323,360	25.0%	330,629	331,000	18.4%	33.4%	25.9%	85,581	1,363,576
2031	1,385,280	25.0%	346,100	346,000	18.4%	35.0%	26.7%	92,463	1,456,039
2032	1,405,440	25.0%	351,136	351,000	18.4%	36.7%	27.5%	96,729	1,552,768
2033	1,427,040	25.0%	356,533	357,000	18.4%	38.4%	28.4%	101,180	1,653,948
2034	1,447,200	25.0%	361,570	362,000	18.4%	40.0%	29.2%	105,616	1,759,565
2035	1,470,240	25.0%	367,326	367,000	18.4%	41.7%	30.0%	110,352	1,869,917
2036	1,491,840	25.0%	372,723	373,000	18.4%	43.3%	30.9%	115,073	1,984,990
2037	1,513,440	25.0%	378,119	378,000	18.4%	45.0%	31.7%	119,884	2,104,874
2038	1,536,480	25.0%	383,875	384,000	18.4%	46.7%	32.5%	124,901	2,229,775
2039	1,559,520	25.0%	389,632	390,000	18.4%	48.3%	33.4%	130,014	2,359,789
2040	1,584,000	25.0%	395,748	396,000	18.4%	50.0%	34.2%	135,346	2,495,135
Total			10,339,813	10,010,381			24.1%	2,495,135	

Source:Capitol Market Research, September 2021

offsum_scw_2021.xls

Capture rate based (in part) on SCW potential development of opportunity sites as a percentage of the total CBD

Table (12)
Office Space Absorption Forecast
South Central Waterfront

Year	Suouth Central Waterfront				
	Subject Demand	Cumulative Demand	New Sq.Ft. Added	Cumulative Sq.Ft. Added	Cumulative less Sq.Ft. Added
2021	307,011	307,011	271,663	271,663	35,348
2022	384,501	691,513	0	271,663	419,850
2023	124,657	816,170	124,657	396,320	419,850
2024	89,381	905,551	89,381	485,701	419,850
2025	65,033	970,584	65,033	550,734	419,850
2026	69,957	1,040,541	69,957	620,692	419,850
2027	75,734	1,116,275	75,734	696,425	419,850
2028	78,078	1,194,353	78,078	774,503	419,850
2029	83,643	1,277,995	83,643	858,145	419,850
2030	85,581	1,363,576	85,581	943,726	419,850
2031	92,463	1,456,039	92,463	1,036,189	419,850
2032	96,729	1,552,768	96,729	1,132,918	419,850
2033	101,180	1,653,948	101,180	1,234,099	419,850
2034	105,616	1,759,565	105,616	1,339,715	419,850
2035	110,352	1,869,917	110,352	1,450,067	419,850
2036	115,073	1,984,990	115,073	1,565,141	419,850
2037	119,884	2,104,874	119,884	1,685,024	419,850
2038	124,901	2,229,775	124,901	1,809,925	419,850
2039	130,014	2,359,789	130,014	1,939,939	419,850
2040	135,346	2,495,135	135,346	2,075,285	419,850
Total	2,495,135		2,075,285		

Source: Capitol Market Research, September 2021

offsum_scw_2021.xls

APARTMENT MARKET CONDITIONS

Apartment Market Trends in the Austin MSA

Traditionally, apartment projects in Austin have been clustered near activity centers, major employers and the university areas. Examples of this phenomenon include the cluster of apartments near IBM, Dell, Abbott Labs and Seton Hospital as well as the apartments surrounding the University of Texas, St. Edwards University, and the various Austin Community College campus locations. In the recent past, the Central Business District had relatively few residential rental units in inventory. However, since 2009 and 2010, several new communities were developed within the area, with construction continuing into 2016.

Market conditions in the Austin area multi-family market were volatile in the eighties, when Federal Tax Policy caused dramatic overbuilding of the apartment market in 1985 and 1986, followed by several years of inactivity. After dropping to 80% occupancy in the mid-eighties, occupancy rates steadily increased, and by 1990, rapid rent escalation was underway. However, it was not until 1993 that overall market rental rates were high enough to support widespread construction activity.

As Austin's economy experienced robust growth in the early nineties, the resurgence of multi-family construction began in 1991 when 148 units were constructed and 220 units were absorbed. At that time citywide occupancy was at 93.7% and apartments leased for an average \$0.57 per square foot. From that period through mid-1996, average rent per square foot and absorption accelerated dramatically. Occupancy first peaked in December 1994 at 97.4%, and then again in June 2000 (at 98.2%), while new unit completions peaked in 1996 at 6,405 units and then again at 8,472 in 2001. Since 1996, the pace of new construction fluctuated from year to year but both occupancy and average rental rates increased steadily through the end of 2000.

In 2001, for the first time in many years, new unit completions dramatically exceeded absorption and the market plunged from 97.6% in January to 90.0% by the end of the year. Rents dropped precipitously, but the building continued into 2002, in spite of the softness in the market. Beginning in late 2003, new construction activity began to diminish and regional apartment demand regained strength which resulted in the positive absorption trend through 2004, 2005, 2006 and 2007. However, in 2008 the market occupancy rate decreased 5.2 percentage points from 2007, with additional drops in 2009 occupancy (90.4%) and rental rates (\$0.93). December 2010 and 2011 saw a rapid recovery, and by 2012¹, rental rates had increased again to \$1.12, a \$0.07 increase since December 2011, and occupancy also increased to reach an astonishing 97.4%. In December 2014, rental rates climbed to \$1.26, and occupancy has dropped slightly to 94.0%, before reaching \$1.35 at 94.5% in December 2015.

Current Market Conditions

There were 75,008 net units added between 2010 and 2019, including new units, renovations added back into inventory, and those units removed from inventory due to either a condo conversion or demolition, including the highest number of units added in one year since the late 1980s (10,780 units in 2016). From 2010 through 2013, absorption was very strong as net units added were consistently less than unit demand. The December 2014 Capitol Market Research (CMR) Survey showed 10,371 net units added in

¹ The December 2012 multi-family survey was the first year that incorporated San Marcos and Georgetown.

2014, the most net units added in the area in a calendar year for over 20 years. This increased rate of construction, culminating with the opening of multiple new projects at the end of the year, resulted in a lower-than-expected net absorption rate and a decline in occupancy. However, the December 2015 survey showed a return to strong annual absorption, with 9,347 units absorbed, and the occupancy rate rose to 94.5%. December 2016 saw a net addition of 10,780 units, topping the previous record set in 2014. Although absorption remained strong in 2016, the occupancy rate dipped to 93.8%, and rental rates increased slightly since the end of 2015 to \$1.39 per square foot. In 2017, there was again over 10,000 units added while absorption slowed (5,891 units), dropping the occupancy rate to 92.2%. In 2018 and 2019, occupancy and new unit deliveries gained strength, with 20,670 units added and 21,072 units absorbed during those two years. Occupancy and rent both climbed through the end of 2019, reaching 93.3% and \$1.54 per square foot, respectively.

In 2020 CMR conducted a region wide survey in June and December. The June survey showed the pronounced and immediate impact that the COVID-19 global pandemic had on the Austin market. While new unit deliveries continued, reaching 6,633 net units in the first six months of 2020, occupancy dropped to 91.5% as absorption slowed to just 1,773 units, due to the curtailment of population migration and job growth. Rental rates dipped as well, dropping to \$1.50 per square foot (net effective), as many new and recently built Class “A” properties offered leasing concessions. In December, deliveries slowed a little to 5,997 while absorption increased to 4,373. The pace of rental rate decline decreased as the year ended at \$1.48. Table (13), on the following page, provides apartment market conditions from December 2000 through December 2020. Total deliveries for the year were 12,630, the highest number of units delivered since 1990. Absorption fell to 6,146, which is about the average seen from 2009-2018.

The June 2021 apartment survey revealed a remarkable recovery. Occupancy rates jumped to 93.2% and absorption in the first six months exceeded all previous twelve-month records with 11,541 units absorbed. Rental rates also increased to \$1.59, a 7.4% increase from December 2022. More recent data collected in specific sub-markets show that this trend is continuing, and it appears likely that this year will break all previous records for both new unit deliveries and absorption.

Historical data on occupancy, average rent, unit completions and absorption were taken from CMR’s Austin Apartment Survey, a semi-annual survey of all projects with more than 50 units in the Austin area.

Table (13)
Austin Citywide Apartment Summary
 December 2005 - June 2021

Year	Total Units	Occupied Units	Percent Occupied	Net Units Added	Calculated Absorption	Rent per Sq.Ft.
2005	124,325	117,389	94.4%	1,819	6,243	\$0.85
2006	126,842	120,304	94.8%	2,517	2,356	\$0.91
2007	128,900	124,558	96.6%	3,416	5,562	\$0.96
2008	137,005	125,284	91.4%	8,404	1,526	\$0.97
2009	145,734	131,686	90.4%	9,025	6,750	\$0.93
2010	147,045	139,361	94.8%	2,906	8,773	\$0.98
2011	147,648	141,614	95.9%	576	2,245	\$1.05
2012	164,143	159,918	97.4%	4,222	6,441	\$1.12
2013	170,234	164,917	96.9%	6,087	4,589	\$1.21
2014	180,519	169,732	94.0%	10,371	4,279	\$1.26
2015	189,320	178,901	94.5%	8,669	9,347	\$1.35
2016	200,028	187,718	93.8%	10,780	8,770	\$1.39
2017	210,655	194,253	92.2%	10,727	5,891	\$1.39
2018	221,242	205,882	93.1%	10,587	11,313	\$1.46
2019	231,377	215,765	93.3%	10,083	9,759	\$1.54
Jun-20	237,744	217,455	91.5%	6,633	1,773	\$1.50
Dec-20	244,296	222,336	91.0%	5,997	4,373	\$1.48
Jun-21	251,019	233,877	93.2%	6,723	11,541	\$1.59

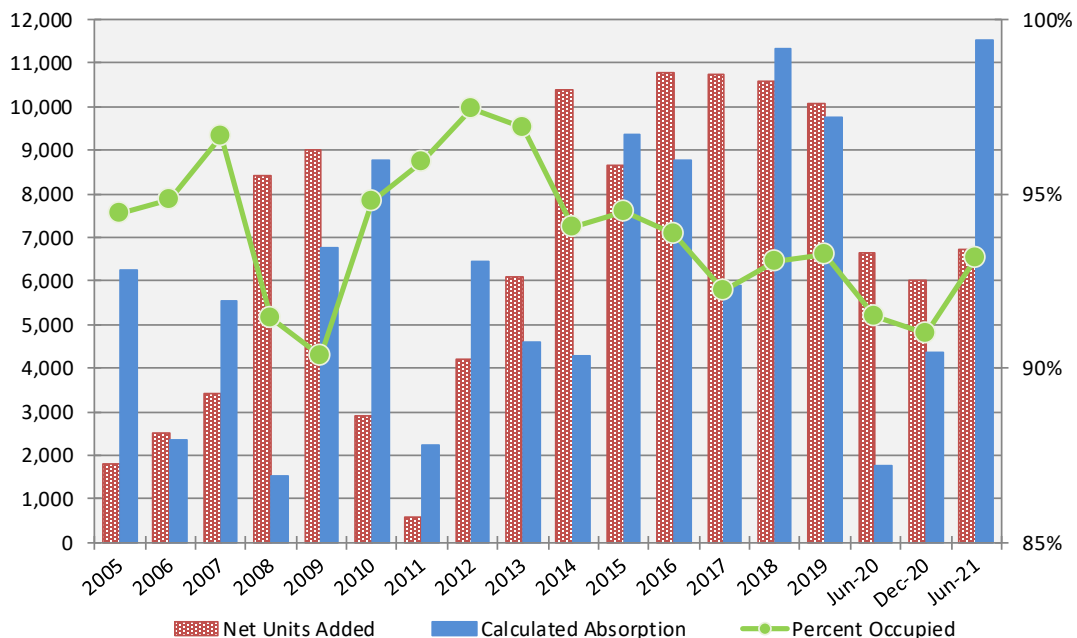
Source: Capitol Market Research: December 2000 - June 2021 Apartment Market Survey

CMR estimates of new completions based on surveys of property managers and owners

Net Units added and Absorption are calculated numbers, and will take into account new units, added older inventory, "retired" inventory, and remodeled units.

Georgetown and San Marcos included in totals starting in 2012

\\Data Sets\AUSTIN MSA\apt_sum_1220.xlsx



Downtown Multi-Family Housing Market Conditions

Overview

In August 2021, Capitol Market Research surveyed 29 active (open and leasing) apartment communities in the Downtown Austin market area, with a total of 6,551 units and a current occupancy rate of 96.2%. Average rents have increased to \$3.01, an astounding 17.1% increase since December 2020. Unlike some larger and more mature cities, the downtown area in Austin has only emerged recently as a distinct submarket, since 6,392 (97.8%) of the 6,551 total units have been completed since the beginning of 2000. A historical summary of the market area inventory, occupancy, and rents is shown on Table (14) on the following page.

Occupancy Rates

Occupancy rates in the Downtown Austin market area remained high in December 2006 and December 2007, when there were only 783 units in this relatively small market area. In December 2008, occupancy rates dropped to 83.2%, when 845 new units were added during the national recession. The following year (2009) the market area occupancy rose to 90.1%, even as an additional 722 units were added to the market. The next few years saw a pause in construction and a recovery in occupancy rates, reaching 97.1% in 2012. Occupancy decreased again in 2013, as an influx of new units started to be delivered, then remained above 90% until 2016, when occupancy was at 85.0%. The market area strengthened dramatically over the next two years, with occupancy reaching back up to 95.6% in 2018. Occupancy began to decline in 2019 (92.6%) with the delivery of 101 new units at Gables Republic Square and 226 units at The Clark. In June 2020, as the COVID restrictions disproportionately affected the CBD, the occupancy continued to drop to 88.6%. Some of this decline can be attributed to the addition of the remaining 120 units at Gables Republic Square, in the middle of the COVID-19 pandemic. In addition, many properties lost tenants when their lease term came up and they choose not to renew. At the end of 2020 occupancy had begun to increase and by June 2021, it has rebounded to 96.2%. Some of the increase in occupancy can be attributed to the Texas Governor's March 2, 2021 Executive Order, which increased capacity of all businesses and facilities in the State to 100 percent.

The absorption demonstrated in 2008 through 2010, concurrent with a steady delivery of new units, was very strong, as the Downtown Austin market area absorbed 1,765 units. The following years, 2011 and 2012, saw a decrease in absorption as delivery of new units paused. The market area absorption rate increased again starting in 2013, as construction in the market area ramped up. From 2013 through 2016, the Downtown Austin market area absorbed 2,283 of the 3,060 units added. Even with a lapse in new construction in 2017 and 2018, the market area continued to absorb units, although at a slower pace as unit availability decreased. In the spring of 2019, all 226 units at The Clark were added along with 101 of the 221 units at Gables Republic Square. The 2019 absorption rate sagged as only 127 units were absorbed, increasing at the end of 2020 when 185 units were absorbed. Over the first eight months of 2021 347 units have been added, with a six-month absorption of 481 units.

