

TO: City of Austin Council

From: Urban Renewal Board of the Urban Renewal Agency

Chair Manuel Escobar, Vice-Chair Darrell Pierce

Date: 7/18/24

RE: Urban Renewal Board Recommendation of Pleasant Hill Collaborative to develop Blocks 16 & 18 of the Urban Renewal Plan

MEMORANDUM

This memo provides a summary of the Urban Renewal Board (URB) recommendation for the development of an Urban Renewal Agency (URA)-owned property on approximately 2.02 acres of land within the Urban Renewal Plan (URB) area located at or near the 900 and 1100 blocks of East 11th Street, Austin, Texas 78702, located in Council District 1. As detailed below, pursuant to action taken at a special called meeting on June 17, 2024, the Urban Renewal Board recommends that the Austin City Council authorize negotiation and execution of all contracts necessary with Pleasant Hill Collaborative to develop the site.

The Rally Austin team, formerly the Austin Economic Development Corporation (AEDC), facilitated the Request for Proposals (RFP) process (please see attached Rally Austin’s overview of process), provided technical assistance to the URB, and provided technical review of the proposals according to the Memorandum of Understanding (MOU) between the AEDC and the Urban Renewal Board and Addendum 4 of the AEDC Interlocal Agreement (ILA). The final recommendation imbues the community values and provides a potential reasonable pathway to the final execution of the project, aligning directly to the project-desired outcomes. The proposal reflects public input provided at multiple times throughout the process, including engagement with the Stakeholder Working Group comprised of representatives throughout the community that will benefit from this project. The process is further detailed in a separate memo from RallyAustin.

All related solicitation materials are available here: [Block 16 & 18 — AEDC \(austinedc.org\)](https://austinedc.org)

BLOCK 16 & 18 SITE CONTEXT PLAN



URB Recommendation

As was called out in the RFP for Blocks 16 and 18, the URA's goal was to facilitate the implementation of the community's vision for a vibrant and contemporary mixed-use development supporting creative arts and cultural heritage along the 11th Street corridor and within the historic African American Culture and Heritage District ("District"). The URB has reviewed the results of the evaluation committee process based on that goal and with a focus on the vision statement, goal outcomes and criteria set out in the RFP, as guided by the Development Priorities set forth in the UR Plan. The URB consequently made a recommendation supported by the results of the evaluation committee process and is requesting the Austin City Council allow the URB to move forward with negotiation of final transaction documents for this landmark development project.

Both proposals brought creative, highly-diverse projects aimed at achieving as many objectives as possible from the RFP. Although both teams experienced challenges in complying with various requirements of the RFP, the URB ultimately determined that it was in the best interest of the URB, the community, and the City to move both proposals forward for final review and evaluation on their merits and not to exclude any proposal on the basis of technical violations of the RFP terms. The proposed development team has demonstrated experience in executing projects on this scale, created a reasonable strategy for providing an option for public ownership in the near term as well as a structure that provides for increased public oversight, provided a variety of housing options to suit a broader range of stakeholders at various income levels, and has provided preliminary budget and cost information showing a commitment to include MBWBE firms from pre-development through the project outcomes.

The following is the text of the Urban Renewal Board motion from its special called meeting on June 17, 2024, which resulted in a vote of 4 to recommend, 1 to not recommend:

“The Board is conditionally recommending the proposal framework from the team Pleasant Hill Collaborative and reserve the right to further negotiate the specific details as called out in the RFP and as identified during the proposal review process upon Council approval

A formal recommendation to council will be forthcoming, outlining specific conditions to be reviewed during negotiations, including but not limited to:

- MBWBE participation-Validating and aligning to our 30% goal as stated in the RFP through each phase of project- predevelopment through occupancy
- Confirm the feasibility of financial strategy to ensure the long-term local benefit of the project as proposed through public ownership
- Validate necessary and applicable soft costs/fees required for Predevelopment and Development
- Consider extending partnerships across the community including with those parties that may have been part of other proposals to the RFP
- Working with the Proposer to prioritize and finalize program uses areas to balance community benefit and cultural preservation with final financial feasibility”

Additionally, based on discussions that have taken place among the URB, the Partnership Working Group between the URB and Rally Austin, and the Stakeholder Working Group, the following additional conditions also should be included in the recommendation to council:

- Assuring affirmative marketing to historically displaced community members.
- Confirming structure & operating plan in proposal vs what was anticipated in RFP

The URB looks forward to the opportunity to negotiate and collaborate with the preferred proposer to achieve a project that best meets the UR Plan goals of diversity, equity and inclusion, and anticipates opportunity for new partnerships that will ultimately create a development that will be a reminder of the legacy of this neighborhood, the community stakeholders, and the District and that provides long-term opportunity to Black Austinites—residents, nonprofits, institutions and businesses as an anchor to the future of the African American Heritage and Cultural District.



MEMORANDUM

TO: Mayor, Council and City Manager
City of Austin

FROM: Theresa Alvarez
President and CEO
Austin Economic Development Corporation

DATE: July 12, 2024

SUBJECT: Process for Developer Selection with Urban Renewal Board

The following memo provides an overview of the process to select a development team for the real estate development of Blocks 16 and 18 on East 11th Street, as managed by Rally Austin, formerly Austin Economic Development Corporation (AEDC). This memo is an accompaniment to the memo dated 7/18/2024, describing the final recommendation by the Urban Renewal Board (URB) and is also accompanied by the recommended proposer's executive summary document (see Appendix A: Pleasant Hill Collaborative Executive Summary), outlining the successful proposal, as well as an overview of the community engagement activities from 2022-2024 (see Appendix B: Community Engagement Summary).

Rally Austin/AEDC has been working on behalf of the Urban Renewal Agency (URA) and their Board (URB) as outlined in Rally Austin's Interlocal Agreement Addendum 4 with the City of Austin and as detailed in the Memorandum of Understanding (MOU) between Rally Austin and the URB. The URB is staffed by the City of Austin's Housing Department, who also participated in the process. Although these Blocks have been discussed over many years since the preparation of the first Urban Renewal Plan in 1999, this memo provides an overview of the work during 2022-24.

On behalf of Rally Austin, I would personally like to thank all proposal participants, and stakeholders, including neighbors—residents and businesses. Our team stands ready to support Austin City Council in advance of and after their approval for URB to proceed to the next stage of the process, as we are grateful for your continued support, including the time and energy you devote to enhancing an inclusive Austin. Should you have any questions or interest in discussing this request, please contact me at theresa@rallyaustin.org.

Rally Austin Urban Renewal East 11th Block 16 & 18 Process Report

Background

Redevelopment efforts related to Blocks 16 and 18 have seen many chapters and iterations dating back to the late 1990's. Due to various market and political circumstances, previous efforts have not resulted in redevelopment of these blocks, despite strong community and governmental interest, as well as an Urban Renewal Plan (URP) originally created in 1999 for the area. Austin City Council [Resolution 20210902-048](#) called for renewed efforts to see the redevelopment of Blocks 16 and 18, the last two remaining parcels to be developed in the amended URP. The Urban Renewal Board's agreement with the City of Austin was renewed in 2018 for ten years, and the Board worked with City staff and council to finalize the Urban Renewal Plan's twelfth amendment in 2022 to align with updated NCCD zoning parameters. With the creation of the AEDC in 2021, the Urban Renewal Board proposed a partnership between the URA and AEDC/Rally Austin to facilitate the development of these blocks, culminating in a scope of work that supports the URB from pre-development services, through a competitive solicitation process, and through finalizing the Exclusive Negotiating Agreement (ENA) and Ground Lease with the selected Development Team.

The following report will outline the steps taken and efforts contributed during the pre-development, solicitation, acceptance and review of proposals, as well as an overview of the selected developer's proposal.

Pre-Development Process

Community Outreach and Engagement. This most recent collaboration builds on many years of community engagement and planning efforts that were referenced for the preparation of the solicitation (1999, 2012, and 2019, as well as 2022 Urban Renewal Plan [URP]/Neighborhood Conservation Combining District [NCCD] alignment work). Recognizing the importance of continued validation of community's expressed needs, Rally Austin facilitated additional community engagement efforts, analyses, and due diligence to understand market-feasible development options that capture community members' visions for these blocks. The Rally Austin team worked with the Urban Renewal Board to identify and engage various community stakeholders, institutional partners, as well as neighbors, local businesses and area non-profit organizations.

