



AUSTIN CONVENTION CENTER POTENTIAL DEVELOPMENT OPPORTUNITY

Briefing for the Austin City Council
February 2024

AUSTIN
CONVENTION CENTER
DEPARTMENT

A wide-angle photograph of the Austin skyline at sunset. The sun is low on the horizon, casting a warm orange and yellow glow over the city. The skyline features several prominent skyscrapers, including the Frost Bank Tower. The Austin Convention Center is visible in the foreground on the right. The text 'AUSTIN CONVENTION CENTER DEPARTMENT' is overlaid in the top right corner.

AGENDA

Overview

Staff Recommendation

Project Schedule

Market Analysis and 40-Year Fiscal Impact

Communication Plan

- Council and Community Feedback

Next Steps

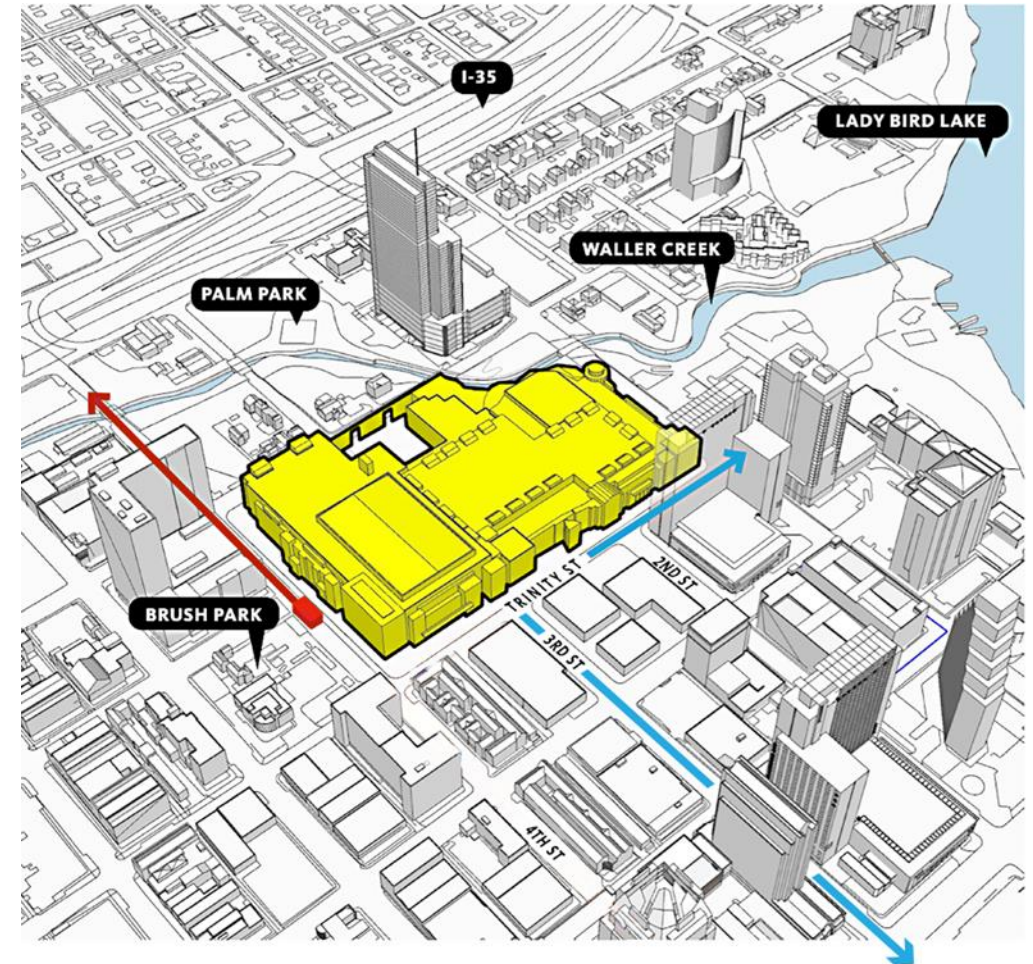


OVERVIEW

A **potential development opportunity** may be available within the footprint of the existing Convention Center that will be determined through coordination with the Austin Convention Center Redevelopment and Expansion Project.

Project Features:

- Commitment to 2019 Palm District Resolution
- Development Goals
 - Complement Convention Center activities
 - Support Council and community priorities
 - Generate Revenue





STAFF RECOMMENDATION

Pursue Hotel and Multifamily as Potential Development Opportunity with active ground floor uses.

- Supported by market analysis.
- Generate revenues that can support Council and community interests:
 - Align development with district urban activation, green space, and sustainability
 - Support local retailers, restaurants, budding entrepreneurs, small businesses, and cultural arts
- Provides specificity in the type of Developer needed in response to Request For Qualifications (RFQ).

Continue to examine integration of workforce housing into multifamily development.

Release RFQ in March 2024 to align schedule with Austin Convention Center Redevelopment Project.



PROJECT SCHEDULE

Technical



Market Analysis
(Summer 2023)



Developer Solicitation
(March 2024)



Concept Refinement
(2024)



Project Design & Permitting
(2025)



Construction Start
(2026)

Work Session Discussion
(February 2024)

Council Action:
Dev. Selection
(July 18, 2024)

Council Action:
Development Agreement



Engagement



Council Feedback / Updates

City-led Engagement
(Winter 2023)

Developer-led Engagement
(2024)



PROJECT SCHEDULE, CONTD.

Critical to align design and construction of the potential development opportunity structure with Convention Center project schedule.