New Construction Trends

The Downtown Austin market area is composed of three distinct structure types: high rise, mid-rise wrap/podium and garden style walk-up. New multi-family construction has increased dramatically in the Downtown market area since 2000 when only a handful of older, lower density properties existed. The transition from garden style walk-up with surface parking to mid-rise product (with elevators and structured parking) started in the early 2000s with Gables West Avenue, which was completed in 2001. The transition from mid-rise to tower construction began with AMLI Downtown (2004). Since that time, the density of the multi-family projects downtown has increased, and now the majority of new projects completed and planned are high-rise towers. The multi-family market in Downtown Austin has seen a substantial increase in interest from renters seeking a more “urban” lifestyle in a low maintenance residence with easy access to employment and entertainment opportunities in and around the downtown area. The market has responded to renter needs, and currently there are a wide variety of product types in the downtown market such as office buildings and entertainment hubs.

New construction in Downtown Austin has been very active, with sixteen new projects completed since the beginning of 2010. Ten of the sixteen are high-rise towers, which offer very high-grade finishes and extensive project amenities which justify a higher-than-average rent per square feet of \$3.21. These ten apartment towers have a total of 2,984 rentable units. The downtown towers reached a high of \$3.05 in 2019 but decreased in 2020 (\$2.93) due to the opening of Gables Republic Square and the pandemic. Current rental rates at high rise communities average \$3.38, which is an historic high rate.

The two most recently completed projects are Gables Republic Square, a class “A+” high-rise mixed-use project partnered with the Hotel ZaZa, and The Quincy, a mixed-use tower with ground floor retail, three floors of office space (floors 9,10 & 11) and 17 floors of apartments on floors 13 – 29. These two high rise properties, Gables Republic Square and The Quincy are currently leasing at the highest rates in the market area, at \$4.23 and \$3.76 per square foot, respectively.

Table (14)
Apartment Market Summary
Downtown Austin

Year	Number of Units	Units Occupied	Occupancy Rate	Net Units Added	Annual Absorption	Rent per Sq. Ft.
2006	783	767	98.0%	0	17	\$1.81
2007	783	756	96.6%	0	(11)	\$1.93
2008	1,628	1,354	83.2%	845	598	\$1.86
2009	2,350	2,118	90.1%	722	764	\$1.88
2010	2,642	2,521	95.4%	292	403	\$2.05
2011	2,640	2,482	94.0%	(2)	(39)	\$2.06
2012	2,647	2,570	97.1%	7	88	\$2.29
2013	3,230	2,849	88.2%	583	279	\$2.39
2014	3,670	3,403	92.7%	440	554	\$2.44
2015	4,524	4,099	90.6%	854	696	\$2.59
2016	5,707	4,853	85.0%	1,183	754	\$2.51
2017	5,759	5,353	93.0%	52	500	\$2.51
2018	5,760	5,508	95.6%	1	155	\$2.79
2019	6,087	5,638	92.6%	327	130	\$2.73
2020	6,204	5,823	93.9%	117	185	\$2.57
Aug-21	6,551	6,304	96.2%	347	481	\$3.01

Source: Capitol Market Research December 2006 - August 2021

histocc.xls

Note: Includes some Affordable Housing & Student Housing which is located in the market area

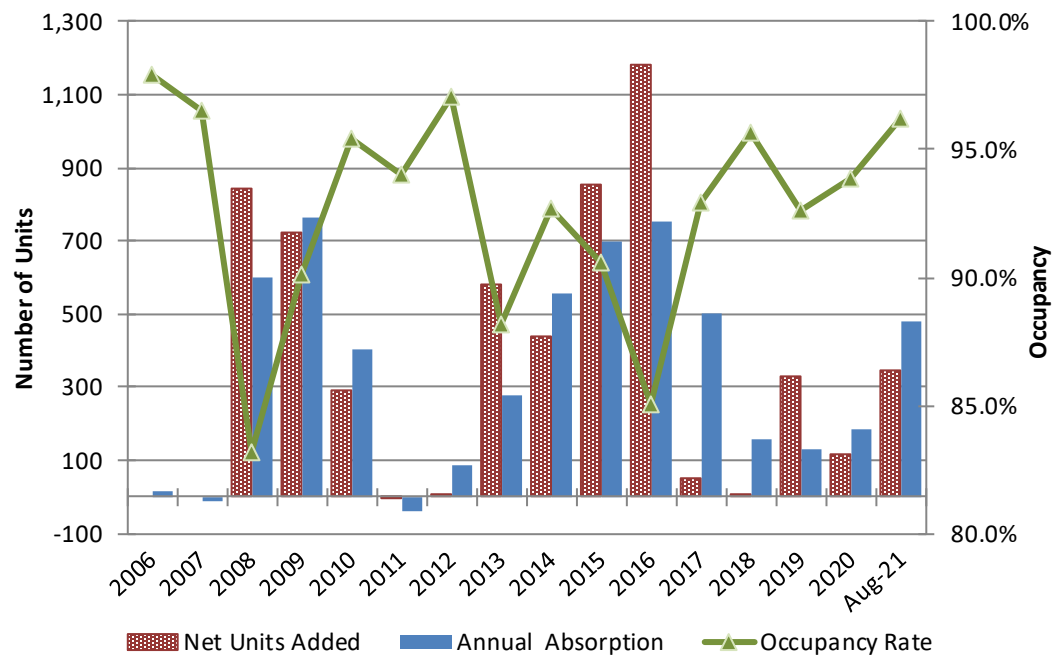
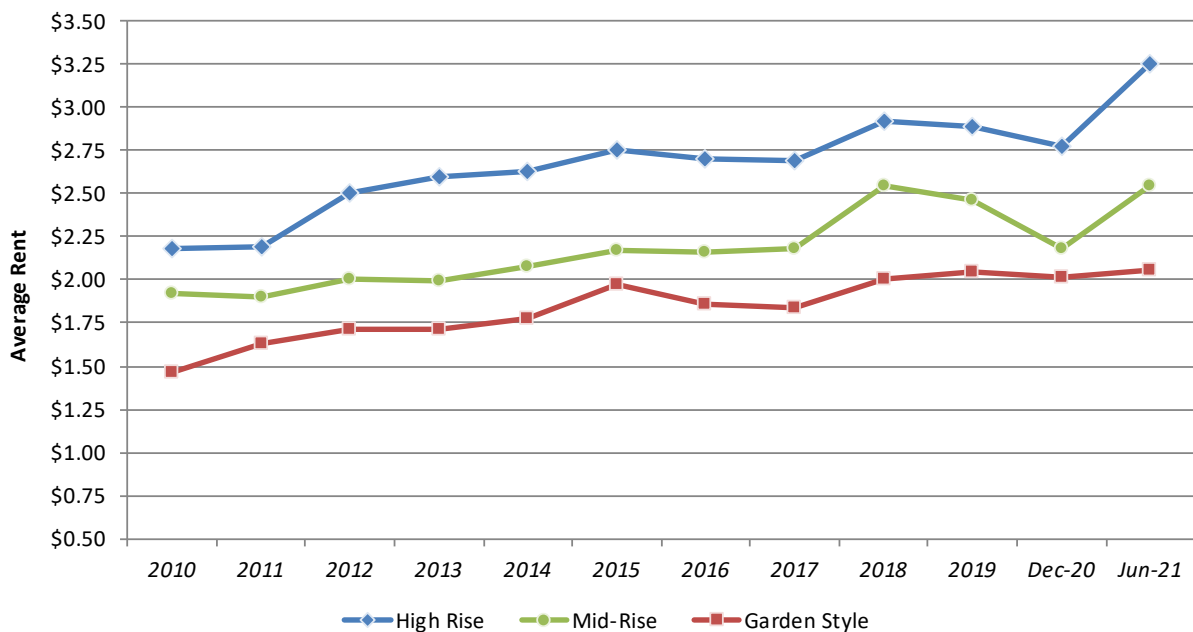


Table (15)
Average Rent by Building Type
Downtown Austin

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Dec-20	Jun-21
High Rise												
Rentable Units	1,488	1,486	1,493	2,076	2,302	3,180	3,618	3,618	3,619	3,720	3,837	3,837
Average Rent	\$2.18	\$2.19	\$2.50	\$2.60	\$2.63	\$2.75	\$2.70	\$2.69	\$2.92	\$2.89	\$2.78	\$3.25
Mid-Rise												
Rentable Units	971	971	971	971	1,185	1,185	1,930	1,982	1,982	2,208	2,208	2,208
Average Rent	\$1.92	\$1.90	\$2.00	\$1.99	\$2.08	\$2.17	\$2.16	\$2.18	\$2.55	\$2.46	\$2.18	\$2.55
Garden Style												
Rentable Units	183	183	183	183	183	159	159	159	159	159	159	159
Average Rent	\$1.46	\$1.63	\$1.71	\$1.71	\$1.78	\$1.97	\$1.86	\$1.84	\$2.00	\$2.05	\$2.02	\$2.06
Total/Averages												
Rentable Units	2,642	2,640	2,647	3,230	3,670	4,524	5,707	5,759	5,760	6,087	6,204	6,204
Average Rent	\$2.05	\$2.06	\$2.29	\$2.39	\$2.44	\$2.59	\$2.51	\$2.51	\$2.79	\$2.73	\$2.57	\$3.01

Prepared by Capitol Market Research, June 2021

rent_occ.xls

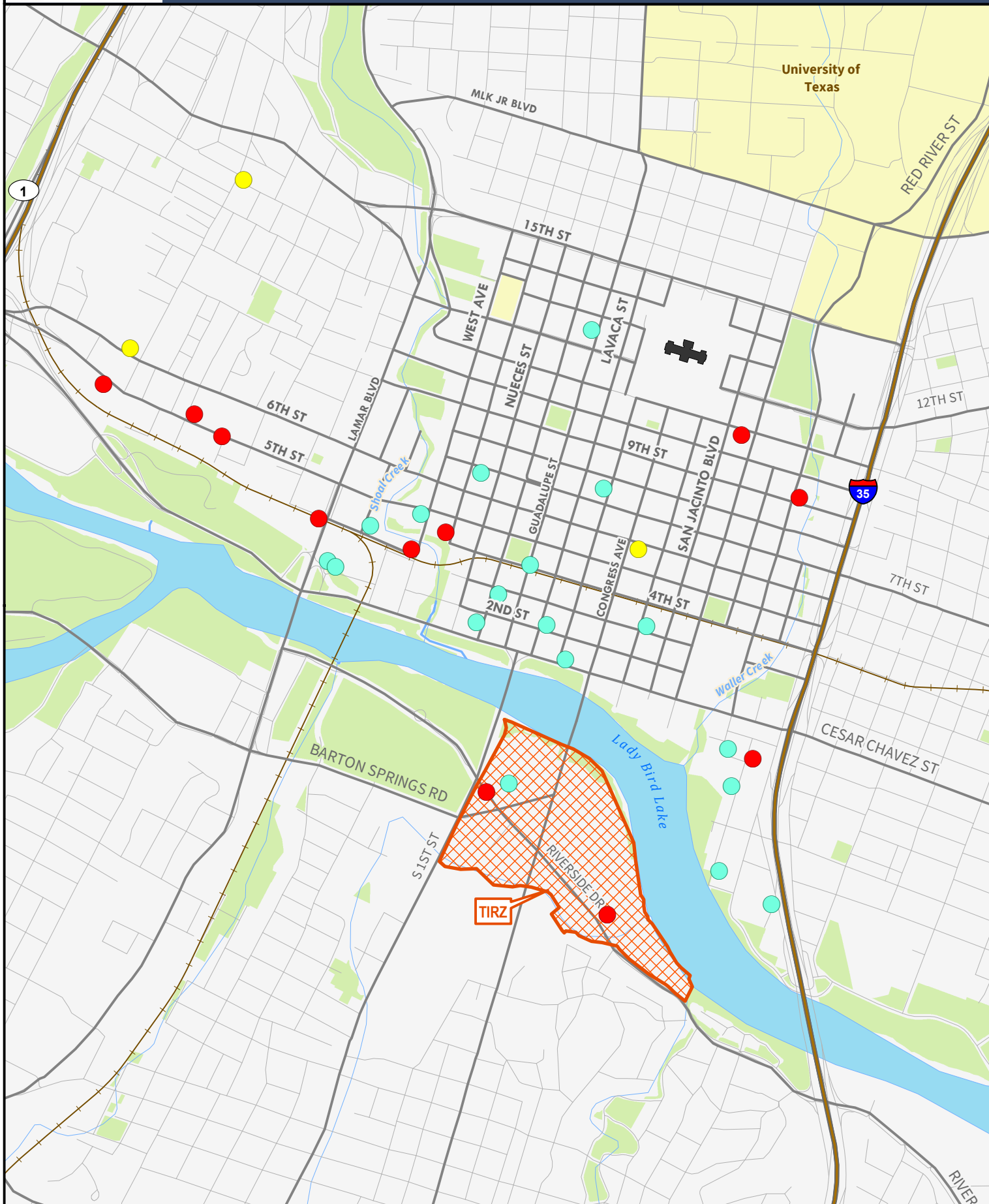


Project Absorption and Lease-Up Rates

The Downtown Austin market area has five recently completed and stabilized market rate properties. These stabilized properties have a “weighted” average lease-up rate of 18.37 units per month, ranging from a high of 25.57 units at “Northshore” to a low of 12.50 units per month at The Bowie. These properties took (on average) approximately 14.4 months to stabilize and are currently 90.4% occupied. There is currently one market rate property in lease-up, The Quincy, which currently has 192 of its 347 units available for occupancy. This property has been leasing at an average of 43.27 units per month since it opened on August 1st. This high rate of absorption is often experienced when a property first opens due to the amount of pre-leasing that takes place prior to the official opening date. In this case, the leasing activity also reflects the lack of competing inventory in lease-up in the downtown market.