Most important to the efforts were to also engage legacy community members, many of whom who have been displaced from the immediate area. Years of inaction, and planning without projects moving forward, had created significant distrust in the community. Rally Austin and their consultant Creative Policy, worked to both build individual relationships and meet with people where they were—not just rely on standard public meetings. In addition to hosting multiple stakeholder open houses, office hours and special events on Block 18, where Rally Austin/Creative Policy and Urban Renewal Board leadership engaged one on one with stakeholders, engagement efforts also

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

included two surveys broadcast to the community with approximately 100 responses and six community events that have engaged over 250 stakeholders.

Participants consistently prioritized affordable housing, a cultural venue, small grocery, and non-profit and affordable office space as being the highest programmatic priorities that would reflect community benefits in the development of Blocks 16 and 18. This input validated the many years of prior planning, although the need for affordable spaces (residential, cultural and commercial) increased in priority from prior efforts. In regular public meetings of the Urban Renewal Board over two years, the pre-development feasibility was discussed, including criteria to be included in a future competitive solicitation and priorities that would be required, based on feedback from the Community. From this input, the Equitable Development Goals for the project were established and incorporated into the RFP.

It was determined during the pre-development process that a two-stage Request for Proposals (RFP) process was an ideal way of casting a wide net for a creative and innovative development team while still asking for initial visions to assure alignment with the Urban Renewal Board's vision and goals and assure sufficient time for community engagement to inform the final proposals. During the RFP process, community engagement continued, with regular virtual and in person open houses to provide an update of the RFP process. Additionally, community engagement was the cornerstone of the period between Phase I and Phase II, where the community could review initial visions and provide feedback that the final proposing teams could respond to. (see Appendix B: Community Engagement Efforts, 2022-2023 for more details).

Site Preparation and Feasibility Analysis. With these efforts underway, our public partners focused their attention on critical needs to position these lots for redevelopment. The URB and the City of Austin led various due diligence efforts, including updating the URP and E. 11th Street NCCD, addressing title commitment issues and securing an updated survey and environmental report, with the goal of having the information available to the proposing teams so that a selected Developer would have the information available to make the most informed and financially realistic proposal. The extensive work on the zoning envelope by City Staff and the Urban Renewal Board prior to the solicitation paved the way to provide a concrete and clear road map which would help encourage participation from the Development Community.

During pre-development, Rally Austin hired a consulting team to work on the project feasibility. The team explored massing and financial analyses to evaluate how to maximize programmatic priorities and preferred community benefits given a variety of development constraints, including block size, existing context, development regulations, construction costs, and financing tools. Rally Austin and the Urban Renewal Board examined various test fit scenarios and provided updates to the community in order to receive feedback. These scenarios looked at a variety of massing options including less and more dense than the zoning envelope. Ultimately, the Urban

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

Renewal Board shaped a final summary scenario, 'Hybrid' which outlined a mixed use development proposal that provided approximately 120 mixed-income housing units, 60,000 square feet of commercial space (30,000 square feet of cultural space, 15,000 square feet of food-based retail, 17,000 square feet of creative and affordable workspace), 4,500 square feet of green space, and almost 350 parking spaces (Note this was before the City's policy changed on required parking spaces).

These options were further analyzed to confirm market demand and financial feasibility, identifying some of the various elements that are cost drivers, and modifications that could provide cost savings. Additionally, Rally Austin and their consulting team evaluated the various finance tools available (and needed) to help facilitate the community benefits, and a variety of affordability mixes to the housing units. The final design may differ, but the exercise helped demonstrate a runway towards a realizable project.

The Pre-Development Feasibility report can be found here: [East 11th St. Urban Renewal District Development Study- Current Public Realm PAGE.pdf](#)

Embedding Community Leadership. At its core, Equitable Development includes community stakeholders in the decision-making process about development, especially those individuals and representatives of community that are often not included in these processes. During the pre-development process, Rally Austin proposed a Stakeholder Working Group, comprised of local community members, to serve as an advisory group to the URB and to the selected development team for the duration of the development process. The Stakeholder Working Group was formed in the summer of 2023, and formalized by a vote of the Urban Renewal Board in August 2023.

The Stakeholder Working Group adds accountability and transparency to the redevelopment –both during the solicitation and after throughout the course of the project development--so that Blocks 16 and 18 achieve as many community benefits as possible. The Stakeholder Working Group helped work with the Urban Renewal Board on the evaluation criteria and prioritization of needs for the Phase II RFP and met with the two development teams at the beginning of the Phase I public input process.

East 11th Stakeholder Working Group Representatives

Type	Organization	Representatives Name
Renter Resident		Andres Moguel
Owner Resident		Josh Knowles
Property Owner	Miscellaneous Rentals	Beth Puorro
Business Owner	Black Lives Veggies	Larry Franklin
Business/ Renter	COMMUNITY VEGAN	Marlon Riso
Church Minister	Mount Zion Baptist Church / Baptist Ministers Union	Darrel Horton
Owner Resident/Business Manager	KAZI Radio Station	Marion Nickerson
Neighborhood Association	Robertson Hill Neighborhood Association	Paul Stables
Institution Representative	African American Cultural & Heritage Facility	Florinda Bryant
Historic Business Manager	Victory Grill	Glenn Williams
Church Representative	Ebenezer Baptist Church	Michael Rhone

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

Solicitation Process

Two-Step Development Method. Rally Austin, in concert with a consulting team from Hayat Brown, and the URB, released the RFP in two phases. Rally Austin and our partners believed the added transparency and accountability would underscore the vision for the district as a significant mixed-use vibrant gateway between East Austin and Downtown, imbued with the cultural identity of the historic African American Cultural District. The first phase focused on the proposed team and vision, and the second phase focused on the team financials and project execution strategy and capacity, and points were weighted accordingly.

Development of the solicitation was a profoundly interactive process, as it happened through multiple sessions of URB public meetings, whereby the Board reviewed various elements that were to be included in the solicitation, such as final Equitable Development principals, urban design criteria, program requirements (e.g. how much affordable housing would be included), and in specific terms the final evaluation criteria that would be included in the RFP. Most priorities tracked directly from those heard during community engagement sessions. The RFP documents can be found on the Project Website: [Blocks 16 & 18 RFP — AEDC \(austinedc.org\)](https://austinedc.org/Blocks-16-18-RFP)

Continued Community Collaboration. During Phase I, input was primarily captured through the Stakeholder Working Group and Rally Austin office hours arranged for community members to meet with the project management team. After Phase I, the development teams that were selected to advance presented their information in a video presentation. All community stakeholders that engaged or interacted with the process were notified of this opportunity to learn about the proposals directly from the development teams and provided feedback. Additionally, a survey was developed to solicit and compile feedback, which was shaped by the Stakeholder Working Group and distributed to the proposing teams for inclusion into the Phase II process. Throughout the solicitation process, Rally Austin hosted open office hours at a convenient location near Blocks 16 & 18, as well as notified stakeholders of the open public meetings of the Urban Renewal Board.

Marketing the Development Opportunity

Prior to and during the solicitation, Rally Austin marketed the opportunity nationally and locally. In addition to advertisements, social media postings, and direct emails, Rally Austin also broadcast the opportunity to developers who had done similar projects in other markets. With a goal of increasing participation by firms that could take on the ambitious significant mixed-use project, and a team that could work across two separate parcels with a coordinated vision, it was anticipated that individual developers may join forces to a larger team structure to accomplish the project. There were video presentations/introductions as well as a walking tour of the two sites, and an opportunity to network. Also, Rally Austin asked the Housing Department to record a video introduction to all the local housing resources, in response to some regional and national developers who were unfamiliar with the local market. During Phase I, many of the individually interested teams joined forces, taking

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

a larger field and merging into fewer teams. Three firms submitted to the Phase I RFP, and two advanced into Phase II

Phase I teams advancing to Phase II included both national and local partners. Both teams' visions met the criteria in the Phase I RFP. The two teams that advanced were (in alphabetical order) led by:

- ARA/Legacy which includes ARA (Austin Revitalization Agency, Local) and Legacy Development (National)
- Pleasant Hill Collaborative (PHC) which includes Servitas (National), Guadalupe Neighborhood Development Corporation (Local), and Topo (Local)

Both teams have significant project teams with many service, management and construction providers. Both teams' Phase I summary presentations have been up on the AEDC Project Website since January 2024. <http://www.austinedc.org/16and18>