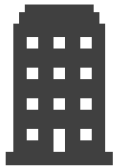
- Allows for design and engineering collaboration for both projects to maintain schedule and budget for overall project.
- Creates and delivers a unified urban design vision for the entire property.
- Avoid disruptions to the newly expanded Convention Center operations.

MARKET ANALYSIS

High Feasibility



Hotel



Multifamily

- Demand recovered to 2019 levels
- Strong stabilized room rates
- Significant pipeline mitigated by premium site integrated with Conv. Ctr.
- Stable absorption of new units
- Significant pipeline mitigated by premium location with views

Moderate Feasibility



Workforce Housing

- Highly demanded
- All land value must be allocated to subsidize ~50 units workforce housing
- 80% MFI rents can better support higher cost of high-rise construction

Infeasible



Office



Affordable Housing

- 1M square feet of vacant space downtown
- 2.9M square feet in Class A pipeline development
- Rents expected to compress
- 42% higher cost to build high-rise units
- Must qualify for federal tax credits
- Must receive city subsidies



40-YEAR FISCAL IMPACT

	Hotel + ground floor retail	Apartments + ground floor retail
Property Tax (COA only)	\$112M	\$92M
Sales Tax	\$13M	\$5M
Hotel Tax (total)	\$315M	-
Hotel Tax (portion for culture/preservation ¹)	\$95M	-
Fee in Lieu of On-site Units	-	\$1.4M

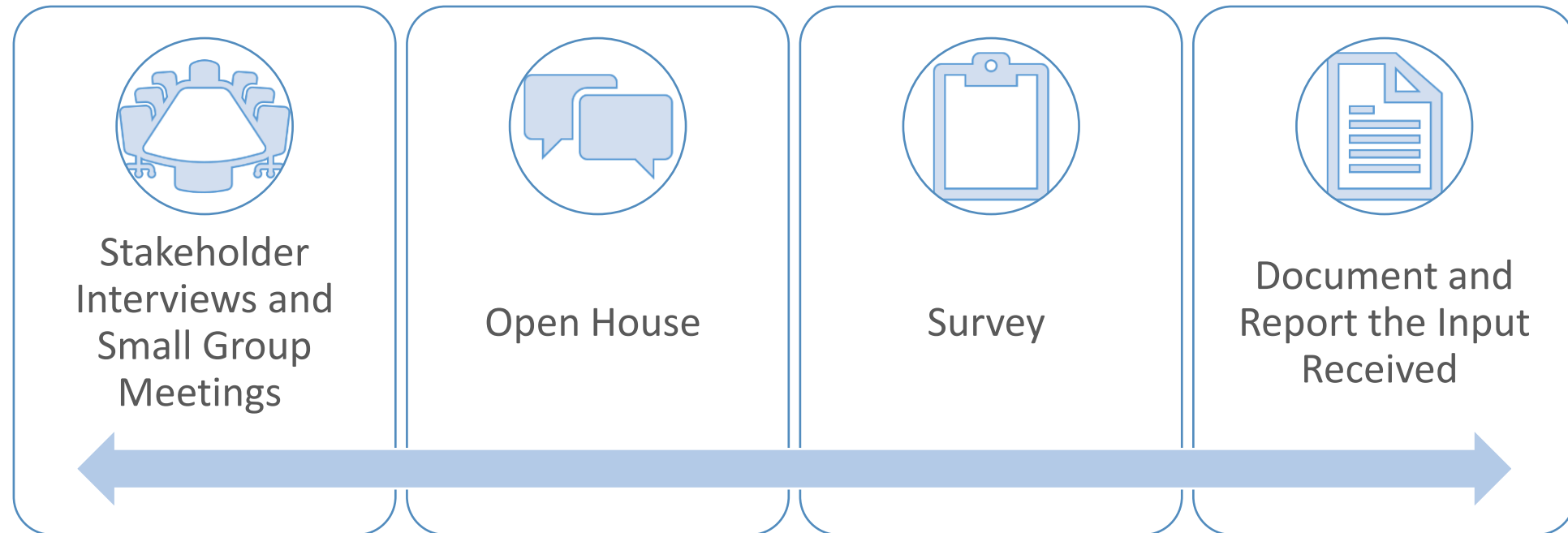
Nominal Values

¹ 30% of Hotel Occupancy Tax Revenue

COMMUNICATION PLAN

DEVELOPMENT PROJECT COMMUNICATIONS AND COMMUNITY ENGAGEMENT GOAL

Engage City Council, key stakeholders, and broader community to identify needs, values, and ensure diversity of voices and interests



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COUNCIL FEEDBACK

Austin City Council 1-on-1 meetings yielded some key concepts for consideration in the potential development opportunity:

1. Commitment to comply with all previous Council direction related to worker protection, sustainability, and support for minority and women-owned businesses.
2. Incorporating inclusive, substantive and authentic community engagement activities to solicit feedback.
3. Include local retailers and restaurants and support for budding entrepreneurs and small businesses.
4. Maintain active ground floor uses that drive foot traffic and promote a vibrant area surrounding the convention center.
5. Explore the potential for workforce housing within the potential development opportunity.



COMMUNITY FEEDBACK

Engagement activities included fifteen stakeholder interviews, an online survey with 55 participants, and a community open house.

Key Themes:

- Economic impact and job creation
- Green space and sustainability
- Urban activation and mixed-use development
- Preservation of Austin's music scene
- Cultural arts and diversity
- Communication and transparency
- Support for local businesses



NEXT STEPS

Technical



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(March 2024)



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THANK YOU



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