Table (16)
Recent Leasing Activity in New Market Rate Communities
Downtown Austin

Property	YOC	Planned Units	Completed Units	Open Date	Stabilized Date	Units Occupied (at Stabilization)	Occupancy Rate (Stabilized)	Units/Month Leased
<i>Stabilized Properties</i>								
The Bowie	2015	358	358	Jan-15	Mar-17	322	90.0%	12.50
Camden Rainey Street	2016	326	326	Jun-16	Nov-17	293	90.0%	17.10
Northshore	2016	439	439	Mar-16	Jul-17	395	90.0%	25.57
The Clark	2019	226	226	Mar-19	Apr-20	203	90.0%	16.15
Gables Republic Square	2020	221	221	Sep-19	Aug-20	199	90.0%	17.69
<i>Stabilized Subtotal</i>		1,570	1,570			1,413	90.0%	18.37
Source: Capitol Market Research Apartment Survey, September 2021 absorption.xls								
NOTE: The average monthly lease up rate is a weighted average, based on open data and occupied units								
Property	YOC	Planned Units	Completed Units	Open Date	Survey Date	Units Occupied (Current)	Occupancy Rate (Current)	Units/Month Leased
<i>Properties In Lease-Up</i>								
The Quincy	2021	347	192	Aug-21	Sep-21	113	32.6%	43.27
<i>In Lease-Up Subtotal</i>		347	192			113	32.6%	43.27



Downtown Austin Demographic Trends

Inner city neighborhoods in Austin, and many other cities, are experiencing a transition in demographics and housing stock that reflects the changing character of the American city. Old, historically minority single-family neighborhoods are slowly evolving into multi-ethnic neighborhoods with a diversity of housing products that include smaller attached units that appeal to the increasing number of one and two person households. Downtown has very little low density housing inventory, with most of the homes located in the Rainey Street neighborhood and in the west end. Both areas are experiencing rapid development with high rise towers replacing the older homes and small commercial buildings.

The defined Downtown Austin market area has experienced a large growth in population between 2000, when 15,968 people resided in the area, to 2010 when the population totaled 20,926. This increase coincides with an overall population increase of 37.33% in the Austin MSA over the same time period. More recently, the ACS (2015-2019) illustrates the continued growth of the downtown, with 26,171 residents in 2017. The Downtown Austin market area has also seen an increase in total households from 7,874 in 2000 to 10,360 in 2010, and 12,575 in 2017 (ACS 2015-2019). The ESRI 2020 estimates for downtown show an increase in households to 15,208 with almost 25,000 people residing in the area. The decrease in the market area household size from 2000 to 2020 is a reflection of the increase in multifamily condo and apartment developments in the downtown market area, which generally attract households with fewer people. With the recent deliveries of several new condominium projects in Downtown, the percentage of owner households has also risen, reaching 33.05% in 2020.

Table (17)
Population and Household Trends
Downtown Market Area

	2000	2010	2017	2020	Annual Change (2000 - 2020)
Population	15,968	20,926	26,171	28,380	2.92%
Households	7,874	10,360	12,575	15,208	3.35%
Population in Households	13,601	17,448	22,899	24,922	3.07%
Average HH Size	1.73	1.68	1.82	1.64	-0.26%
Owner Households	2,212	3,061	3,893	5,027	4.19%
Percent Owner	28.09%	29.55%	30.96%	33.05%	0.82%

Source: US Bureau of the Census, 2000, 2010, ACS 2015-2019; ESRI 2020 estimates

demcalc.xls

Note: The ACS 2015-2019 is a rolling 5-year survey, meant to represent the median year of 2017.

Prepared by Capitol Market Research, 2021

Downtown Austin Population and Household Forecast

According to the U.S. Census Bureau, the Downtown market area contained 1.22% of the population of the Austin MSA in 2010. This share increased slightly to 1.26% in 2017 and is forecasted to grow to 1.60% in 2025. The population and household forecast, shown in Table (18) below, uses the increase in the capture rate (percent of growth in the MSA) for the market area to estimate future household growth, along with the household size based on the change from the US Census 2000 to 2010. The capture rate, rising from 2.43% in 2021 to 5.73% in 2040 is based on the population forecasts in the CAMPO (Capital Area Metropolitan Planning Organization) Regional Transportation Plan. The subject market area is projected to average 1,721 new households per year from 2021 through 2040.

Table (18)
Population and Household Forecast
Downtown Austin

Year	Forecasted MSA Population Growth	MARKET AREA FORECAST			
		Capture Rate	New Population	Household Size	New HH
2021	2,303,656	2.43%	1,381	1.68	820
2022	2,361,508	2.60%	1,504	1.68	893
2023	2,420,465	2.77%	1,635	1.68	971
2024	2,480,534	2.95%	1,770	1.68	1,051
2025	2,541,890	3.12%	1,915	1.68	1,137
2026	2,604,490	3.30%	2,063	1.68	1,225
2027	2,668,334	3.47%	2,215	1.68	1,315
2028	2,733,564	3.64%	2,376	1.68	1,411
2029	2,800,232	3.82%	2,545	1.68	1,511
2030	2,868,341	3.99%	2,718	1.68	1,614
2031	2,937,888	4.16%	2,896	1.68	1,720
2032	3,008,876	4.34%	3,080	1.68	1,829
2033	3,081,302	4.51%	3,268	1.68	1,940
2034	3,155,065	4.69%	3,457	1.68	2,052
2035	3,230,249	4.86%	3,654	1.68	2,170
2036	3,306,941	5.03%	3,861	1.68	2,292
2037	3,385,165	5.21%	4,074	1.68	2,419
2038	3,464,975	5.38%	4,295	1.68	2,550
2039	3,546,292	5.56%	4,518	1.68	2,682
2040	3,629,227	5.73%	4,752	1.68	2,821

Prepared by: Capitol Market Research, 2021

Notes: MSA population forecast based on most recent MSA forecast from the Texas State Data Center 2018. Capture Rate is based on market area change in share from 2015 to 2025 calculated from the CAMPO 2045 TAZ data for the downtown market area.

Downtown Austin Multi-Family Demand Forecast

In order to determine the multi-family housing demand in the primary market area (PMA), CMR used the Population and Household Forecast, shown previously in Table (18), to estimate total multi-family unit demand. It is assumed that the renter housing tenure will continue to slowly decline as a percentage of total households. The percentage multi-family is normally calculated from new building permits issued over the past ten years in the MSA (Texas A&M Real Estate Data Center), which has been 94.2% of rental housing. However, due to the high-density urban character of Downtown Austin, and the resulting high cost of land and the lack of land inventory, there are no “for rent” townhomes or duplexes being built in the market area. Because of this, CMR has estimated that the percentage multi-family of new rental demand is 100%. Using these estimates, the forecasted new multi-family housing demand from population growth will average 1,233 units per year from 2021 through 2040, as shown in Table (19) below.

Table (19)
Multi-family Unit Demand
Downtown Austin

Year	HH Increase	MARKET AREA FORECAST			
		% Renter	New Owner HH	% Multi- Family	Multi-Family Unit Demand
2021	901	68.23%	615	100.0%	615
2022	978	68.03%	666	100.0%	666
2023	1,061	67.83%	720	100.0%	720
2024	1,147	67.63%	776	100.0%	776
2025	1,238	67.43%	835	100.0%	835
2026	1,332	67.23%	896	100.0%	896
2027	1,429	67.02%	958	100.0%	958
2028	1,532	66.82%	1,024	100.0%	1,024
2029	1,639	66.62%	1,092	100.0%	1,092
2030	1,750	66.42%	1,163	100.0%	1,163
2031	1,865	66.22%	1,235	100.0%	1,235
2032	1,983	66.02%	1,309	100.0%	1,309
2033	2,105	65.81%	1,385	100.0%	1,385
2034	2,227	65.61%	1,461	100.0%	1,461
2035	2,355	65.41%	1,540	100.0%	1,540
2036	2,489	65.21%	1,623	100.0%	1,623
2037	2,628	65.01%	1,708	100.0%	1,708
2038	2,772	64.81%	1,796	100.0%	1,796
2039	2,917	64.60%	1,885	100.0%	1,885
2040	3,070	64.40%	1,977	100.0%	1,977

Prepared by: Capitol Market Research, 2021

demcalc.xls

Notes: New PMA Households based on Table (9). Percent owner based on the change in tenure from 2010 and the ACS 2015-2019 Survey. Percent attached housing based on new building permits issued in the area over the last 10 years.

Downtown Competitive Multi-Family Sites

Currently, the market area occupancy is 96.2% occupied, which is a sharp increase from the 93.9% reported at the end of 2020. Recent interviews with the City of Austin planning department, and local brokers and apartment developers, revealed 19 competitive sites for multi-family construction, but none in the South-Central Waterfront Study area. Currently, none of these planned projects are “income restricted” or “student” housing. In order to be considered as “planned” competition, the identified site must either be held by or under contract to a developer with known intention to move forward with a multi-family project. Sites are defined as being “potentially competitive” if the land is currently zoned appropriately for multi-family development and utilities are available. In the subject market area, there are a number of potentially competitive sites that have zoning which allows for multi-family and could be developed with new apartments, but as of September 2021, these sites are not considered to be a part of the competitive “pipeline”.

The annual additions to the market area resulting from the development of this potential inventory of multi-family units will vary based on the capacity of the apartment developer to obtain the necessary construction financing and city approvals. It is also possible that other projects not currently in the planning stage could be quickly developed and brought to the market. Thus, the list of planned additions is both actual; because it represents current plans, and representative, because it presents a position that the subject project will be competing with other new apartment projects during the anticipated development horizon. Until construction actually begins, there is always uncertainty regarding project viability and timing.

Table (20)
Multi-Family Sites in Development
Downtown Austin

Map No	Project	Address	Units	Developer	Status	Zoning
1	321 W. 6th St	321 W. 6th St.	385	Ryan Companies	Submitted	CBD
2	416 West 12th Street	416 West 12th St	280	Stratus Properties	Proposed	DMU
3	504 East Fifth	504 East Fifth Street	250	Stonelake Capital	Proposed	CBD
4	6X Guadalupe	600 Guadalupe St.	349	Kairoi Dev./Lincoln	Construction	CBD
5	827 W. 12th Street	827 W. 12th St.	147	Transwestern	Construction	DMU
6	Alexan Waterloo	700 E. 11th St.	274	Trammell Crow	Construction	CS-CO-NP
7	Block 36	710 E. 3rd St.	257	Transwestern	Construction	CBD
8	Capital Quarters	1108 Nueces	90	Medici Living Group	Construction	DMU-CO
9	East 9th Street	701 E. 9th Street	144	Sackman Enterprises	Submitted	CBD
10	East Avenue Apts	16 North IH-35	185	Richman Southwest	Submitted	CBD
11	Hanover Brazos Street	201 East Third	308	The Hanover Co.	Construction	CBD
12	Hanover Republic Square	303 W 5th Street	310	The Hanover Co.	Construction	CBD
13	Pressler Apartments	300 Pressler St.	326	Riverside Resources	Submitted	CS-CO-NP
14	River & Rainey	700 River Street	390	Trammell Crow	Submitted	CBD
15	Sienna at The Thomson	501 Brazos St.	331	Magellan Dev.	Construction	CBD
16	Symphony Square	1104 Sabine St	388	Greystar Residential	Construction	CBD
17	The Quincy	91 Red River Street	347	Endeavor	Construction	CBD
18	The Travis	80 Red River St.	431	Genesis Real Estate	Construction	CBD
19	Waller Creek Tower	92 Red River St.	332	Kairoi Dev./Lincoln	Approved	CBD-CURE
Total			5,524			

Source: CMR Review of city plats, developer interviews, August 2021

compsite_apr_cbd_2021.xls

Note: (AH) = Affordable Housing, (SH) = Student Housing

*Status of Submitted, Approved, or Expired refer to City of Austin permitting. Proposed projects have not yet been submitted to City.

Downtown Austin and Subject Absorption Forecast

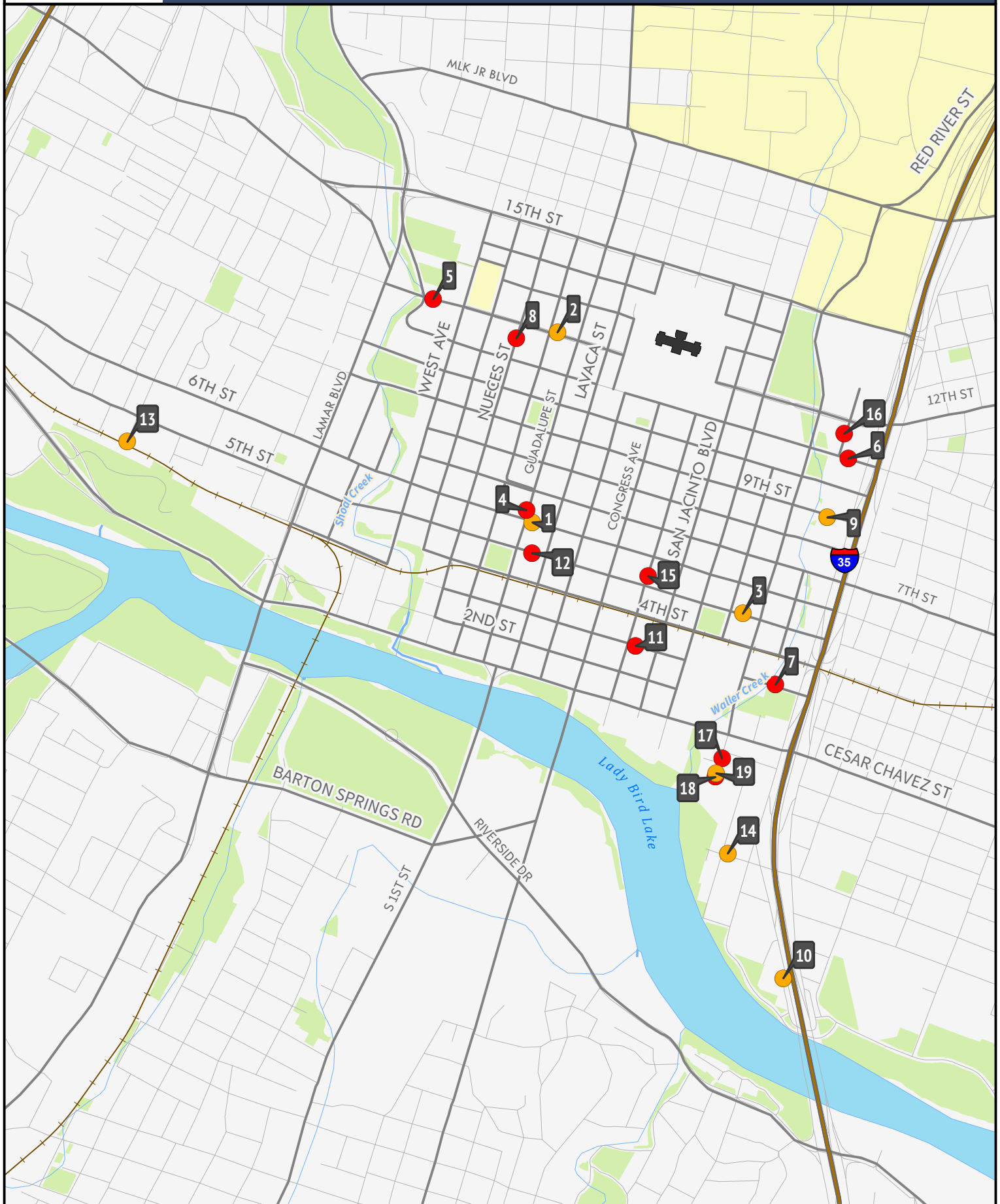
It is estimated that the subject market area will show an average annual demand of 1,233 new apartment units for 2021 through 2040 (Table (19)). The data shown in Table (21) below shows the timing the planned multi-family projects in the market area. There are currently six projects “on hold” due to situations such as higher than anticipated construction costs, financing challenges, and right of way disputes. Among the 19 projects listed below, four are under construction and expected to deliver units in 2021, while three additional projects will introduce units in 2022. A slight “overbuilt” scenario might develop in 2023, however, “pent-up” demand carried over from a lower level of new unit deliveries in 2022 will help to mitigate a drop in occupancy during that time. At the present time, none of the planned projects are located within the South-Central Waterfront Planning Area.