Solicitation Evaluation

Per the initial MOU between Rally Austin and the Urban Renewal Board, an Evaluation Committee was created to independently screen the proposals. The Evaluation Committee was comprised of representatives from the URB, appointees by Rally Austin, and local community through a peer-elected representative of the Stakeholder Working Group, per a MOU between the URB and Rally Austin. The six-member Evaluation Committee was supported by Rally Austin, the Affordable Housing and Finance Corporation and consultants. This Evaluation Committee reviewed a multitude of materials including proposals, public presentations, community input based on Phase I proposals, technical analysis by Hayat Brown and Rally Austin. The Committee also participated in direct interviews with the two development teams that submitted to the RFP, which also produced multiple rounds of clarifying questions and answers. The resulting scoring is:

Phase I Score:

Reviewer	PHC	ARA/Legacy
1	86	80
2	92	85
3	70	55
4	87	79
5	87	80
6	47	58
TOTAL	469	437

Phase II Score

Reviewer	PHC	ARA/Legacy
1	79	64
2	76	73
3	59	63
4	85	72
5	83	67
6	70	67
TOTAL	452	406

The same six Evaluation Committee members participated throughout the process from Phase I evaluation through final recommendation to the Urban Renewal Board. After the

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

comprehensive review and interviews with the concluded scores, the Evaluation Committee met on multiple occasions, culminating in a meeting on June 4, 2024, with subsequent correspondence from one member of the Evaluation Committee who was unable to make the June 4, 2024, meeting. A majority (4 of 6) of the Evaluation Committee recommended PHC as the development team of choice to the Urban Renewal Board, with one member recommended not moving forward with PHC, and one member was neutral.

Upon reviewing all the information, and discussing at multiple meetings, the URB convened to call for a vote on the recommendation for a development partner during a Special Called Meeting on June 17, 2024. The vote of 4 to 1 was codified by the motion:

“The Board is conditionally recommending the proposal framework from the team Pleasant Hill Collaborative and reserve the right to further negotiate the specific details as called out in the RFP and as identified during the proposal review process upon Council approval.”

A formal recommendation to council will be forthcoming, outlining specific conditions to be reviewed during negotiations, including but not limited to:

- MBWBE participation-Validating and aligning to our 30% goal as stated in the RFP through each phase of project- predevelopment through occupancy
- Confirm the feasibility of financial strategy to ensure the long-term local benefit of the project as proposed through public ownership
- Validate necessary and applicable soft costs/fees required for Predevelopment and Development
- Consider extending partnerships across the community including with those parties that may have been part of other proposals to the RFP
- Working with the Proposer to prioritize and finalize program uses areas to balance community benefit and cultural preservation with final financial feasibility”

Final discussion within Urban Renewal Board and Evaluation Committee resulted in the recommendation of PHC to City Council based on the following findings—The team has shown:

- Demonstrated experience in executing projects at this scale, and with this complexity
- Fiscal capacity to lead and manage a project of this scale
- Proposed a reasonable strategy for providing an option for public ownership in the near term as well as a structure that provides for increased public oversight throughout the process.
- Project program provided a variety of housing options to suit a broader range of stakeholders at various income levels, including providing a flexible framework for the URB to define final types.

- Proposal shows a commitment to include MBWBE firms from pre-development through the project outcomes and provided a clearer picture of occupancy of culture/commercial met objectives.
- Provided preliminary budget and cost information, project proformas that demonstrated reasonable assumptions.
- Demonstrated willingness to Partner with the URB, Rally Austin, and co-create the development with the community

Overview of the Selected Development Partner's Proposal

The following is a summary of the proposal, and details should be reviewed in the attached Executive Summary document.

Development Team Profile. The team includes Servitas, a national developer (with local presence), partnering with Guadalupe Neighborhood Development Corporation, a local Community Development Corporation, and Topo, a local private commercial developer, who have partnered on this project to facilitate the development of a vibrant, complex mixed-use project that will significantly contribute to the eclectic commercial corridor of East 11th Street. Each of these members has demonstrated a history of executing projects at a scale similar to the proposed project on East 11th Street.

Also included are various local sub-partners such as Forge Craft, primary architect, supported by the largest national Black-owned architecture firm Moody Nolan, and local firm Carter Design Associates. Cultural curation of the cultural venue on the block, and public art are included as an underlying and guiding theme for the development as engineered by Creative Culture Works, public art by Raasin in the Sun, and public engagement strategies led by The Bingham Group, and a variety of other subconsultants, many of them local Austin companies. The proposed project underwriter is JP Morgan Chase & Co. The proposal includes the Construction firm Swinerton, as well as housing operators of Servitas Management Group.

The Team was selected as they scored higher than the alternative team in both Phase I evaluation and Phase II evaluation by the Evaluation Committee, and who in a comprehensive review of all the documents and materials provided, recommended the PHC team to the Urban Renewal Board with four of the six members in support.

Development Team Approach. The project as outlined proposes a Public Private Partnership structure that is often used on public land, leveraging the financing and expediency of a private developer while retaining public oversight and ultimate ownership of the assets. The project as proposed included all the RFP required elements, as well as many of the desired elements. Further, the projected outcomes meet the Equitable Development Goals as stated in the RFP. The development

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

concept design provides a lively and activated first floor, including open and accessible space for the public to engage with the project as well as integrates with the surrounding lower scale commercial, institutional and residential buildings while providing maximum square footage to accommodate all the community's desired program areas.

The proposed program aligns with the RFP requirements and desired features, and includes:

- 145,000 SF of diverse residential unit types (deep affordability to workforce incomes) with a majority of multi-bedroom units, and a majority affordable targeted at 50% MFI
- 13,000 SF of commercial space including small food-based retail spaces
- 27,000 SF of cultural space including a music venue and working spaces as aligned to the City of Austin's [Resolution 20210902-48](#)
- Exterior courtyard/plaza spaces, and proposed rooftop amenities
- 184 structured parking spaces
- The proposing team has committed to exceeding the 30% MBWBE goals from pre-development through project occupancy.

The team has provided options for housing units, specifically on Block 18, that could align to the needs of creatives, students and/or workforce. The final mix and any affiliations with specific local institutions such as Huston Tillotson University, as mentioned in the PHC proposal, are still to be finalized in the next phase.

The team has provided an initial potential commercial tenant mix to the building that demonstrates alignment with Equitable Development principals of the project and will feature black-owned businesses at below-market rents. The cultural venue is envisioned to be a vibrant hub of the overall development, but as per the RFP is envisioned as a publicly accessible Cultural Trust property, and final identification of operating and management of the facility, as well as the final build out, is anticipated in future scope.

Development Budget/Schedule. The current proposal provides that the project will have a total cost of approximately \$111 Million over both blocks (Block 16: \$47.7M, Block 18: \$64.5M), and have identified a combination of primarily public financing sources (tax exempt debt, tax credits, and local gap financing) as well as some private sources. The current schedule proposes financial close by the end of 2025, and occupancy in 2027, however both dates are subject to many factors including final design and permitting approvals, availability of competitive financing sources, as well as market changes. The URB and Rally Austin will be working closely with the developer to assure the soonest possible occupancy date.

The PHC team demonstrated a feasible path towards execution of the project through detailed project schedules, implementation team profiles, and extensive information about the construction through occupancy processes, aligning with both best practice and their project experiences with

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

projects at this scale. It should be noted that as is typical in the concept to final project evolution, the final detailed budget, detailed program areas, and detailed deal structure components are subject to change throughout the process. The framework provided in this submission will be closely followed throughout the project and final expectations will be finalized through the Exclusive Negotiating Agreement (ENA) assuring the project adheres to the framework made in this proposal.

Next Steps

In accordance with the MOU, after the City Council approves a Development Team, Rally Austin will continue to support the Urban Renewal Board in negotiating the ENA, and then the Ground Lease. During this process, the URB will refine project parameters while Rally Austin will assist the developers by helping assemble the capital stack resources, and review plans for project execution. The final terms of the Ground Lease will inform near and long-term expectations for development and any related support needed by Rally Austin such as project management (on behalf of URB), construction oversight and support to assure participation goals, tenancy support to ensure that the pipeline of businesses, organizations and residents meet project outcome goals, and as required, Asset Management on Ground Lease and any public controlled real estate.

Attachments:

- A. Pleasant Hill Collaborative Executive Summary
- B. Community Engagement Summary, 2022-2024

(512) 254-9640

info@rallyaustin.org
www.rallyaustin.org

P.O. Box 81847
Austin, TX 78708

AUSTIN ECONOMIC DEVELOPMENT CORPORATION
ON BEHALF OF THE URBAN RENEWAL AGENCY OF THE CITY OF AUSTIN

REQUEST FOR PROPOSALS – PHASE II

DEVELOPMENT PARTNER FOR BLOCKS 16 & 18

FROM, THE PLEASANT HILL COLLABORATIVE



COVER LETTER

Proposers must provide a cover letter, which acknowledges that the Proposer has read and understands all contents of the RFP2 and any addenda, takes no exception to the materials provided and that it agrees to the terms and conditions of the RFP & RFP2 (other than any comments to the form ENA, and Ground Lease).

The cover letter should be signed by a person that has full authority to bind the Proposer to all terms and conditions of the response.

Date: April 5, 2024

To: Urban Renewal Agency Board members

Cc: Austin Economic Development Corporation Board members and Staff

From: Garrett Scharton, Principal with Servitas and Lead Developer for Pleasant Hill Collaborative

Re: Final Proposal Submission for Block 16 and 18

As our Pleasant Hill Collaborative team mentioned during our recent presentation to the Urban Renewal Agency - everyone in the community, your board and the City are all so excited to get to this point of selecting a development team for Block 16 and 18. Our proposal addresses every one of the seven Equitable Development Vision Goals.

We believe our Pleasant Hill team is prepared to bring about the fruits of all the community work over the last few decades to yield a Black-focused Cultural and Arts District. These properties were purchased and vacated so long ago, but the memories have not faded of a similar activity along East 11th Street and what it meant to the Black Community of Austin. The Pleasant Hill Collaborative is very excited to deliver to you our final proposal and to serve as the developer of Block 16 and 18.

This proposal goes beyond the wonderful designs we created and focuses on how these two blocks will be built. You will read details in the following pages on the important elements of implementing a project of this scope and complexity:

- How parking will be managed among both sites during construction and post-construction;
- How Block 18 will accommodate student housing and collaboration with Huston-Tillotson College and what the options for HT collaboration might look like;

- How our team's waiting lists for both commercial and low-income housing units will be readily deployed to immediately fill up spaces;
- How commercial lease rates will be slightly below market to give commercial tenants a leg-up;
- How the entire project will be handed over to the community as soon as possible (5-15 years);
- Ownership of the commercial spaces and townhomes can occur approximately five years from the opening;
- How the community and stakeholders will be creatively engaged throughout the design and development; and
- How arts, culture and music will continue to weave their fabrics through this project.

We have read and understand all contents of the request for proposals for both phase 1 and 2 of this submission and acknowledge having received and understand all addenda provided by AEDC during this process. Additionally, all our questions we submitted have been answered by AEDC. We take no exception to the materials provided and agree to the terms and conditions of the RFP & RFP2 (other than any comments to the form ENA, and Ground Lease).

We are excited for you to read through this proposal. We think you will see that our Pleasant Hill Collaborative Team is prepared to serve the vision.

Warmest regards,



Garrett Scharton

EXECUTIVE SUMMARY

Proposers are required to provide an executive level summary that condenses and highlights the contents of their refined proposal in a maximum of twelve (12) pages (8.5"x11" vertical format, not PowerPoint). This document will need to have sufficient information to be considered a public facing excerpt of the entire proposal. The Executive Summary summarizing clearly each section of the Proposal, including (but not limited to):

- A description of how the vision will achieve the District's goals.
- Strategy for assuring the development outcomes over the long term.
- Project Team overview including primary roles/responsibilities, and specifically highlighting members that will have the most involvement with the Community.
- Additions/modifications to the Project team, including firms and individual professionals
- Alterations to the proposed development program in response to community feedback and updated RFP2 requirements and guidance.
- Proposed uses and the relative GSF/units to be included.
- Urban Site plan providing information of the ground level and the public experience of the site.
- Concept plan for the location of the uses and a description of the overall massing of the Project.
- A proposed alternative for the development should private/public funds be insufficient to support the entirety of the Project.
- Financial responsibilities for predevelopment costs among Proposer firms.
- Financial strategy for the Project demonstrating sources/uses and total Project costs
- Summary of housing types including bedroom, income thresholds and anticipated rents (in today's dollars)

EXECUTIVE SUMMARY

HOW OUR VISION WILL ACHIEVE THE DISTRICT'S GOALS

Our team's vision is to reestablish a visible and viable African American cultural presence in the community that was once downtown Black East Austin. Building upon the past, the Pleasant Hill Collaborative has weaved culture, music, and art throughout both Block 16 and 18. The vision is also community – focused, with opportunities for paths to ownership and wealth creation for Black Austin in residential, commercial, and cultural ownership.

Highlighted below are the measurable ways the Pleasant Hill Collaborative seeks to exceed the URA's goals:

- **Hyper local and world class M/WBE firms:**
 - > 50% of the team members living and working in Austin,
 - a General Contractor with a M/WBE Commitment exceeding requirements of the RFP, Servitas is a M/WBE firm focused on student housing and workforce housing (Primary Developer), Harold McMillan is a longtime cultural champion for the neighborhood, Moody Nolan is the largest and most renowned Black-owned design firm in the US, Raasin in the Sun is the leading artist in the space in Central Texas, Donna Carter is a local design leader with roots in East Austin, and both Sean Garretson (Senior Developer) and GNDC (Affordable Housing Developer) have successfully delivered projects in Austin.
- **A commitment to collaborate** with Six Square and all other neighbors in creating a special space. Every neighbor is a friend, and every friend is an opportunity to serve the community.
- **98 Affordable units** for individuals and families at rents at 50% of Median Family Income
- A Total of 13,500sf of commercial space to be **leased to local retailers** and ultimately provided for ownership (and 6,000 SF of which will be a local Grocer)
- **27,000SF of cultural venue space** (delivered as a warm grey shell, as requested) and another 16,000 SF of outdoor venue and gathering space (all on Block 18)
- **Block 18 Housing Options**
 - **86 Housing beds**, all apartment style, prioritizing privacy and rent affordability, delivered by a highly experienced development team, having delivered 20,000+ student housing beds
 - Includes a 1bdm/1ba apartment for a Resident Assistant (RA) for Huston-Tillotson University
 - In the event these units are better suited as workforce housing units, we envision targeting "missing middle" rents at or below 100% of MFI.
- **Path to Ownership**
 - **Pragmatic**
 - Step 1 to making this happen is a development structure that allows for a successful project. As you can see on page 35 (Organization Chart) and 24 (Teaming Agreement), the Pleasant Hill Collaborative has taken great care to serve the interests of East Austin, the AEDC, **the City of Austin**, and the URA (**CoA**). To the full extent possible, all developers are participating in fee only, removing incentives that will be adverse to the URA's goals.
 - **Financeable**
 - Step 2 is to ensure no Methods of Finance would preclude or otherwise prohibit resident or tenant ownership. Ownership will be made available as soon as the affordability period retires on block 16 (15 years) and ownership will be made available upon stabilization on block 18 (5-8 years).
 - **Designed for Success**
 - Step 3 is to inform and educate each resident / tenant on block 16 and block 18 about this opportunity early and often. We envision assisting folks early in their lease term, but also setting up runways for takeoff, so that when the opportunity for a mortgage presents itself, that potential homeowner/business is ready.
- **184 parking structured spaces** with a newly revised parking design, removing the very expensive subgrade parking initially proposed in Phase I, and engaging a third-party parking management service.
- Activation of the Streetscape with thematic **Black art/music/culture**. To note: we envision site activation throughout each development stage to keep the community engaged, excitement high, and commitment to the project unchanged.
- Thoughtful design and vision for a multimodal District with a streetscape that feels connected and is beautiful, thematic, and practical.

OUR PROPOSAL ADDRESSES EVERY ONE OF THE SEVEN EQUITABLE DEVELOPMENT VISION GOALS:

- **Goal 1:** Engage district in creating a diverse and black-focused hub for business, residents and visitors.
- **Goal 2:** Create affordable housing, cultural venues, and neighborhood-serving businesses that contribute to an equitable opportunity.
- **Goal 3:** Engage existing, former and new residents that represent the historic cultural legacy of the district.
- **Goal 4:** Support tourism while also maintaining local business support and growth.
- **Goal 5:** Pathways to ownership for residents and businesses.
- **Goal 6:** Streetscape aesthetics and multimodal system integration
- **Goal 7:** Architecture will respond to existing historic buildings.