Table (21)
Proposed Project Timing
Downtown Austin

Map No.	Project Name	First Unit Delivery	Units Planned	2021	2022	2023	2024	2025	Future
1	321 W. 6th St	Mar-24	385	...	...	...	385	...	...
2	416 West 12th Street	tbd	280	...	...	...	...	...	280
3	504 East Fifth	tbd	250	...	...	...	...	...	250
4	6X Guadalupe	Jun-23	349	...	...	349	...	...	...
5	827 W. 12th Street	Jul-22	147	...	147	...	...	...	...
6	Alexan Waterloo	Oct-21	274	130	144	...	...	...	...
7	Block 36	Jul-21	257	257	...	...	...	...	...
8	Capital Quarters	Jan-22	90	...	90	...	...	...	...
9	East 9th Street	tbd	144	...	...	...	...	...	144
10	East Avenue Apts	tbd	185	...	...	...	...	...	185
11	Hanover Brazos Street	Aug-23	308	...	...	308	...	...	...
12	Hanover Republic Square	May-22	310	...	310	...	...	...	...
13	Pressler Apartments	tbd	326	...	...	...	...	...	326
14	River & Rainey	Mar-24	390	...	...	...	390	...	...
15	Sienna at The Thomson	Aug-21	331	331	...	...	...	...	...
16	Symphony Square	Aug-23	388	...	...	388	...	...	...
17	The Quincy	Jul-21	347	347	...	...	...	...	...
18	The Travis	Nov-23	431	...	...	431	...	...	...
19	Waller Creek Tower	tbd	332	...	...	...	...	...	332
Total New Units:			5,524	1,065	691	1,476	775	0	1,517
Multi-Family Demand:				615	666	720	776	835	
Annual Excess (shortage) of Demand:				(450)	(25)	(756)	1	835	

Source: Review of city plats, developer interviews, August 2021

compsite_apt_cbd.xls



South Central Waterfront Multi-Family Absorption

The previous sections have discussed the regional multi-family market and the growth statistics related to the multi-family market in Downtown Austin. The data shows that the market area continues to be competitive in the regional multi-family context and has maintained a healthy share of new multi-family construction and absorption while also commanding the highest average rental rates in the city. As discussed earlier, the success of the Downtown in a regional context is largely due to the rich mix of land uses in close proximity and the walkable character of the downtown district. The continuing success of the market area is also dependent upon the availability of vacant land, and the redevelopment of underutilized parcels.

In 2010, the City of Austin completed the Austin Downtown Master Plan which outlined a vision for the CBD that included a proposed land use plan for sub districts within the CBD. As part of the future land use plan, the master plan consultants identified “opportunity sites.” These opportunity sites were either vacant (in 2010) or have low density improvements which do not reflect the highest and best use of the property. Current CBD zoning allows an 8:1 FAR unless the site is within an historic district (like West 6th Street) or is within a protected Capital View Corridor (CVC). On some sites the owner has achieved a higher density “bonus” that increased the FAR. Taking the FAR constraints into consideration, the Master Plan consultants identified the potential for adding approximately 37.2 million square feet of additional building net rentable space in the CBD. Over the last few years, the City of Austin has pursued a planning exercise for the South-Central Waterfront (SCW) District, an area viewed by many as the southern extension of the CBD. According to the South-Central Waterfront Vision Framework Plan (adopted in June 16, 2016), more than 8 million square feet of new development could be built under the proposed framework plan. While actual development may deviate from the assumed test scenario, CMR assumes that this is a reasonable estimate of the development opportunity in the SCW planning area.

In 2017, Nelsen Nygaard completed the Downtown Austin Parking Strategy Plan for the Downtown Austin Alliance. Part of the plan included an opportunity site assessment (update) which was completed by McCann Adams Studio. The Downtown site assessment shows a total of 37.8 million square feet of development opportunity, which assumes that all sites are built to their maximum F.A.R., including a density bonus. Within the South-Central Waterfront District there is a potential to develop 8.2 million square feet of development (congruent with the regulating plan), which is 18.4% of the total development potential in the CBD, plus the SCW (46.3 m. sq. ft.).

A preliminary estimate of the multi-family absorption potential for the South-Central Waterfront was calculated for the Potential TIRZ district using the proportional share of the downtown development potential (18.4%) combined with an estimate of the “competitive” share. This competitive share reflects the change in character likely to occur as a result of the implementation of the planned South Central framework plan and significant infrastructure improvements. The “blended” capture rate is the average of the proportional and competitive share. This absorption forecast is shown on Table (22) on the following page.

Table (22)
Planned Multi-Family Development
Annual Apartment Unit Absorption Potential

Date	CBD Absorption Potential	CBD New Completions	South Central Waterfront				
			Proportional Market Share	Competitive Market Share	Blended Share	SCW Absorption Potential	Cummulative Absorption Potential
2021	615	1,065	18.4%	18.4%	18.4%	113	113
2022	666	691	18.4%	18.7%	18.6%	124	237
2023	720	1,476	18.4%	19.1%	18.7%	135	372
2024	776	775	18.4%	19.4%	18.9%	147	518
2025	835	0	18.4%	19.7%	19.1%	159	677
2026	896	900	18.4%	20.1%	19.2%	172	849
2027	958	960	18.4%	20.4%	19.4%	186	1,035
2028	1,024	1,020	18.4%	20.7%	19.6%	200	1,235
2029	1,092	1,090	18.4%	21.0%	19.7%	215	1,451
2030	1,163	1,160	18.4%	21.4%	19.9%	231	1,682
2031	1,235	1,230	18.4%	21.7%	20.1%	248	1,930
2032	1,309	1,310	18.4%	22.0%	20.2%	265	2,194
2033	1,385	1,390	18.4%	22.4%	20.4%	282	2,476
2034	1,461	1,460	18.4%	22.7%	20.5%	300	2,777
2035	1,540	1,540	18.4%	23.0%	20.7%	319	3,096
2036	1,623	1,620	18.4%	23.4%	20.9%	339	3,434
2037	1,708	1,710	18.4%	23.7%	21.0%	359	3,794
2038	1,796	1,800	18.4%	24.0%	21.2%	381	4,175
2039	1,885	1,880	18.4%	24.3%	21.4%	403	4,577
2040	1,977	1,980	18.4%	25.0%	21.7%	429	5,007
Total	24,663	25,057			20.3%	5,007	

Source: Planned unit completions from Table (19)

compsite_aprt_cbdnsc.xls

CBD Absorption forecast from Table (17). Proportionate share based on perctage of opportunity site FAR

Table (23)
Multi-Family Absorption Forecast
 South Central Waterfront

Year	South Central Waterfront				
	Subject Demand	Cumulative Unit Demand	New Units Added	Cumulative units Added	Cumulative Demand less Units Added
2021	48	48	0	0	48
2022	53	101	0	0	101
2023	59	160	0	0	160
2024	64	224	60	60	164
2025	70	295	70	130	165
2026	77	371	80	210	161
2027	83	455	80	290	165
2028	91	545	90	380	165
2029	98	643	100	480	163
2030	106	750	110	590	160
2031	115	864	110	700	164
2032	123	987	120	820	167
2033	132	1,120	130	950	170
2034	142	1,262	140	1,090	172
2035	152	1,413	150	1,240	173
2036	162	1,575	160	1,400	175
2037	173	1,748	170	1,570	178
2038	185	1,933	180	1,750	183
2039	196	2,129	200	1,950	179
2040	212	2,341	210	2,160	181
Total	2,341		2,160		

Source: Capitol Market Research, September 2021

compsite_apr_cbd.xls

New Units added for 2021 -2023 from table (19); 2024 through 2040 assumed to roughly equal demand.

DOWNTOWN AUSTIN

ATTACHED HOUSING (CONDO) MARKET CONDITIONS

Condominium Market Trends in the Austin MSA

Historically, attached housing² projects in the Austin MSA have been clustered in the central city, mostly in neighborhoods close to downtown, the Arboretum area and the University of Texas. Over the last decade, that area has expanded to include more neighborhoods such as Tarrytown, Bouldin Creek, Travis Heights, Barton Creek, Lakeway, East Austin and the Central Business District (CBD). The combination of strong consumer demand for housing and the rapid escalation of land prices in desirable neighborhoods has provided opportunities for new, higher density housing options. The most viable, and perhaps most successful, emerging market is the CBD. Since 2000, over 2,200 new condominiums units have been completed and absorbed, and many units have sold for prices that exceed \$750 per square foot.

The current market trend has a solid footing in basic land economic fundamentals, unlike the condominium construction boom in the mid-eighties, which was fueled by favorable income tax treatment of “passive” real estate investments. In addition to rising single-family home prices, the demand for higher density housing has a strong demographic basis in ageing baby-boomer households and busy young professionals.

In the late nineties there were almost no attached housing projects for sale in Austin. Then in 2000, central city construction began with the Courtyard Homes at Cobblestone (59 units) and Bouldin Creek Condominiums (33 units). Both projects were enthusiastically received by the young professional homebuyer and sold out quickly. Liberty Hill was also built in 2000, and sold rapidly to both young professionals and the empty nesters that live in the Westlake area. The success of these three projects enticed other developers to explore the market, and most of the new central city product developed since then has been well received. In roughly the same time period, the downtown condominium market emerged, expanding from two small “adaptive reuse” projects on East Fifth St., to several new condominium towers.

One of the most interesting aspects of this higher density market is the degree to which urban homebuyers are accepting new innovative product, whether it is stark urban lofts in East Austin (The Pedernales), or elegant stone townhomes (Kinney Muse) and combined condo/townhome projects (Denizen) in South Austin, or expensive high-rise condominiums in downtown (70 Rainey and The Independent). In suburban locations, the product of choice appears to be the small single-family home built on a “pad site” in a condominium subdivision.

There are currently several new projects under construction or in the initial preconstruction sales period. Most of these projects are located in central city neighborhoods on major arterials in or close to downtown, but there are also a number of new projects in suburban communities, which include Cedar Park, Georgetown, Lakeway and Round Rock.

² Capitol Market Research defines “Attached Housing” as duplex, triplex, fourplex, townhome or condominium units.

Current Market Conditions (MLS)

As discussed above, the attached housing market in the Austin area is rapidly gaining strength and is emerging as an important segment of the new home market. Attached housing sales, as a percentage of total MLS home sales, have fluctuated over the past ten years (2011-2020) within a narrow range between 9% and 12%, with an average of 10.55%. Recently, at the end of June 2021, attached housing sales have increased dramatically to 14.97% of all housing sales in the Austin MSA. As the average price for single family homes continues to increase (now \$598,000) the condominium percentage is likely to continue to increase over the next few years, as more affordable product is brought to the market.

Historically, as demand increased and new, more expensive units were introduced to the market, the average unit sales price of existing units also increased from \$168,652 in 2005 to \$210,602 in 2007. In 2009, the average price dropped to \$176,026 but it has continued to rise since then, reaching \$382,402 at the end of 2020. At the end of June 2021, the average sale price of existing attached housing in the Austin MSA has soared almost \$100,000 to \$480,137, and \$351 per square foot.

Table (24)

Austin MSA Attached Housing Sales

December 2005 - June 2021

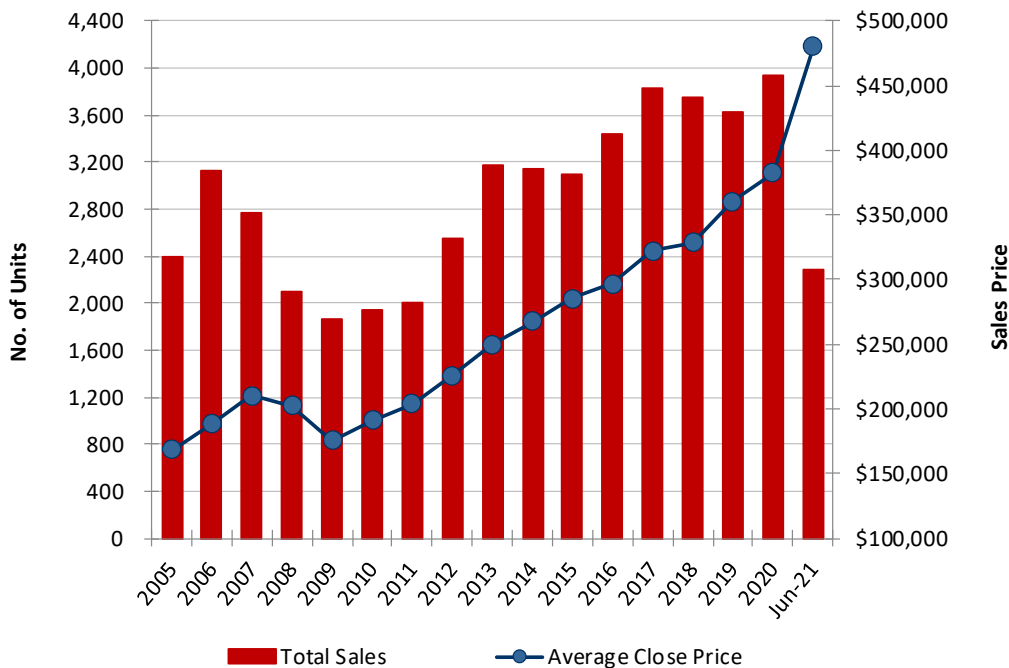
Year	Total Sales	Average Close Price	Average Sq.Ft.	Average \$/Sq.Ft.	Average DOM
2005	2,399	\$168,652	1,254	\$134	74
2006	3,123	\$188,212	1,227	\$153	58
2007	2,767	\$210,602	1,268	\$166	53
2008	2,103	\$202,649	1,215	\$167	72
2009	1,860	\$176,026	1,166	\$151	82
2010	1,945	\$191,274	1,241	\$154	80
2011	1,997	\$204,103	1,264	\$161	89
2012	2,550	\$225,877	1,311	\$172	70
2013	3,177	\$249,849	1,277	\$196	47
2014	3,144	\$267,939	1,293	\$207	38
2015	3,099	\$285,482	1,296	\$220	39
2016	3,432	\$296,822	1,312	\$226	53
2017	3,830	\$322,278	1,347	\$239	51
2018	3,747	\$328,783	1,336	\$246	50
2019	3,625	\$360,384	1,348	\$267	50
2020	3,929	\$382,402	1,408	\$272	47
Jun-21	2,291	\$480,137	1,368	\$351	34

Source: Austin Board of Realtors, MLS Database

condo_sum.xls

Prepared by Capitol Market Research, June 2021

MLS Search Conditions: Condo, Duplex, Townhome in five county metro area



Current Market Conditions (MetroStudy)

As shown in the historical data on the previous page, attached housing, most of which are sold as condominium regimes, continue to become a growing segment of the new home market in Austin. A recent (4Q 2017) inventory of all actively selling condominium regimes in the Austin area by MetroStudy shows that the Central and West market areas have the highest average prices, at \$619,017 and \$544,946 respectively. The East, Southeast, and West market areas currently have the smallest amount of under construction and future inventory, while the largest amount of under construction and future inventory is located in North and Central Austin. According to MetroStudy, the average price of all currently active condominiums is \$387,847, or \$201 per square foot. It should be noted that the price point indicated in the MetroStudy date is a better reflection of **NEW** condominium inventory, as MLS sales have both new and resales included in their averages.