Strategy for assuring the development outcomes over the long term.

ASSURING DEVELOPMENT OUTCOMES OVER THE LONG TERM

Assuring the Goals and Outcomes outlined above are sustained requires: 1) a commitment to the Vision, 2) a financing structure that allows for ownership and builds in capital reserves for upkeep and 3) an entity that is charged with keeping the energy and the vision going – we call that our "Vibe Master." As you may guess, the first Vibe Master will be none other than Harold McMillan. The Vibe Master will rest with the entity who is collaborating with the Landowner (the Urban Renewal Board), the City of Austin, the greater community & neighborhood, and AEDC on the important issues related to the project and the Cultural Center and Trust. In this case, that entity is the East Austin Creative Coalition. The three main developers - Servitas, GNDC and TOPO - will ensure the residential and commercial outcomes are met.

SERVITAS' ALIGNMENT WITH LONG TERM OUTCOMES - BLOCK 18 & PRIMARY DEVELOPER

Our proposed financing structure keeps control in the hands of the City / URA and allows for maximum benefit to the community with rents that stay deed-restricted **in perpetuity**. There is no incentive to increase rents more than is needed to meet debt payments, thus ensuring long-term residents and commercial owners. In a really interesting way, this project can serve as a firewall against the intense gentrification in East Austin, precisely due to its financing.

There are 3 important highlights to a Public-Private Partnership (P3) deal structure for the City of Austin and the Urban Renewal Agency:

1. **Control:** Austin will control as much or as little as desired. Servitas (and by extension, the entire development team) is your partner in this deal, and we work with you and for you.
2. **Money:** Austin will receive 100% of all excess cash flow. This structure offers the highest lease payment possible to Austin and aligns incentives between AEDC, URA, the City/AHFC and the developer.
3. **Ownership:** You will retain ownership of the land and once the project debts are paid off, full ownership of the improvements will convey to your desired designee(s).

In a P3, a private entity partners with a public entity to provide project funding and risk sharing. In addition to the funding, the private entity generally provides expertise and guidance in developing and potentially operating and maintaining that project. The entities in a P3 form a medium- to long-term arrangement regarding certain obligations carried out by the private partner, such as services or capital improvements. The private sector provides most of the capital investment and usually assumes some of the risks.

The P3 relationship doesn't end with the project's design and construction. The partnership continues for a prescribed period of time in which the private entity may assume responsibility for operating and maintaining the project – in this case,

- An affordable housing project
- workforce housing live-work facility,
- student housing facility,
- parking garage facility,
- Cultural arts & entertainment venues, and
- Ground floor, neighborhood-serving retail.

When the debt is paid off, the ground lease ends, the improvements become the unencumbered property of the Landowner. This incentivizes the private partner to move expeditiously and cost-effectively through all phases from design to operations and maintenance, which we think aligns well with the AEDC's interpretation of the URA's stated goals.

GNDC'S ALIGNMENT WITH LONG TERM OUTCOMES - BLOCK 16 DEVELOPER

GNDC is mission-based, developing and managing permanent affordable housing in Central East Austin since 1981. GNDC does not own or manage any market rate houses, as doing so would not align with its mission. GNDC also utilizes local, state, and federal funds to develop its housing stock, which all enjoy Land Use Restriction Agreements (LURAs) that legally require affordability for 40-99 years (depending on the housing type). For these reasons, GNDC can assure its affordable housing on Block 16 will remain affordable for the long term if so desired.

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

TOPO'S ALIGNMENT WITH LONG TERM OUTCOMES - COMMERCIAL DEVELOPER

TOPO has the most successful track record of any commercial developer in Austin. TOPO is well known for keeping its tenants because they are able to maintain a below-market rent, fostering a culture of collaboration and creativity. TOPO will be overseeing all the commercial spaces and cooperating with the Vibe Master on overall District programming. Additionally, TOPO has opted to serve as only a fee developer, aligning its financial incentives with the AEDC and URA.

PROJECT TEAM OVERVIEW

The primary team members interfacing with the community, City of Austin, AEDC and URA are:

Servitas will lead this world-class team and serve as the single point of accountability ensuring the project's goals are met at delivery and into the long-term. Garrett Scharton will serve as Principal-In-Charge and bring Servitas' highly qualified, fully integrated team including subject matter expertise and project-specific knowledge in financing, design, construction, and management.

Sean Garretson, AICP, will join Servitas and serve in the role of Senior Project Manager, providing direct day-to-day contact with CoA. Sean has over 20 years of experience developing affordable rental and ownership mixed-use, housing and commercial in the City of Austin and collaborating with most of the other consultants on this team.

Creative CultureWorks, Harold McMillan will continue to guide and direct the team ensuring the original vision is always ever present in decision making throughout the project.

Guadalupe Neighborhood Development Corporation will secure funding and provide management for all units meeting the criteria for low-income housing tax credits. They are experts in this field and specifically in East Austin.

TOPO will curate tenants and manage operations for the retail and commercial spaces.

Forge Craft Architects will lead the design team as architect of record, serving as the day-to-day contact and coordination for permitting ordinances, requirements, and overall compliance with construction documents. They will leverage the talents of the professionals and field experts within the complete design team.

- **Moody Nolan Architects** will act as the Design Architect for Blocks 16 & 18, overseeing the creation of a unified design and essential concepts required for bridging documents during the schematic and design development phases of the project.
- **Carter Design Associates** will serve as the Associate Architect and Historic Consultant for the development of the project.
- **Raasin in the Sun** will be engaged as a public art and environmental impact consultant garnering public participation in the project.

AusBos Social Housing will successfully guide the project through the entitlements process.

JPMorgan Chase & Co, bond underwriter and financier brings expert knowledge and experience to design a financing strategy that will deliver the projects goals for the long-term.

Swinerton, national contractor providing local, community-based experience, will lead the construction of the project.

The Bingham Group will execute the Community Engagement plan starting during predevelopment engaging and informing while gathering community feedback, through post construction creating public awareness of the new opportunities provided by the project.

Servitas Management Group will support the team with deep student housing operations expertise from design through opening and ongoing operations.

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

ADDITIONS AND MODIFICATIONS TO THE PROJECT TEAM:

For Phase II as we dive deeper into the strategy to meet the project goals, we have invited tax credit consultants, further loaded our bench with local expertise in the engineering fields, and included a parking solutions expert.

- **DPPFG** – Transaction oriented, industry leading, real estate consulting firm with expertise in Texas. DPPFG has completed over 2,600 land secured public financings with over \$16B in bonds.
- **Capital Peak Partners** – New Market Tax Consultant with over 20 years' experience in commercial finance and structured products including an excess of \$2B in New Markets Tax Credits over the past several years for investment in low-income communities.
- **Teresa Bowyer** – Real estate developer with 13 years of experience across the project life cycle. Expertise in multifamily rental and ownership projects utilizing affordable financing tools, including LIHTC, HOME, CDBG, and local incentives. She is consulting on the 4% and 9% LIHTC scoping and application process.
- **Garza Engineering** – Experienced Austin civil engineering firm with expertise in private and public sector governance model process including multiple levels of decision-makers and stakeholders for mixed-use, retail, multifamily, and institutional facility projects.
- **Aptus Engineering** – Austin MEP engineering firm experienced in multifamily, affordable, retail, and mixed-use projects.
- **LAM+DCI** – National structural engineering firm active in Austin bringing a strong reputation for service, innovation, and value.
- **4Ward Land Surveying** – Austin-based professionals providing land surveying, construction layout, aerial mapping, and GIS services.
- **Studio Balcones** – Experts in residential, commercial, and public sector landscape architectural services with experience working for the City of Austin.
- **Peak Parking** – Leading authority in parking management and operations solutions across the United States, headquartered in Austin.

Alterations to the proposed development program in response to community feedback and updated RFP2 requirements and guidance.

ALTERATIONS TO THE PROGRAM IN RESPONSE TO COMMUNITY FEEDBACK

Key modifications were made to the design program between Phase 1 and Phase 2 in response to community feedback. We are grateful for this input and look forward to future refinement.

The gross square footage of block 16 was reduced to reflect the removal of the subgrade parking component. The Phase 2 proposed parking count was reduced from 292 parking spaces to 184 parking spaces. With smart parking management and the City of Austin Parking standards supporting ridesharing, bicycle, and other parking and mobility options, our team's overall parking strategy addresses the community's parking concerns while further reducing development costs. We are also keenly aware of the potential issues with parking during construction and are already thinking through best options to protect businesses and neighborhood residents.