Table (25)
MetroStudy Active Condominium Summary
Austin MSA

Market Area	No. Projects	Average Price	Average Sq.Ft.	Average Price/Sq.Ft.	Occupied Units	Under Const. Units	Future Units
Central	33	\$619,017	1,654	\$374	978	1,303	489
East	1	\$296,776	2,452	\$121	88	3	6
North	38	\$293,186	1,893	\$155	947	410	1,935
Northwest	14	\$349,093	2,120	\$165	505	63	660
Southeast	9	\$328,031	1,740	\$188	479	211	239
Southwest	18	\$318,105	1,876	\$170	672	186	865
West	20	\$544,946	2,440	\$223	288	117	584
Total/Average	133	\$387,847	1,931	\$201	3,957	2,293	4,778

Capitol Market Research, September 2018

metrostudy_4q2017

Data from MetroStudy 4Q 2017 Summary for active condominiums, townhomes, and single family condominium regimes in the Austin area

Note: MetroStudy map showing market area boundaries is found in the Appendix

Austin MSA Condominium Demand Forecast

As demonstrated in the previous section, population growth in Austin and other rapidly growing U.S. cities is almost always attributable to the immigration of people from other areas, often because of job opportunities. However, due to the recent COVID-19 global pandemic, population growth based on in-migration has been severely reduced.

Although CMR has utilized job growth rates during times of high employment growth (Shown previously in Table (1)) to forecast short-term population growth, for this forecast CMR has chosen to use population estimates which are based on the most recently completed forecast available from the Texas State Data Center at Texas A&M University. This forecast has been modified to reflect the slower job growth and lower in-migration anticipated for 2020 as a result of the COVID-19 impact.

Combining population growth with average household size (US Census 2010), CMR has estimated that the Austin-Round Rock MSA will grow by an annual average of 26,793 households per year from 2021 through 2040, yielding an average yearly demand for 1,649 attached housing units.

Table (26)
Attached Housing Demand
Austin-Round Rock MSA

Year	New Households	Percent Owner	New Owner Households	Attached Housing Demand
2021	22,076	58.5%	12,912	1,358
2022	22,423	58.5%	13,115	1,380
2023	22,852	58.5%	13,366	1,406
2024	23,283	58.5%	13,618	1,433
2025	23,781	58.5%	13,910	1,463
2026	24,264	58.5%	14,192	1,493
2027	24,746	58.5%	14,474	1,523
2028	25,283	58.5%	14,788	1,556
2029	25,840	58.5%	15,114	1,590
2030	26,399	58.5%	15,440	1,624
2031	26,956	58.5%	15,766	1,659
2032	27,515	58.5%	16,093	1,693
2033	28,072	58.5%	16,419	1,727
2034	28,590	58.5%	16,722	1,759
2035	29,141	58.5%	17,044	1,793
2036	29,726	58.5%	17,386	1,829
2037	30,319	58.5%	17,734	1,866
2038	30,934	58.5%	18,093	1,903
2039	31,518	58.5%	18,435	1,939
2040	32,145	58.5%	18,802	1,978

empgro_Austin_2021.xls

Source: MSA Household Forecast from Texas State Data Center

Note: Household size (2.58) and Percent Owner (58.5%) based on 2010 Census
Attached Housing demand based on % of total MLS Sales
in the MSA from 2010 through 2020 (10.52%)

Market Area MLS Attached Housing Sales

Within the Downtown Austin market area, the MLS sales data (including new and resale listings) shows an upward trend over the last decade as overall demand for housing in Austin has increased. MLS sales of townhomes and condos in the market area peaked at 465 in 2013 and finished 2014 with 371 sales. Recently, the pace of sales has been relatively stable, averaging 374 sales from 2015 through the end of 2018. 2019 saw 374 attached housing sales in the market area. From 2005 through 2021, attached housing sales have made up 83.13% of all single-family MLS sales in the market area, although this percentage has continued to rise from 72.6% in 2006 to a high in 2015 of 87.8%. The current (2021) has risen to 90.36% from 83.13% in 2020.

Average unit prices increased between 2005 and 2007, when it reached \$326,299, or \$287 per square foot. While total sales and prices fell in 2008 and then again in 2009, as the housing market recovered, prices began to rise at an average of 10.93% per year from 2010 through 2013. Since then, the trend for higher unit prices has continued, rising between 2013 and 2014 at a rate of 14.58%, closing 2014 with an average price of \$519,659. In 2015, the average sales price continued to climb, reaching \$534,924, or \$495 per square foot. Through the end of 2016, the average sales price declined slightly to \$516,707 (\$485 per square foot), and then jumped 20.3% in 2017 to reach \$621,344. Through June 2021, the 356 attached housing sales have averaged a market area high of \$895,611.

The average unit size fell from 1,258 square feet in 2005 to 1,050 square feet in 2008, as newer construction tended toward higher density. The average attached housing size has stayed relatively consistent from 2008 through 2021, averaging 1,137 square feet. ***It should be noted that some of the new, larger, more expensive condominium and townhomes projects have on-site sales personnel and do not list all of their units on the ABOR MLS system.***

Table (27)

Downtown Austin Attached Housing Sales

December 2005 - June 2021

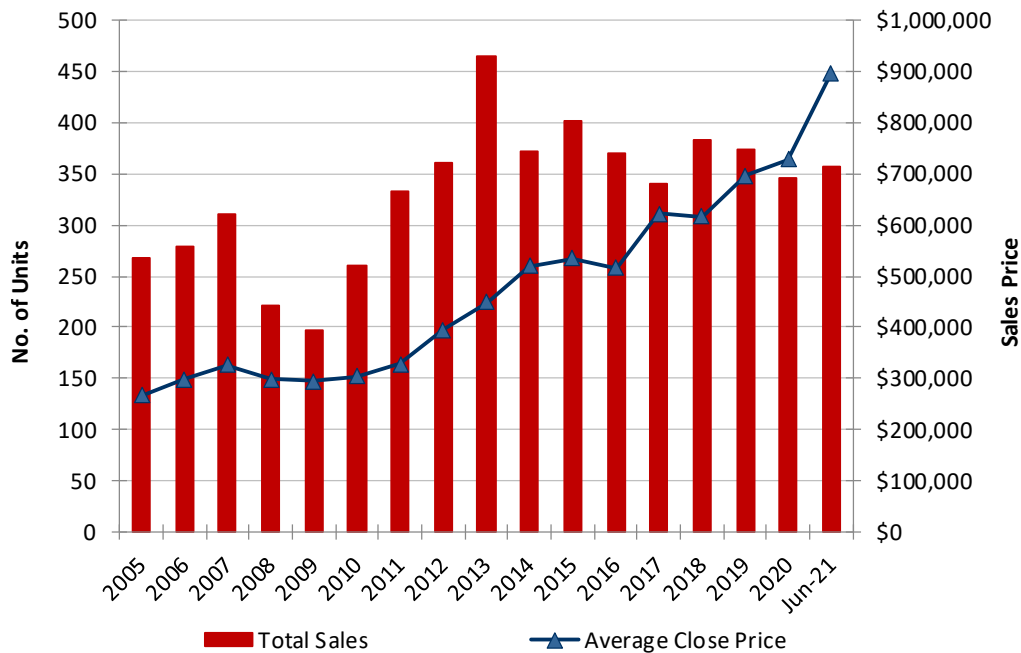
Year	Total Sales	Average Close Price	Average Sq.Ft.	Average \$/Sq.Ft.	Average DOM
2005	267	\$266,628	1,258	\$212	66
2006	279	\$299,079	1,201	\$249	52
2007	311	\$326,299	1,136	\$287	58
2008	222	\$299,247	1,050	\$285	82
2009	197	\$295,043	1,054	\$280	83
2010	260	\$304,237	1,114	\$273	95
2011	333	\$328,851	1,097	\$300	85
2012	360	\$395,866	1,172	\$338	64
2013	465	\$449,243	1,142	\$393	42
2014	371	\$519,659	1,133	\$459	40
2015	401	\$534,924	1,081	\$495	44
2016	370	\$516,707	1,066	\$485	55
2017	341	\$621,344	1,164	\$534	69
2018	382	\$616,785	1,128	\$547	67
2019	374	\$695,982	1,211	\$575	73
2020	345	\$727,477	1,177	\$618	71
Jun-21	356	\$895,611	1,326	\$675	66

Source: Austin Board of Realtors, MLS Database; Census Tracts

condo_sum.xls

Prepared by Capitol Market Research, June 2021

MLS Search Conditions: Condo, Townhome and Duplex in Census defined market area



Market Area New Attached Housing Market Trends

Overview

In June 2021, Capitol Market Research surveyed the seven recently completed condominium projects that have been marketing and writing contracts for purchase in the Downtown Austin market area over the last three years. Taken together, these projects contain a total of 1,157 units. There are nine completed units at 70 Rainey that have not yet been “released” for sale due to an affordable housing restriction. Among the seven completed projects, only two are considered currently “active”, with units available for purchase from the developer. There is one penthouse unit left at The Proper and eight units remaining to be sold at the Tyndall. As of June 28, 2021, 1,139 of the total units are currently under contract or sold (98.4%). The weighted average unit price (based on their initial marketing data) among these seven projects is \$1,062,314 for 1,465 sq. ft. which equates to \$725 per square foot. The absorption rate among these projects varies, with an average rate of 2.30 units a month. The Independent, at 5.01 units per month, has dominated the market due to its size and well executed marketing campaign.

Completed Projects

Five of the surveyed projects are now completed and “sold out”, with the developer having sold all of the units in their project. When CMR last conducted this survey, in November 2020, only 5th and West had completed and sold all their units. Since then, 85 units were closed and four more projects completed their initial sales campaign.

Active Projects

Currently there remain only two “active” projects in the market area, where the original developer is still selling units in a completed project. As noted above, The Proper has only one unit left to sell while The Tyndall has a wider variety of units available, but a disproportionate number of two-bedroom units remain unsold.

Projects Under Construction

Currently there are only two new projects under construction, “44 East Avenue”, a 51-story point tower under development by Intracorp in the Rainey Street district, The Loren, a 24-unit project under development by Sardis Development, in conjunction with The Loren Boutique Hotel on the south side of Lady Bird Lake. According to Intracorp, 81.8% of the units are currently under contract. Moreland Property reports that 21 of The Loren units are under contract. The Linden, is preselling units, and the demolition of the existing small office building on the site is underway. Their sales team has 35 contracts with earnest money in escrow.

Absorption Rates

As a general rule, lower priced units will sell faster than higher priced units in a given market area. The average number of units sold per month among the projects with units for sale in the market area was 2.45 units per month. The highest rate of absorption among these projects was at The Independent (5.01 units per month), followed by The Linden (4.02 units/month), and 5th and The Tyndall (3.10 units per month). The units in larger projects generally sell at a faster pace, possibly due to the presence of a dedicated marketing staff, a generous marketing budget, and extensive experience in the presales and

marketing of condominiums, which is especially apparent at The Independent, which has achieved the highest pace of sales from their initial marketing date (5.01 units per month), due to their extensive marketing and well executed sales campaign.

Table (28)
Downtown Market Area Competitive Inventory
Projects With Units For Sale from the Developer

Completed Projects with Developer Inventory												
Map No.	Project	Year	Total # Units	# Units Complete	Contracts or Closed Sales	% of Total	Date of Initial Marketing	Absorption Rate / Month	Average Price	Price Range	Average Unit Size	Price Per Sq.Ft.
1	70 Rainey*	2019	173	164	164	100.0%	Oct-15	2.44	\$1,127,688	\$840 - \$1,399	1,373	\$821
2	1010 W. 10th	2017	14	14	14	100.0%	Aug-16	0.28	\$1,057,350	\$793 - \$1,500	1,995	\$530
3	Austin Proper	2019	98	98	97	99.0%	Nov-15	1.44	\$1,738,214	\$825 - \$8,000	1,982	\$877
4	5th & West	2018	154	154	154	100.0%	Oct-14	2.78	\$1,315,000	\$424 - \$2,750	1,755	\$749
5	The Austonian	2010	173	173	173	100.0%	May-07	1.03	\$1,150,820	\$559 - \$8,000	1,839	\$626
6	The Independent	2019	363	363	363	100.0%	Apr-15	5.01	\$978,000	\$400 - \$3,000	1,304	\$750
7	The Tyndall	2018	182	182	174	95.6%	Oct-16	3.10	\$506,834	\$274 - \$1,650	952	\$532
Totals/Average			1,157	1,148	1,139	98.4%		2.30	\$1,062,314		1,465	\$725

Source: Capitol Market Research Broker and Developer Interviews, June 2021

competitive_condos_june2021.xls

Note: The average price and price ranges reflect the pricing when the units were first brought to market.