Additionally, three affordable housing residential units were added to block 16 in lieu of having an entry balcony and a community room. This modification was made to provide as much affordable housing in the community as possible. Two live/work units were removed from Block 18 to provide a community pocket park on the Juniper Street side of the project. Our team felt that it was important for the live/work unit residents to have a place to form a community distinct from the cultural spaces.

We look forward to further collaboration and revision, as needed, requested, or required, as your development partners.

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

Proposed uses and the relative GSF/units to be included.

PROPOSED USES

BLOCK 16 DEVELOPMENT PROGRAM		
	QTY	GSF
Multi-Family Residential Units (ALL LIHTC UNITS <50% OR 60% MFI)	98	109,951
Studio	4	1,980
1 Bed 1 Bath A	5	2,750
1 Bed 1 Bath B	4	2,160
1 Bed 1 Bath C	8	5,360
1 Bed 1 Bath D	10	6,230
2 Bed 1 Bath	8	6,680
2 Bed 2 Bath A	27	24,705
2 Bed 2 Bath B	4	3,240
2 Bed 2 Bath C	9	9,657
3 Bed 2 Bath A	4	4,320
3 Bed 2 Bath B	8	9,848
3 Bed 2 Bath COA	7	7,560
Block 16 Commercial Spaces		6,942
11th St. Grocery		5,932
Curve St. Commercial, Undefined		1,010
Block 16 Exterior Common Spaces		
Block 16 Exterior Common Spaces		12,633
11th St. Plaza between AACF and Grocery		2,273
Residential Courtyard on Garage Structure		4,530
Rooftop Amenities		5,830
Parking	184	62,530
Block 16 Total		192,056

BLOCK 18 DEVELOPMENT PROGRAM		
	QTY	GSF
Multi-Family Residential Units		35,040
1 Bed 1 Bath (HT Resident Assistant)	1	540
2 Bed 2 Bath (HT Student Housing)	7	5,670
4 Bed 2 Bath A (HT Student Housing)	6	7,620
4 Bed 2 Bath B (HT Student Housing)	12	12,960
Live/Work Townhomes (include single car garages) (<100% MFI)	12	17,374
Total Residential	38	52,414
Block 18 Commercial Space		6,542
Food-Based Retail (3 Restaurants + Kitchen)		6,542
Block 18 Cultural Venues		27,084
Music Venue		4,080
Jazz Lounge		2,700
Waller St. Frontage (Music Studio)		1,100
Undefined non-profit arts space, Level 2		16,640
Rehearsal Space, Level 2		1,784
Restrooms serving complex levels 1-2		780
Block 18 Exterior Common Spaces		16,831
Courtyard Level 1		3,688
Park on Juniper		1,120
Viewing Balcony, Level 2		3,921
Rooftop Amenities serving Student Housing		8,102
Block 18 Total		102,871

Urban Site plan providing information of the ground level and the public experience of the site.

URBAN SITE PLAN

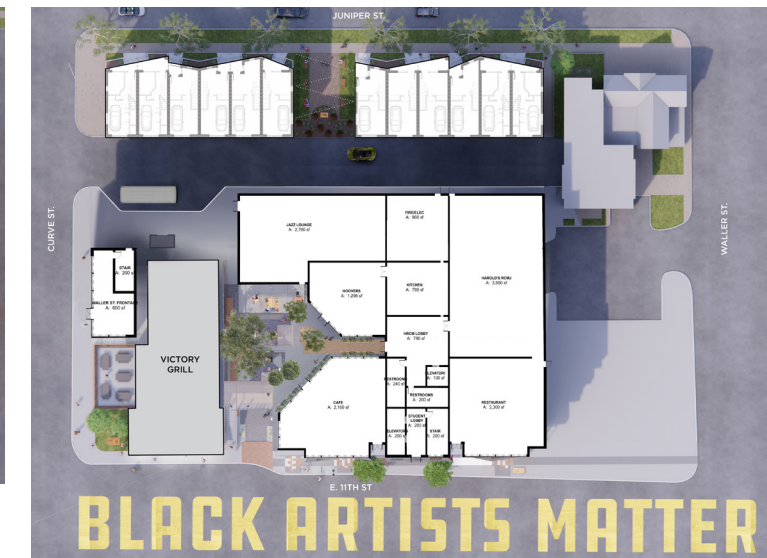
BLOCK 16 & 18 SITE CONTEXT PLAN



BLOCK 16 PLAN



BLOCK 18 PLAN



[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

Concept plan for the location of the uses and a description of the overall massing of the Project.

CONCEPT PLAN

A BREAKDOWN OF EACH BLOCK

Block 16: Because of its position, the design of the building is meant to create a welcome to the district and a clear announcement to the district. The residential bays of the building along East 11th street are canted so that their façade panels display parts of a larger mural. The mural will be commissioned by an artist whose work will feature prominently on both block 16 and 18. A public plaza created on the Southwest corner of the building will connect with the African American Cultural and Heritage Center (AACHC). The prominent existing mural by Ryan Runcie on the western wall of the African American Cultural and Heritage center is given prominence in the plaza by the design which frame's Runcie's piece. The grocer on Block 16 will occupy nearly all commercial space except a small space on Curve's side street. The space between the AACHC and the grocer will be an activated space during District-wide events and during coordinated events with the AACHC.

The street level is where pedestrians will experience the gateway to the district. The sidewalk will incorporate a thematic design that will connect all three blocks – 16, 17 and 18. We are excited to explore these possibilities with the community, the City, URA, and AEDC to creatively achieve this unified vision. As an example, the streetscape could reinforce the musical heritage of the clubs of the Chitlin Circuit with a playful representation across the pedestrian level façade of a musical score. The rhythm of the musical score integrates with the rhythm of the hopscotch course.

The residential units in Block 16 are located on floors 2 through 5. Since the site is packed full of program, all open space will be provided on the structure and on the 2nd floor courtyard and 3rd floor roof. An extensive program of open space will include playground equipment, covered terrace, raised bed gardening and dog relief areas. The rooftop program will also include elevated solar panels that will provide shade while generating electricity.

Structured parking is accessed from Curve Street. The garage provides above grade parking and fulfills the parking requirements for block 16 and 18. There may be a component of street parking but further study is required.

Block 18 will be a dynamic blend of cultural event and music space, coworking for artists and musicians, student housing for Huston Tillotson University (HT), and live/work units. The layout of the block is carefully organized around the iconic Victory Grill and the neighboring heritage Pecan Tree, fostering a vibrant community hub.

A centrally located, publicly-accessible courtyard surrounding the Pecan Tree will serve as a focal point, featuring a stage for live performances to enrich the cultural experience. Additionally, a stairway to the second-floor cultural program will offer enhanced views of the stage and strengthen the overall atmosphere.



On the first floor, cultural venues will pay homage to the legacy of Kenny Dorham, featuring music venues such as a jazz club and a larger live music space with supporting restaurant facilities. Ground floor amenities include commercial lease spaces along 11th Street and an entry lobby for HT student housing situated on the 3rd and 4th floors.

The second floor is dedicated to cultural activities, providing exhibition spaces for art and culture, meeting areas, a dance studio, offices for non-profit organizations, and a recording studio. The circulation on the second floor is strategically designed to offer additional perspectives of performances on the stage.

Huston Tillotson housing occupies the 3rd and 4th floors, with student open spaces located on the roof of the 3rd floor. A natural transition point midway through the block allows for the placement of outdoor spaces on the roof of the lower portion.

The live/work units are designed to harmonize with the scale and proportion of Juniper Street, featuring porches intended for resident use to activate the streetscape. These units embrace an open-plan concept to maximize flexibility in layout and include double-height spaces to inspire artists to explore their creative potential.

Furthermore, the involvement of HT in this project is offered as a means to assist the university in its growth in enrollment, brand visibility, and program expansion, emphasizing a collaborative approach to community development and educational advancement.



A proposed alternative for the development should private/public funds be insufficient to support the entirety of the Project.

ALTERNATIVE FOR DEVELOPMENT SHOULD FUNDS BE INSUFFICIENT

Servitas has a long track record of successfully delivering for its public partners. Additionally, through its own research and extensive collaboration with Harold McMillan, Servitas has come to understand that this project is mostly remedial in nature. As such, we are proposing a non-competitive LIHTC financing delivered by GNDC, a Master Lease arrangement financing backed by CoA, and New Market Tax Credits for the balance of needed Sources. We do not foresee a challenge obtaining any one of those 3 Methods of Finance, and have additionally designed the project so that the construction sequence would not be adversely entangled in any particular Financial Close.

However, in the unlikely event that HUD financing becomes unavailable, Servitas would change the target rents to "missing-middle" rents to close the gap, or otherwise hold rents flat at 50% MFI and then increase the request of the Master Lease (similar strategies could be employed if NMTC were no longer available). In the event the CoA is unwilling to participate at a required levels, Servitas would recommend pausing all predevelopment until such time there is sufficient political support to move forward with the project in a responsible fiscal manner, which would also mean recognizing the City's opportunity to cure.

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

Financial responsibilities for predevelopment costs among Proposer firms.

FINANCIAL RESPONSIBILITIES FOR PREDEVELOPMENT

Servitas will be responsible for managing all Predevelopment costs, including negotiation of contractual terms and accountability of deliverables between and for all parties. Upon execution of the PreDevelopment Agreement or "ENA," Servitas will execute contracts with key subconsultants for critical path scope in a not-too-exceed lump sum arrangement for milestones that align with the AEDC & URA.

Financial strategy for the Project demonstrating sources/uses and total Project costs.

FINANCIAL STRATEGY

BLOCK 16 DEVELOPMENT PROGRAM		
SOURCES	\$	%
Equity	\$19,815,000	41.5%
Debt		0.0%
Tax Exempt Debt	\$7,750,000	16.2%
Deferred Dev Fee	\$2,500,000	5.2%
AHFC RHDA	\$10,000,000	20.9%
TDHCA MFDL	\$5,000,000	10.5%
GNDC Fundraising	\$2,716,472	5.7%
TOTAL	\$47,781,472	100.0%

BLOCK 16 DEVELOPMENT PROGRAM		
USES	\$	%
Hard Costs (less contingency)	\$33,986,332	71.1%
Soft Costs	\$2,580,592	5.4%
Development Fee	\$5,000,000	10.5%
Financing Costs	\$450,000	0.9%
Debt Service (Operating) Reserve	\$535,004	1.1%
Interest Reserve	\$3,750,000	7.8%
Hard Cost Contingency	\$1,479,544	3.1%
TOTAL	\$47,781,472	100.0%

BLOCK 18 DEVELOPMENT PROGRAM		
SOURCES	\$	%
Equity	\$0	0.0%
Debt	\$0	0.0%
Tax Exempt Debt	\$59,155,000	91.8%
New Market Tax Credit	\$5,300,000	8.2%
TOTAL	\$64,455,000	100.0%

BLOCK 18 DEVELOPMENT PROGRAM		
USES	\$	%
Hard Costs	\$40,021,174	62.1%
Soft Costs	\$6,250,044	9.7%
Development Fee	4,034,194	6.3%
Financing Costs	\$3,222,523	5.0%
Debt Service Reserve	\$0	0.0%
Capitalized Interest	\$8,526,795	13.2%
Contingency	\$2,401,270	3.7%
TOTAL	\$64,456,000	100.0%

Summary of housing types including bedroom income thresholds and anticipated rents. (in today's dollars)

SUMMARY OF HOUSING TYPES

BLOCK 16 RENTABLE HOUSING UNITS									
UNIT TYPE	BEDROOMS	AMI	AVG MONTHLY RENT	AVG ANNUAL RENT	UNITS	BEDS	NRSF	TOTAL NRSF	GROSS POTENTIAL ANNUAL RENT
STUDIO	1	50%	\$854	\$10,248	4	4	495	1,980	\$40,992
1-BED 1 BATH	1	50%	\$917	\$11,004	27	27	540-670	16,500	\$297,108
2 BED 1 BATH	2	50%	\$1,096	\$13,152	8	16	835	6,680	\$105,216
2 BED 2 BATH	2	50%	\$1,096	\$13,152	40	80	810-1,073	37,602	\$526,080
3 BED 2 BATH	3	50%	\$1,262	\$15,144	19	57	1,080-1,231	21,728	\$287,736
TOTAL					98	184		84,490	\$1,257,132

BLOCK 18 STUDENT/WORKFORCE HOUSING APT										
UNIT TYPE	BEDROOMS	AMI	RENT PER BED	RENT PER UNIT	ANNUAL RENT	UNITS	BEDS	NRSF	TOTAL NRSF	GROSS POTENTIAL ANNUAL RENT
1 BED 1 BATH - RA UNIT	1	N/A	\$1,000	\$1,000	\$12,000	1	1	540	540	\$12,000
2 BED 2 BATH, STUDENT/WORKFORCE HOUSING APT	2	N/A	\$980	\$1,960	\$23,520	7	14	810	5,670	\$164,640
4 BED 2 BATH A, STUDENT/WORKFORCE HOUSING APT	4	N/A	\$880	\$3,520	\$42,240	6	24	1,270	7,620	\$253,440
4 BED 2 BATH B, STUDENT/WORKFORCE HOUSING APT	4	N/A	\$780	\$3,120	\$37,440	12	48	1,080	12,960	\$449,280
LIVE/WORK TOWNHOMES	2	100%	\$2,920	\$2,920	\$35,040	14	28	1,241	17,374	\$490,560
TOTAL						40	115		44,164	\$1,369,920

Commercial tenant lease-up strategy including potential tenants, and future tenant recruitment and retention to assure equitable development goals.

COMMERCIAL TENANT LEASE-UP STRATEGY

The TOPO team of experts will employ their proven strategies in creating a community of businesses and non-profits to honor the cultural vision for Block 16 & 18 beginning in the design stage. With inspiration and guidance from our Community Engagement Partner (aka "Vibe Master"), Harold McMillan, TOPO will seek out key tenants early on that will align with the vision for the project and inform how the design progresses so that tenants, and therefore the project, is successful. Mr. McMillan already has an extensive set of Letters of Intent (LOIs) from many of the black-owned businesses and non-profits who want to be a part of the Pleasant Hill Collaborative Team.

TOPO will largely rely on this existing list already curated, and then dig into TOPO's deep relationships in the local restaurant, retail, and arts communities to curate a mix of tenants for the cultural and commercial spaces. Where appropriate, the team will engage with the broker community to recruit tenants. All efforts will follow the guiding principle that the tenant mix creates a community that enhances the project and is not simply leased spaces operating independently.

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

The TOPO leasing effort will focus on an effective marketing strategy that creates awareness for the project through various channels – online, direct networking, broker relationships. They will then focus on relationship building with a pipeline of potential tenants to determine if there is mutual benefit in moving forward to an LOI and lease.

- During the Design phase, TOPO will work with Harold McMillan, the Bingham Group and community leaders to focus on the key tenants that will bring activation to the ground floor of Block 18. Starting with Harold’s already curated tenant list, we will market to the community to further refine a comprehensive list of businesses interested in the food and beverage spaces and progress conversations to formalized, executed LOIs with alignment on rate, duration and other critical terms of the lease structure. We start early in the development process to get to formalized terms with these key activators as they will impact design elements of the master plan. These key businesses include Hoovers, other food and beverage concepts, the indoor music lounge, and the jazz lounge.
- The executed commitments of these key tenants will influence the final design of the spaces and

the cultural hub of Block 18. How the tenant spaces interact with each other and the public realm will be critical and important to understand the users as part of this placemaking process. This will inform and further the branding of the Block 16 and 18 project.

- During the preconstruction phase, we will move to an executed lease with the key activator tenants.
- Throughout construction and shell delivery TOPO and key members of the PHC team will develop a pipeline approach to tenant recruitment. The team will market the opportunities for the non-profit and rehearsal space on the 2nd floor of Block 18 and convert leads into LOIs and then into executed leases. The tenant improvement work will commence (potentially some components simultaneous with shell construction) and we expect full occupancy (stabilization) between 6-18 months after shell delivery.

M/WBE commitment inclusion in the Project—development and execution.

M/WBE COMMITMENT

The Pleasant Hill Collaborative is deeply-committed to Minority Woman Business Enterprise (M/WBE) goals. Each team member is always committed to diversity and inclusion goals, yet this project calls for a deeper and tangible commitment. It is for that reason that we have chosen a design, development, and construction team that reflects a Black-centric Cultural and Mixed-Use District.