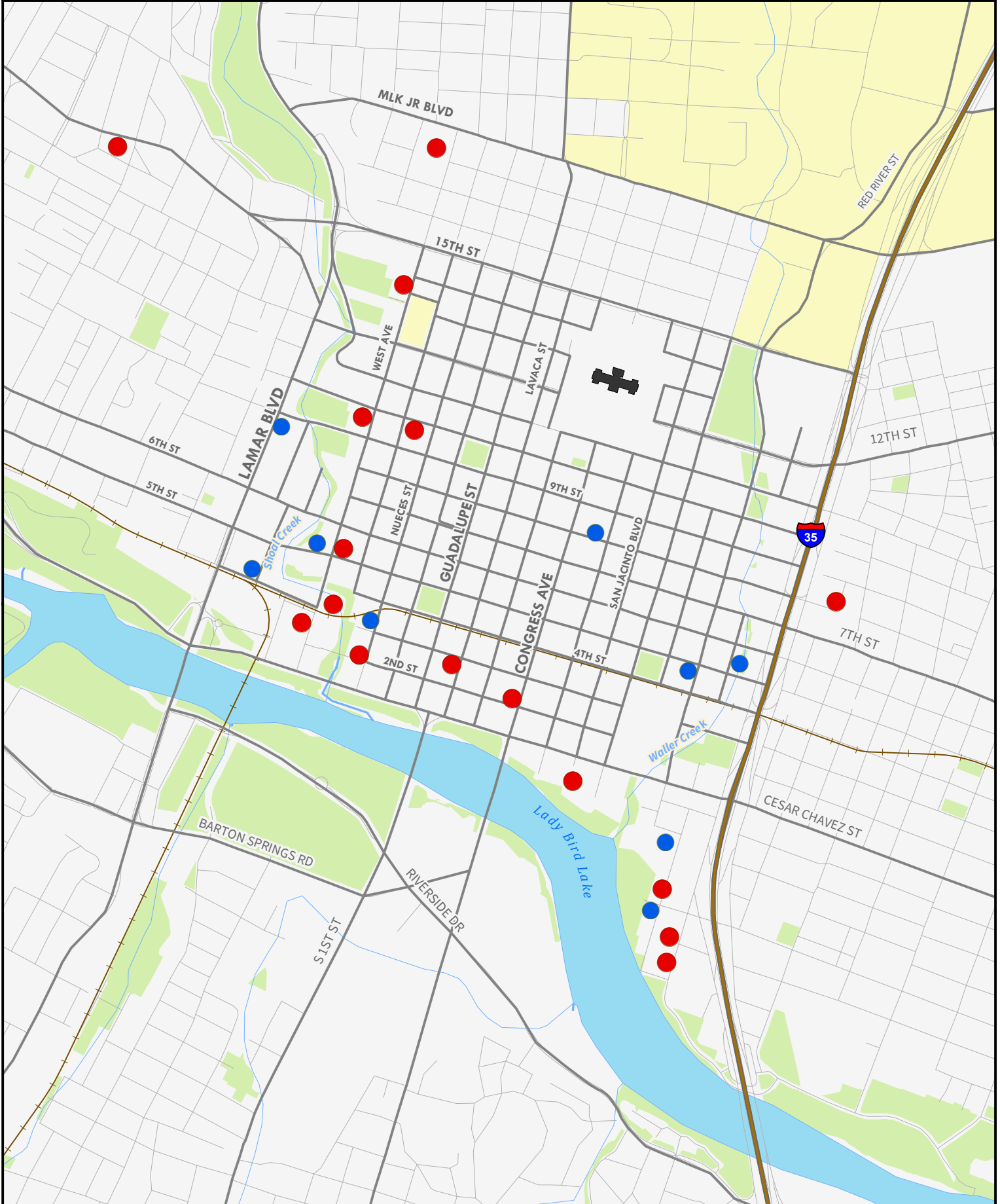
In most cases the pricing for the remaining inventory is higher.

Absorption rates calculated based on 11/14/2020 with the exception of 5th & West which sold out in June 2019.

* 70 Rainey has sold all their market rate units. The 9 affordable units are not yet available for purchase.

Under Construction or Planned Projects with "Pre-Sale Contracts"												
Map No.	Project	Year	Total # Units	# Units Complete	Pre-sale Contracts	% of Total	Date of Initial Marketing	Absorption Rate / Month	Average Price	Price Range	Average Unit Size	Price Per Sq.Ft.
8	44 East Avenue*	2022	309	0	269	87.1%	Oct-14	3.33	\$997,000	\$375 - \$2,800	1,155	\$863
9	The Linden	2023	117	0	35	29.9%	Oct-20	4.02	\$1,037,138	\$650 - \$3,825	1,282	\$809
10	The Loren	2022	24	0	21	87.5%	Nov-19	1.06	\$2,645,242	\$1,110 - \$6,150	2,462	\$1,074
			450	0	325	72.2%		3.39	\$1,095,342		1,258	\$871

* 44 East Avenue has 13 affordable units and 296 market rate units



Market Area New Attached Housing Unit Sales

While it is very important to assess the market strength by evaluating the number of units sold or currently under contract, it is also instructive to analyze the actual “recorded” closings that have occurred in the subject market area. Between January 2004 and June 2021, there have been 3,260 new condominium units sold and closed in completed projects in Downtown Austin. Based on the closing data, the average monthly absorption over this 17.5-year period (210 months) is 15.52 units. The highest rate of absorption was achieved in 2019 with 681 units closed (56.75 units per month, on average). According to the TCAD data, there are 57 units remaining in inventory in four completed projects. However, TCAD recorded deed transfers lag the actual closings due to delays in submissions and recordings, particularly when there are numerous transactions in a limited time period. According to the developer survey results shown in table (13) there are only 9 units that remain unsold, and most of them are located at The Tyndall (8).

While preparing the data for this report, CMR research revealed a very interesting correlation between the number of units delivered and units sold on an annual basis. This data is shown graphically on the chart below, which plots units delivered with units sold. In every year when a large number of units are completed, the number of closings also surge in response. As noted above, in 2019 there were 681-unit sales recorded and a record high number of completions at 764.

Table (29)

New Condominium Original Developer Sales: Based on Recorded Deed Transfer

Downtown Austin: January 2004 - June 2021

Project	YOC	Total Units	Date of First Closing	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Remaining Inventory
1306 West Avenue	2017	13	Oct-17	...	...	...	...	...	...	...	...	...	...	...	...	...	2	11	...	...	...	0
360 Condominiums	2008	430	May-08	...	...	...	...	281	149	...	...	...	...	...	...	...	...	...	...	...	...	0
5FiftyFive	2005	98	Dec-04	...	11	75	12	...	...	...	...	...	...	...	...	...	...	...	...	...	...	0
5th & West	2018	154	Feb-18	...	...	...	...	...	...	...	...	...	...	...	...	...	...	8	146	...	...	0
70 Rainey	2018	173	Apr-19	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	112	37	13	11
904 West	2010	26	Nov-10	...	...	...	...	...	...	4	15	3	4	...	...	...	...	...	...	...	...	0
Austin City Lofts	2004	82	Jan-04	65	14	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	0
Austin Proper	2019	99	Jan-20	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	76	8	15
Brazos Place	2006	80	Jan-00	...	...	...	35	21	24	...	...	...	...	...	...	...	...	...	...	...	...	0
Celia's Court	2017	24	May-17	...	...	...	...	...	...	...	...	...	...	...	...	...	24	...	...	...	...	0
Four Seasons	2010	148	May-10	...	...	...	...	...	...	53	32	42	21	...	...	...	...	...	...	...	...	0
Park West	2012	45	Sep-12	...	...	...	...	...	...	...	...	9	27	8	1	...	...	...	...	...	...	0
Pease Place	2012	25	Dec-12	...	...	...	...	...	...	...	...	1	22	2	...	...	...	...	...	...	...	0
W Residences	2011	159	Dec-11	...	...	...	...	...	...	...	78	39	33	8	1	...	...	...	...	...	...	0
Sabine on Fifth	2007	80	Dec-07	...	...	...	2	34	...	41	3	...	...	...	...	...	...	...	...	...	...	0
Seaholm	2016	280	Mar-16	...	...	...	...	...	...	...	...	...	...	...	...	280	...	...	...	...	...	0
The Austonian	2010	168	Mar-10	...	...	...	...	...	...	40	27	31	21	18	9	6	4	7	2	2	1	0
The Independent	2018	370	Jan-19	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	357	8	4	1
The Milago	2006	240	Jun-06	...	...	221	19	...	...	...	...	...	...	...	...	...	...	...	...	...	...	0
The Shore	2008	192	Apr-08	...	...	...	...	109	74	9	...	...	...	...	...	...	...	...	...	...	...	0
The Spring	2009	249	Aug-09	...	...	...	...	...	86	71	68	14	10	...	...	...	...	...	...	...	...	0
The Tyndall	2018	182	Dec-18	...	...	...	...	...	...	...	...	...	...	...	...	...	...	57	64	18	13	30
Annual Units Closed:				65	25	299	68	445	333	218	223	139	138	36	11	286	30	83	681	141	39	57
Annual Unit Additions:				82	98	320	80	622	249	342	159	70	0	0	0	280	37	214	764	0	0	0

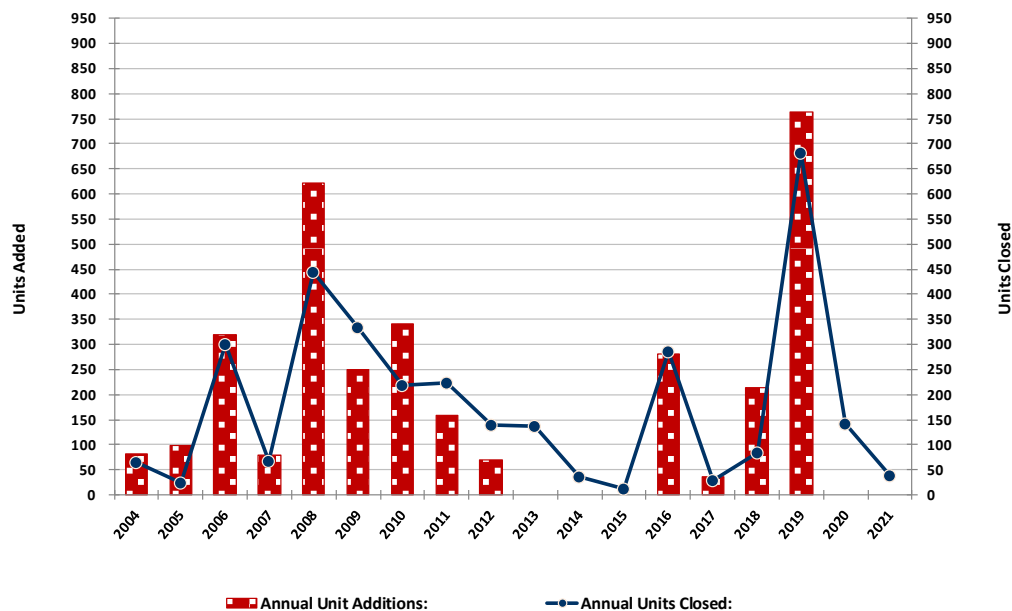
Prepared by Capitol Market Research, June 2021

condo sales by year.xls

Note: Not all closings have been recorded in TCAD. 70 Rainey, Austin Proper and The Independent are 100% sold.

New Condominium Original Developer Sales: Based on Recorded Deed Transfer

Downtown Austin: January 2004 - June 2021



Market Area Condominium Demand

The South-Central Waterfront location will likely draw buyers from within and outside of the Downtown Austin market area in addition to second home buyers from outside of the Austin market. Notwithstanding the appeal to out-of-town buyers, the condominium demand forecast was derived for the Downtown Austin market area, using the household forecast (Table (9)) for the market area and the growth in owner households in the market area from 2000 through 2010 (US Census). CMR also analyzed all new building permits issued in the market area according to building type (attached vs. detached), and established that virtually all new housing being built in the Downtown Austin market area is “attached” housing. Using “attached” housing as a synonym for condominium and townhome units in an urban context, and assuming that future development will be similar to the recent past, the Downtown Austin market area demand forecast yields an average annual demand of 642 condominium units from 2021 through 2040, shown on Table (30) below.

In addition to a “calculated” demand estimate for the market area, there are other demand drivers that influence the area that are more difficult to translate into hard numbers. A study done in 2008 by Capitol Market Research for the owners of four new condominium projects downtown identified a “buyer profile”, based on actual buyer demographics, which indicated that there are several types of buyers other than those who are moving their primary residences into downtown. The CMR study showed that “primary residence” was only listed by the new condominium buyers 68.4% of the time. Among the remaining buyers, 17.7% were buying a downtown condominium as a second residence, and 13.6% were buying a unit as an investment property. More recent conversations with sales teams at several condominium projects under construction highlight this issue, and the number of units under contract exceeds the “calculated” demand. As a result of these factors, it seems quite likely that the number of buyers will exceed the number of new households that are forecasted to become downtown residents.

Table (30)
Attached Housing Unit Demand
Downtown Austin

Year	HH Increase	MARKET AREA FORECAST			Attached Housing Demand
		% Owner	New Owner HH	% Attached	
2021	901	31.97%	288	100.0%	288
2022	978	32.17%	315	100.0%	315
2023	1,061	32.37%	344	100.0%	344
2024	1,147	32.57%	374	100.0%	374
2025	1,238	32.77%	406	100.0%	406
2026	1,332	32.98%	439	100.0%	439
2027	1,429	33.18%	474	100.0%	474
2028	1,532	33.38%	511	100.0%	511
2029	1,639	33.58%	551	100.0%	551
2030	1,750	33.78%	591	100.0%	591
2031	1,865	33.98%	634	100.0%	634
2032	1,983	34.19%	678	100.0%	678
2033	2,105	34.39%	724	100.0%	724
2034	2,227	34.59%	770	100.0%	770
2035	2,355	34.79%	819	100.0%	819
2036	2,489	34.99%	871	100.0%	871
2037	2,628	35.19%	925	100.0%	925
2038	2,772	35.40%	981	100.0%	981
2039	2,917	35.60%	1,039	100.0%	1,039
2040	3,070	35.80%	1,099	100.0%	1,099

Prepared by: Capitol Market Research, 2021

demcalc.xls

Notes: New PMA Households based on Table (9). Percent owner based on ACS 2015-2019 Survey. Percent attached housing based on new building permits issued in the area over the last 10 years.

Market Area Planned Condominium Projects

In order to accurately forecast the absorption rate for the condominiums planned for the South-Central Waterfront, it is necessary to identify the other projects in the market area that are currently under construction or that may be developed with condominiums within the forecast time period. Table (31) lists the projects whose location, size and development program indicate that they may be brought to market in the Downtown Austin market area over the next several years. Projects are broadly defined as being “competitive” if the land is currently zoned appropriately for condominium or multi-family development and utilities are available. In order to be considered as “potential” competition, the proposed projects must be under construction or held by, or under contract to, a developer with known intention to move forward with a condominium or multi-family project at a location that will make it potentially competitive with the subject. The proposed project timing in Table (32) shows the number of units under construction and planned for condominium development within the market area, and presents this information by unit deliveries by year, to provide a complete picture of the potential additions to the market area.

Table (31)
Condominium Projects in Development
Downtown Austin

Map No	Project Name	Location	Planned Units	Developer	Status
Under Construction					
1	44 East	44 East Avenue	323	Intracorp Homes	Construction
2	Natiivo	48 East Avenue	239	Pearlstone Partners	Construction
3	The Colorfield	1006 Baylor Streeet	10	Cumby Properties	Construction
4	The Linden	1615 Guadalupe Street	117	Reger Holdings	Construction
5	The Loren	1211 West Riverside	24	Sardis Development	Construction
6	Vesper	84 N IH-35 SVRD SB	284	Pearlstone Partners	Construction
Under Construction Subtotal			997		
Planned					
7	2nd & Trinity	307 E. Second Street	160	Intracorp Homes	Submitted
8	90 Rainey	90 Rainey Street	368	Urban Space Realtors	Submitted
Planned Subtotal			528		
Total Units			1,525		

Source: Capitol Market Research, August 2021

compsite_condo.xls

It should be noted that Natiivo is a condominium hotel and available for investment purchase only

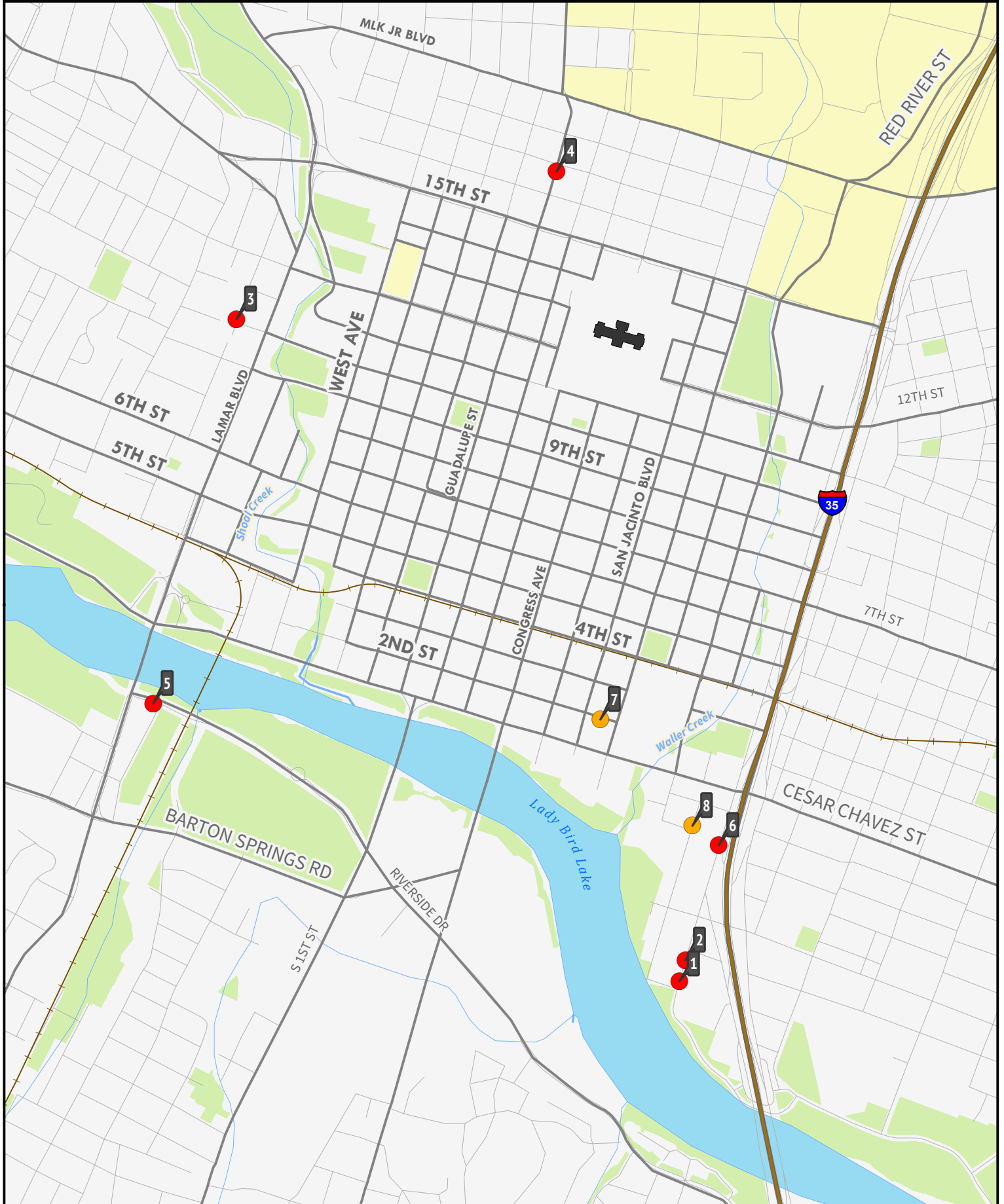
Table (32)
Condominium Project Timing
Downtown Austin

Map No.	Project Name	Delivery Date	Planned Units	2021	2022	2023	2024	2025	Future
<i>Under Construction</i>									
1	44 East	Jul-22	323	...	323	...	...	...	...
2	Natiivo	Nov-21	239	239	...	...	...	...	...
3	The Colorfield	Oct-22	10	...	10	...	...	...	...
4	The Linden	Jun-23	117	...	...	117	...	...	...
5	The Loren	Jul-22	24	...	24	...	...	...	...
6	Vesper	Sep-24	284	...	...	...	284	...	...
<i>Under Construction Subtotal</i>			997	239	357	117	0	0	0
<i>Planned</i>									
7	2nd & Trinity	tbd	160	...	...	...	...	...	160
8	90 Rainey	Aug-24	368	...	...	...	368	...	...
<i>Planned Subtotal</i>			528	0	0	0	368	0	160
<i>Total Units Added</i>				239	357	117	368	0	

Source: Capitol Market Research, July 2021

composite_condo_dt_2021.xls

It should be noted that Natiivo is a condominium hotel and available for investment purchase only



South Central Waterfront Attached Housing Absorption

The previous sections have discussed the regional attached housing (condominium and townhome) market and the growth statistics related to the attached housing market in Downtown Austin. The data shows that the market area continues to be competitive in the regional attached, “urban”, housing context and has maintained a healthy share of new construction and absorption while also commanding the highest sales price per square foot in the city. As discussed earlier, the success of the market area in a regional context is largely due to the rich mix of land uses in close proximity and the walkable character of the downtown and neighborhoods like Travis Heights, Bouldin Creek and Barton Hills. The continuing success of the market area is also dependent upon the availability of vacant land, and the redevelopment of underutilized parcels.

In 2010, the City of Austin completed the Austin Downtown Master Plan which outlined a vision for the CBD that included a proposed land use plan for sub districts within the CBD. As part of the future land use plan, the master plan consultants identified “opportunity sites.” These opportunity sites were either vacant (in 2010) or have low density improvements which do not reflect the highest and best use of the property. Current CBD zoning allows an 8:1 FAR unless the site is within an historic district (like West 6th Street) or is within a protected Capital View Corridor (CVC). On some sites the owner has achieved a higher density “bonus” that increased the FAR. Taking the FAR constraints into consideration, the Master Plan consultants identified the potential for adding approximately 37.2 million square feet of additional building net rentable space in the CBD. Over the last few years, the City of Austin has pursued a planning exercise for the South-Central Waterfront (SCW) District, an area viewed by many as the southern extension of the CBD. According to the South-Central Waterfront Vision Framework Plan (adopted in June 16, 2016), more than 8 million square feet of new development could be built under the proposed framework plan. While actual development may deviate from the assumed test scenario, CMR assumes that this is a reasonable estimate of the development opportunity in the SCW planning area.

In 2017, Nelsen Nygaard completed the Downtown Austin Parking Strategy Plan for the Downtown Austin Alliance. Part of the plan included an opportunity site assessment (update) which was completed by McCann Adams Studio. The Downtown site assessment shows a total of 37.8 million square feet of development opportunity, which assumes that all sites are built to their maximum F.A.R., including a density bonus. Within the South-Central Waterfront District there is a potential to develop 8.2 million square feet of development (congruent with the regulating plan), which is 18.4% of the total development potential in the CBD, plus the SCW (46.3 m. sq. ft.).

A preliminary estimate of the office absorption potential for the South-Central Waterfront was calculated for the Potential TIRZ district using the proportional share of the downtown development potential (18.4%) combined with an estimate of the “competitive” share. This competitive share reflects the change in character likely to occur as a result of the implementation of the planned South Central framework plan and significant infrastructure improvements. The “blended” capture rate is the average of the proportional and competitive share. This absorption forecast is shown on Table (33) on the following page.

Table (33)
South Central Waterfront
Annual Condominium Unit Absorption Potential

Date	CBD Absorption Potential	CBD New Completions	South Central Waterfront				
			Proportional Market Share	Competitive Market Share	Blended Share	SCW Absorption Potential	Cummulative Demand
2021	288	239	18.4%	18.4%	18.4%	53	53
2022	315	357	18.4%	18.7%	18.6%	58	111
2023	344	117	18.4%	19.1%	18.7%	64	176
2024	374	368	18.4%	19.4%	18.9%	71	246
2025	406	410	18.4%	19.7%	19.1%	77	324
2026	439	440	18.4%	20.1%	19.2%	84	408
2027	474	470	18.4%	20.4%	19.4%	92	500
2028	511	510	18.4%	20.7%	19.6%	100	600
2029	551	550	18.4%	21.0%	19.7%	109	709
2030	591	590	18.4%	21.4%	19.9%	118	826
2031	634	630	18.4%	21.7%	20.1%	127	953
2032	678	680	18.4%	22.0%	20.2%	137	1,090
2033	724	720	18.4%	22.4%	20.4%	147	1,238
2034	770	770	18.4%	22.7%	20.5%	158	1,396
2035	819	820	18.4%	23.0%	20.7%	170	1,566
2036	871	870	18.4%	23.4%	20.9%	182	1,748
2037	925	920	18.4%	23.7%	21.0%	195	1,942
2038	981	980	18.4%	24.0%	21.2%	208	2,150
2039	1,039	1,040	18.4%	24.3%	21.4%	222	2,372
2040	1,099	1,100	18.4%	25.0%	21.7%	239	2,611
Total	12,832	12,581			20.3%	2,611	

Source: Absorption forecast from Table (28)

compsite_condo_dt_2021.xls

Planned unit completions from Table (30) through 2023,
then unit completions are assumed to roughly equal the absorption potential

Table (34)
Condominium Absorption Forecast
 South Central Waterfront

Year	South Central Waterfront				
	Subject Demand	Cumulative Demand	New Units Added	Cumulative Units Added	Cumulative Demand less Units Added
2021	53	53	0	0	53
2022	58	111	0	0	111
2023	64	176	0	0	176
2024	71	246	70	70	176
2025	77	324	80	150	174
2026	84	408	80	230	178
2027	92	500	90	320	180
2028	100	600	100	420	180
2029	109	709	110	530	179
2030	118	826	120	650	176
2031	127	953	130	780	173
2032	137	1,090	140	920	170
2033	147	1,238	150	1,070	168
2034	158	1,396	160	1,230	166
2035	170	1,566	170	1,400	166
2036	182	1,748	180	1,580	168
2037	195	1,942	190	1,770	172
2038	208	2,150	210	1,980	170
2039	222	2,372	220	2,200	172
2040	239	2,611	240	2,440	171
Total	2,611		2,440		

Capitol Market Research, September 2021

compsite_condo_dt_2021.xls

Annual Demand is from Table (31). Supply is assumed to roughly equal demand beginning in 2022.

ABSORPTION SUMMARY AND TIF FORECAST

Absorption Summary and TIF Forecast

The previous sections of this report have provided an historical review, current assessment and development forecasts for the South-Central Waterfront planning area. Forecasts have been prepared for three major property types; office, multi-family, and residential condominiums (“attached” housing). The proposed TIRZ district contains approximately 118 acres of land and has a 2021 taxable value of \$824,856,590. The forecasts were prepared by first estimating the absorption potential in the broader Downtown market area, and then narrowing the focus to the South-Central Waterfront. The baseline evaluation of capture rate was derived from data which was initially generated for the Downtown Austin Plan (DAP), adopted by the Austin City Council on December 8, 2011. In the plan, “opportunity sites” were identified and the potential gross building area calculated for each site. The Downtown Austin Alliance commissioned an update to the opportunity site analysis as part of the recently completed “Downtown Austin Parking Strategy”. This updated information was utilized as a “base” capture rate in this study and is shown below in Table (35).

Table (35)
Opportunity Sites for New Development
Downtown and South Central Waterfront

Area	Land Area in Acres	Square Feet of Potential Development	Square Feet Potential with Density Bonus
Downtown	104.96	21,296,098	37,756,449
In South Central Waterfront	48.70	4,528,616	8,519,738
Downtown Plus SCW	153.66	25,824,714	46,276,187
Percent in SCW TIRZ	31.7%	17.5%	18.4%

Source: Downtown Austin Parking Strategy, Nelson Nygaard, September 2016

opportunity sites.xls

Prepared for the Downtown Austin Alliance

Opportunity Site Analysis prepared McCann Adams Studio, as subcontractor.

South Central Waterfront Vision Framework Plan, June 2016

Over the last ten years, the development focus has been in lower downtown, near Lady Bird Lake, where most of the available sites have now been developed or are currently under construction. With the construction of the Waller Creek Tunnel and the Waller Parks District, the development focus is likely to shift to include the northeast quadrant where the Innovation District initiatives are emerging and the Central Health campus redevelopment is gaining traction. Another area of interest is the subject of this report, the South-Central Waterfront district on the south side of Lady Bird Lake.

In acknowledgement of these emerging trends, CMR has provided an absorption rate for each product type as a result of the product specific demand forecasts shown in previous sections. This data is now consolidated into a summary table which covers the proposed TIRZ district.

Table (36)
Absorption Summary
Proposed SCW TIRZ Boundary

Year	Absorption		
	Office Square Feet	Multi-Family Units	Attached Housing Units
2021	271,663	0	0
2022	0	0	0
2023	124,657	0	0
2024	89,381	150	70
2025	65,033	160	80
2026	69,957	170	80
2027	75,734	190	90
2028	78,078	200	100
2029	83,643	220	110
2030	85,581	230	120
2031	92,463	250	130
2032	96,729	260	140
2033	101,180	280	150
2034	105,616	300	160
2035	110,352	320	170
2036	115,073	340	180
2037	119,884	360	190
2038	124,901	380	210
2039	130,014	400	220
2040	135,346	430	240
Total	2,075,285	4,640	2,440

Source: Capitol Market Research, September 2021

Development 9.17.21

Summary of Absorption estimates from previous sections

The next step required to prepare the TIF value forecasts is to calculate an average value per square foot for each product category. Capitol Market Research reviewed all taxable property records for the CBD and selected individual properties within each land use category. The properties selected are a sample of newer buildings completed and “stabilized” since 2010. A minimum of five properties were selected for each land use category. The Taxable value from 2020 was used because these are values as of January 1, 2020, prior to any diminution in value due to the effects of the COVID pandemic. Each product type and the estimated average value per square foot and unit is shown below in Table (37).