Many of the firms that have been engaged to-date are M/WBE or Historically Underutilized Business certified including: Servitas, GarzaEMC Engineering, Moody-Nolan, Carter Design Associates, The Bingham Group, Studio Balcones, LAM+DCI, and Aptus Engineering while others, Raasin in the Sun and Creative Cultureworks, are black-owned or founded.

The Residential portion and most common areas of Block 16 will be owned, operated, and managed by Guadalupe Neighborhood Development Corporation, a 501(c)3 nonprofit community development corporation. GNDC’s Board is led by people of color (89%) and GNDC’s staff is majority female minority (83% female, 66% Latina). The majority of GNDC’s staff are from or currently live in East Austin.

Swinerton will be the General Contractor and employ hundreds of individuals for this project. Swinerton has a nationwide commitment to have a minimum of 20% M/WBE on all projects. During preconstruction, they will curate a list of subcontractors to be procured for the project and the associated contract values. Specific scopes of work are procured targeting this curated group of M/WBE subcontractors who can competitively bid and execute the work within their area of expertise.

Project execution strategy and schedule.

PROJECT EXECUTION STRATEGY

ENTITLEMENTS

For our proposed development, we are committed to adhering to the entitlements and site development regulations as outlined by the Urban Renewal Plan and the 11th St NCCD, ensuring our project is in harmony with existing zoning provisions. While our intention is not to seek changes to these entitlements that could delay the development process, we acknowledge the potential need for flexibility in certain aspects of the project. Specifically, we are open to the possibility of

[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

pursuing a Capitol View Corridor determination and exploring opportunities to add additional height to the development where feasible and beneficial. Any such considerations will be pursued with the utmost respect for the community’s vision and in close collaboration with the Urban Renewal Board, with the goal that any adjustments are in full alignment with the principles and objectives of the Urban Renewal Plan and African American Cultural Heritage District. Our intent is not to alter the project’s entitlements fundamentally but to secure the flexibility needed to achieve the highest and best use of the site, add more affordable housing and community space where possible, thus enhancing its value for the community and stakeholders alike.

Any pursuit of a potential view corridor determination will be structured as to maintain the project schedule’s critical path.

The entire project is otherwise a by-right pursuit.

DESIGN

A great deal of work was developed by the design team during the RFP process with limited input from the CoA due to the nature of this competitive process. Once selected, full design services will begin with lengthy conversations with the city, close examination of the site constraints, and further input from the community at large. Concepts will be tested and either modified or confirmed so that we can confidently present a design solution that will benefit the community for the foreseeable future. Through the process of community engagement, the design will be infused with the essence of the community and be a culturally rich epicenter for the neighborhood.

Our full team of consultants have been selected, each for their demonstrated expertise, bringing a targeted focus to the project’s special needs. As the design continues to develop, the technical aspects of the project will be incorporated. In past projects, this team of consultants has demonstrated dogged determination to understand the issues and find the solution that will benefit this project. As the process of finding the technical solution is unfolding, we will simultaneously be working with the general contractor to understand the cost implications and the constructability aspects of the design. Each decision is weighed for its effect on schedule and cost.

As the project transitions from design and documentation into construction phases, the design team will work in concert with the general contractor to ensure efficient execution of the project.

FINANCING

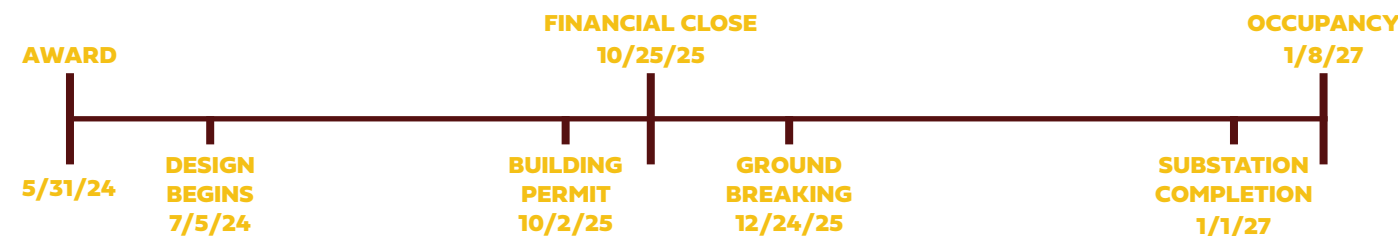
The Pleasant Hill Collaborative believes that the deep collaboration between the private and public sectors will produce the most efficient method of financing and the lowest cost of capital. As currently envisioned, the strong public benefit of this project does not produce sufficient revenue and would otherwise carry a high interest rate due to the low expected coverage and slow revenue growth. Planning for short term public support and long-term standalone financing will create the desired programmatic outcomes.

CONSTRUCTION

Swinerton is uniquely positioned to bring this vision to life. With their local presence, community-focused approach, and proven track record of excellence, we are confident that Swinerton can deliver a development that not only meets but exceeds the expectations of the East Austin community.

With decades of experience in construction, Swinerton brings unparalleled expertise to this project. Their track record of delivering high-quality projects on time and within budget speaks to their commitment to excellence and client satisfaction.

Swinerton believes in the power of collaboration and will work closely with local stakeholders, to ensure that their voices are heard, and their needs are met. Their team is committed to fostering an inclusive and transparent process that prioritizes community input and feedback.



[CLICK HERE TO SEE ANIMATED RENDERINGS.](#)

Appendix B: Community Engagement Overview

Note: All public materials and presentations at the Urban Renewal Board, and all email communications to the distribution list are not copied below. It is estimated that

- Over 20 URB meetings included updates and discussion throughout the process,
- There were presentations at 7 Boards and Commissions, and
- There were numerous regular emails to the distribution list of over 250 persons regarding the following events.

All publicly presented information was available on the website, including powerpoints and video recordings. <http://www.austinedc.org/16and18>. Documents for the Urban Renewal Board meetings can be found here: [Meetings of the Urban Renewal Board - Page 1 | AustinTexas.gov](#)

- **August 31, 2022** : 9 AM & 5 PM Project Introduction - Virtual (25 Minutes)
- **Wednesday September 28th, 2022 4-7pm** @ African-American Cultural & Heritage Facility - 912 E 11th St, Austin, TX 78702
- **Friday September 30th 1-3pm, 2022** @ Try Hard Coffee - 1115 E 11th St, Austin, TX 78702
- **Sunday October 2nd, 2022 12-3pm** @ Community Vegan Food Trailer Lot - 1124 E 11th St, Austin, TX 78702
- **Virtual Conversation** Friday September 30, 2022 9-10AM .
- **SURVEY** Open August 31-October 25, 2022
- **Open House In Person:** Thursday November 3, 2022 4-7pm African American Cultural and Heritage Facility, 912 E 11th St, Austin, TX 78702
- **Virtual Update:** Friday November 4, 2022 12-1pm (see below for video)
- **Open house:** Tuesday December 13, 4-7pm African American Cultural & Heritage Facility
- **January 11, 2023 9 AM**, Video Zoom
- **January 11, 2023**, Open House 4-7 African American Cultural and Heritage Facility, 912 E 11th St, Austin, TX 78702
- **March 8, 2023** 'Office Hours' 4-7 Quickie Pickie 1208 East 11th Street
- **March 15, 2023** 'Office Hours' / 'Open House' 8:30-11 AM: Quickie Pickie 1208 East 11th Street
- **March 17, 2023** Virtual Project Update, 12 Noon
- **April 24 & June 19, 2023** 7:30 PM, Blues Business + Block 18 at Kenny Dorham Backyard;
- **Wednesday May, 3rd, 2023** ULI Marketplace: Updated illustration of the potential development of Blocks 16 & 18 Illustration.
- **September 6, 2023:** RFP Virtual Information Session

- **September 19, 2023:** Site Walkthrough (Developers invited, presentation available to the public)
- **October 5, 2023** Housing Department/AHFC Introduction to local funding resources.
- **January 22, 2024** Community Update Presentation-Virtual. Overview of process and introduction to two teams advancing to Phase II
- **January-February 2024**, Phase I Community Survey including public Office Hours at Quickie Pickie
- **March 18, 2024**, Public Presentation by both Proposing Teams at the Urban Renewal Board
- **March 21, 2024**, Office Hours at Quickie Pickie 4-7pm
- **April 4, 2024**, Office Hours at Quickie Pickie 4-7pm

Stakeholder Working Group meetings

August 29, 2023

September 26, 2023

November 7, 2023

January 10, 2024

January 17, 2024: Interviews with Proposing Teams

February 1, 2024