Table (37)
Average Building Value by Type
Downtown Austin

Land Use Category	Taxable Value	Square Footage	Value Per Sq.Ft.	Number of Units	Value per Unit
Office Tower	\$1,172,927,038	\$1,947,787	\$602.18	n.a.	n.a.
Office Mid-Rise	\$317,110,300	\$636,643	\$498.10	n.a.	n.a.
MF Tower	\$1,045,800,000	\$2,093,788	\$499.48	2,153	\$485,741
MF Mid-Rise	\$322,736,204	\$956,767	\$337.32	1,031	\$313,032
Condo Tower	\$1,815,456,600	\$2,901,079	\$625.79	2,254	\$805,438
Hotel	\$256,262,600	\$742,491	\$345.14	1,166	\$219,779

Source: Travis Central Appraisal District 2020 Taxable Values

development summary.xls

New Downtown Buildings (2010 +)

Selected and compiled by Capitol Market Research, September 2021

Based on the absorption estimates shown in Table (36) and the cost estimates provided in Table (37) above, the potential TIF valuation and tax revenue potential is provided in Table (38). Assuming a 2.5% annual rate of inflation, the South-Central Waterfront taxable value is projected to be \$8,075,552,478 in 2040. This is an increment in taxable value of \$7,250,695,888 over the 2021 base year.

Table (38)
Projected Taxable Values 2021 - 2040
South Central Waterfront

Year	COA Taxable Value (January 1)	Planned Development Value	COA Taxable Value (December 31)	Inflated Value at (2.5%)
2021	\$824,856,590	\$163,591,233	\$988,447,823	\$1,013,159,019
2022	\$1,013,159,019	\$0	\$1,013,159,019	\$1,038,487,995
2023	\$1,038,487,995	\$75,066,666	\$1,113,554,661	\$1,141,393,528
2024	\$1,141,393,528	\$183,065,552	\$1,324,459,080	\$1,357,570,557
2025	\$1,357,570,557	\$181,315,554	\$1,538,886,110	\$1,577,358,263
2026	\$1,577,358,263	\$189,138,035	\$1,766,496,298	\$1,810,658,706
2027	\$1,810,658,706	\$210,385,781	\$2,021,044,487	\$2,071,570,599
2028	\$2,071,570,599	\$224,709,111	\$2,296,279,710	\$2,353,686,702
2029	\$2,353,686,702	\$245,829,376	\$2,599,516,079	\$2,664,503,981
2030	\$2,664,503,981	\$259,908,349	\$2,924,412,330	\$2,997,522,638
2031	\$2,997,522,638	\$281,822,027	\$3,279,344,665	\$3,361,328,282
2032	\$3,361,328,282	\$297,302,487	\$3,658,630,769	\$3,750,096,538
2033	\$3,750,096,538	\$317,752,283	\$4,067,848,821	\$4,169,545,041
2034	\$4,169,545,041	\$338,192,843	\$4,507,737,884	\$4,620,431,331
2035	\$4,620,431,331	\$358,814,019	\$4,979,245,350	\$5,103,726,484
2036	\$5,103,726,484	\$379,425,959	\$5,483,152,442	\$5,620,231,253
2037	\$5,620,231,253	\$400,091,947	\$6,020,323,200	\$6,170,831,280
2038	\$6,170,831,280	\$428,936,851	\$6,599,768,131	\$6,764,762,334
2039	\$6,764,762,334	\$449,785,029	\$7,214,547,363	\$7,394,911,047
2040	\$7,394,911,047	\$483,676,737	\$7,878,587,784	\$8,075,552,478
Total		\$5,468,809,838		

Source: Capitol Market Research, September 2021

Development Summary

Development Without Plan implementation

The South-Central Waterfront Framework Plan provides a comprehensive design of the public realm that provides the foundational components that create a District identity for the area. This identity envisions a lively, attractive and connected pedestrian environment, expanded open space and public parks, connections to and along the waterfront and new affordable housing. Without the implementation of the district plan and supporting infrastructure investment, the area will develop in a fragmented manner at significantly lower densities and taxable value.

The previous sections of this report have provided development forecasts for the South-Central Waterfront planning area with the assumption that the “Framework Plan” is implemented and the City of Austin contributes funds for infrastructure that will support higher density development. If the Framework Plan is not adopted then development will occur at a slower pace and at lower density. In the June 16, 2016 SCW framework plan a “Baseline” redevelopment scenario was prepared that showed what development would be feasible assuming that existing entitlements govern the redevelopment of the parcels likely to change use over the next 15 years. CMR used the total square footage for the “Feasible Baseline” scenario to establish the proportional share for the opportunity sites in the SCW planning area. This Feasible baseline scenario shows 4.5 million square feet at buildout.

Following the same approach used to develop the forecasts that assumes the implementation of the Framework Plan, baseline forecasts have been prepared for the three major property types; office, multi-family, and residential condominiums (“attached” housing). As noted above, the proposed TIRZ district contains approximately 118 acres of land and has a 2021 taxable value of \$824,856,590. All of the forecasts for development in the downtown area remain the same. However, the capture rate drops significantly because the build-out potential for the area drops from 8.5 million square feet to 4.5 million square feet as shown below in Table (39).

Table (39)
Opportunity Sites for New Development
Downtown and South Central Waterfront

Area	Land Area in Acres	Square Feet of Potential Development*	Square Feet Potential with Density Bonus
Downtown	104.96	21,296,098	37,756,449
SCW Feasible Baseline Development	98.25	0	4,539,063
Downtown Plus SCW	203.21	21,296,098	42,295,512
Percent in SCW TIRZ	48.4%	n.a	10.7%

Source: Downtown Austin Parking Strategy, Nelson Nygaard, September 2016

opportunity sites.xls

Prepared for the Downtown Austin Alliance

Opportunity Site Analysis prepared McCann Adams Studio, as subcontractor.

*South Central Waterfront Vision Framework Plan, June 2016: Potential "Feasible" development

Table (40)
Baseline Absorption Summary
Proposed SCW TIRZ Boundary

Year	Absorption		
	Office Square Feet	Multi-Family Units	Attached Housing Units
2021	271,663	0	0
2022	0	0	0
2023	69,523	0	0
2024	48,912	60	30
2025	34,959	70	30
2026	36,978	80	40
2027	39,401	80	40
2028	40,014	90	40
2029	42,261	100	50
2030	42,660	110	50
2031	45,503	110	60
2032	47,025	120	60
2033	48,620	130	70
2034	50,192	140	70
2035	51,890	150	80
2036	53,564	160	80
2037	55,265	170	90
2038	57,046	180	100
2039	58,855	200	100
2040	60,747	210	110
Total	1,155,076	2,160	1,100

Source: Capitol Market Research, September 2021

Development 9.17.21

Summary of Absorption estimates based on Baseline Development

Table (41)
Baseline Projected Tax Values 2021 - 2040
South Central Waterfront

Year	COA Taxable Value (January 1)	Planned Development Value	COA Taxable Value (December 31)	Inflated Value at (2.5%)
2021	\$824,856,590	\$135,314,667	\$960,171,257	\$984,175,538
2022	\$984,175,538	\$0	\$984,175,538	\$1,008,779,927
2023	\$1,008,779,927	\$34,629,191	\$1,043,409,118	\$1,069,494,345
2024	\$1,069,494,345	\$67,307,930	\$1,136,802,276	\$1,165,222,333
2025	\$1,165,222,333	\$63,488,136	\$1,228,710,469	\$1,259,428,230
2026	\$1,259,428,230	\$75,678,747	\$1,335,106,977	\$1,368,484,652
2027	\$1,368,484,652	\$76,885,420	\$1,445,370,072	\$1,481,504,324
2028	\$1,481,504,324	\$80,321,478	\$1,561,825,802	\$1,600,871,447
2029	\$1,600,871,447	\$92,624,995	\$1,693,496,441	\$1,735,833,852
2030	\$1,735,833,852	\$95,954,216	\$1,831,788,068	\$1,877,582,770
2031	\$1,877,582,770	\$105,424,728	\$1,983,007,498	\$2,032,582,686
2032	\$2,032,582,686	\$109,312,939	\$2,141,895,624	\$2,195,443,015
2033	\$2,195,443,015	\$121,292,243	\$2,316,735,258	\$2,374,653,640
2034	\$2,374,653,640	\$125,205,452	\$2,499,859,091	\$2,562,355,569
2035	\$2,562,355,569	\$137,235,946	\$2,699,591,515	\$2,767,081,303
2036	\$2,767,081,303	\$141,200,345	\$2,908,281,648	\$2,980,988,689
2037	\$2,980,988,689	\$153,232,278	\$3,134,220,968	\$3,212,576,492
2038	\$3,212,576,492	\$165,303,999	\$3,377,880,491	\$3,462,327,503
2039	\$3,462,327,503	\$172,465,698	\$3,634,793,201	\$3,725,663,031
2040	\$3,725,663,031	\$184,592,995	\$3,910,256,026	\$4,008,012,426
Total		\$2,137,471,403		

Source: Capitol Market Research, September 2021

Development Summary baseline

APPENDIX

Certificate

The undersigned do hereby certify that, except as otherwise noted in this market/feasibility report:

We certify that we have personally inspected the aforementioned subject property, and that our fee is in no way contingent upon the determination of feasibility reported herein.

We have no present or contemplated future interest in the real estate that is the subject of this report.

To the best of our knowledge and belief the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.

This report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

Recognition is hereby given to Davis Brooks, Camiel DeSmet, Monique Rottmann for their assistance in the preparation of this report.

No one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate that are set forth in this report.

Respectfully submitted,

CAPITOL MARKET RESEARCH, INC.

A handwritten signature in dark ink, appearing to read "Charles H. Heimsath", written over a horizontal line.

Charles H. Heimsath

CHARLES H. HEIMSATH QUALIFICATIONS

Charles H. Heimsath graduated from The University of Texas in 1976 with a Master of Science degree in City Planning. He has been active in the real estate market since 1976 in the areas of commercial and residential brokerage, market and feasibility studies, and real estate research. Prior to his association with Capitol Market Research, Mr. Heimsath was a senior project manager in charge of feasibility/market research with an appraisal firm, R. Robinson & Associates, Inc., Austin, Texas. Between 1980 and 1983 he was responsible for managing the real estate research division at the Rice Center in Houston.

Since moving to Austin in February 1984, Mr. Heimsath has conducted or managed over 500 market research and feasibility projects covering a range of property types from residential and mixed-use subdivisions through office/warehouse and service center space to downtown office buildings. His work has also included population forecasting for several cities, consultation to the General Land Office, The University of Texas System, and economic impact studies for proposed commuter and light rail systems in Austin and San Antonio.

EDUCATION

B.S. in Economics, University of Vermont, Burlington, Vermont; June 1972

M.S. in Community and Regional Planning, The University of Texas, Austin, Texas; August 1976

Post Graduate Studies, Rice University, Houston, Texas; 1980, 1981

PROFESSIONAL MEMBERSHIPS & CERTIFICATIONS

American Planning Association Member

Real Estate Council of Austin, Former Board Member

Texas Real Estate Broker #188355-13

Urban Land Institute, Austin Advisory Board Member

Downtown Austin Alliance, Board Member

Central Texas Regional Mobility Authority, Former Board Member

PROFESSIONAL EXPERIENCE

Capitol Market Research, Inc., President: June 1986 - Present

R. Robinson & Associates, Project Manager: Real estate research, market and demographic studies, land-use forecasting: February 1984 - June 1986

South Main Center Assoc., Associate Director: Construction management, office administration, policy development, community outreach: February 1983 - February 1984

Rice Center, Senior Associate: Senior project manager responsible for real estate research, urban development and economic forecasting: October 1978 - February 1983

Mayor's Office, City of Houston, Urban Economist: Responsible for preparing the Overall Economic Development Plan (OEDP) for Houston: October 1976 - October 1978

Exhibit F: Property Valuations

Projected Taxable Values 2021 - 2040

South Central Waterfront

Year	COA Taxable Value (January 1)	Planned Development Value	COA Taxable Value (December 31)	Inflated Value at (2.5%)
2021	\$824,856,590	\$163,591,233	\$988,447,823	\$1,013,159,019
2022	\$1,013,159,019	\$0	\$1,013,159,019	\$1,038,487,995
2023	\$1,038,487,995	\$75,066,666	\$1,113,554,661	\$1,141,393,528
2024	\$1,141,393,528	\$183,065,552	\$1,324,459,080	\$1,357,570,557
2025	\$1,357,570,557	\$181,315,554	\$1,538,886,110	\$1,577,358,263
2026	\$1,577,358,263	\$189,138,035	\$1,766,496,298	\$1,810,658,706
2027	\$1,810,658,706	\$210,385,781	\$2,021,044,487	\$2,071,570,599
2028	\$2,071,570,599	\$224,709,111	\$2,296,279,710	\$2,353,686,702
2029	\$2,353,686,702	\$245,829,376	\$2,599,516,079	\$2,664,503,981
2030	\$2,664,503,981	\$259,908,349	\$2,924,412,330	\$2,997,522,638
2031	\$2,997,522,638	\$281,822,027	\$3,279,344,665	\$3,361,328,282
2032	\$3,361,328,282	\$297,302,487	\$3,658,630,769	\$3,750,096,538
2033	\$3,750,096,538	\$317,752,283	\$4,067,848,821	\$4,169,545,041
2034	\$4,169,545,041	\$338,192,843	\$4,507,737,884	\$4,620,431,331
2035	\$4,620,431,331	\$358,814,019	\$4,979,245,350	\$5,103,726,484
2036	\$5,103,726,484	\$379,425,959	\$5,483,152,442	\$5,620,231,253
2037	\$5,620,231,253	\$400,091,947	\$6,020,323,200	\$6,170,831,280
2038	\$6,170,831,280	\$428,936,851	\$6,599,768,131	\$6,764,762,334
2039	\$6,764,762,334	\$449,785,029	\$7,214,547,363	\$7,394,911,047
2040	\$7,394,911,047	\$483,676,737	\$7,878,587,784	\$8,075,552,478
Total	\$65,806,632,167	\$5,468,809,838	\$71,275,442,005	

Source: Capitol Market Research, September 2021

Development Summary