



# AUSTIN CONVENTION CENTER POTENTIAL DEVELOPMENT OPPORTUNITY

Market Sounding Briefing  
March 2024

**AUSTIN**  
CONVENTION CENTER  
DEPARTMENT



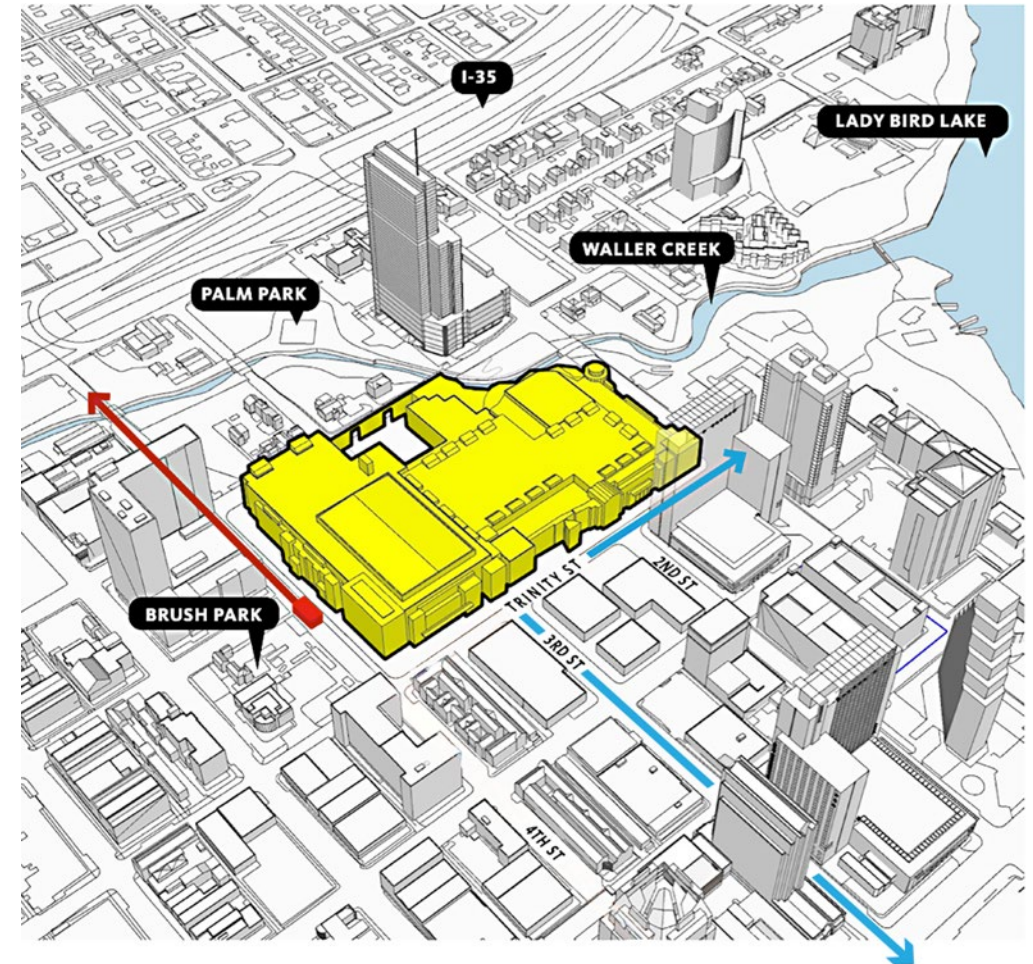


# OVERVIEW

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



# 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



PHASE 1

PHASE 2

PHASE 3

Engagement

Council Feedback / Updates

City-led Engagement  
(Winter 2023)

Developer-led Engagement  
(2024)



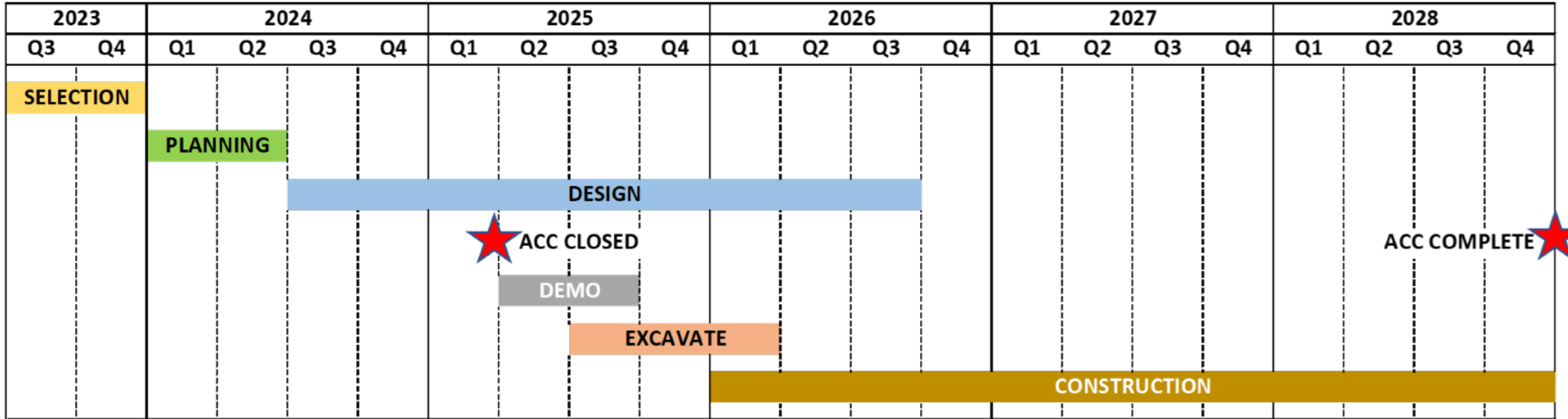


# PROJECT SCHEDULE, CONTD.

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.

# CC SCHEDULE







# SITE INFORMATION

- Final site to be determined with CC architect
- Situated above CC loading areas for structural support
- Street-facing, likely on Trinity St. or Red River
- Will offer loading and parking access
- CBD zoning – 8:1 FAR by right
- Downtown Density Bonus – 25:1 FAR
- No Capital View Corridor restriction





# MARKET ANALYSIS

## Feasible



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



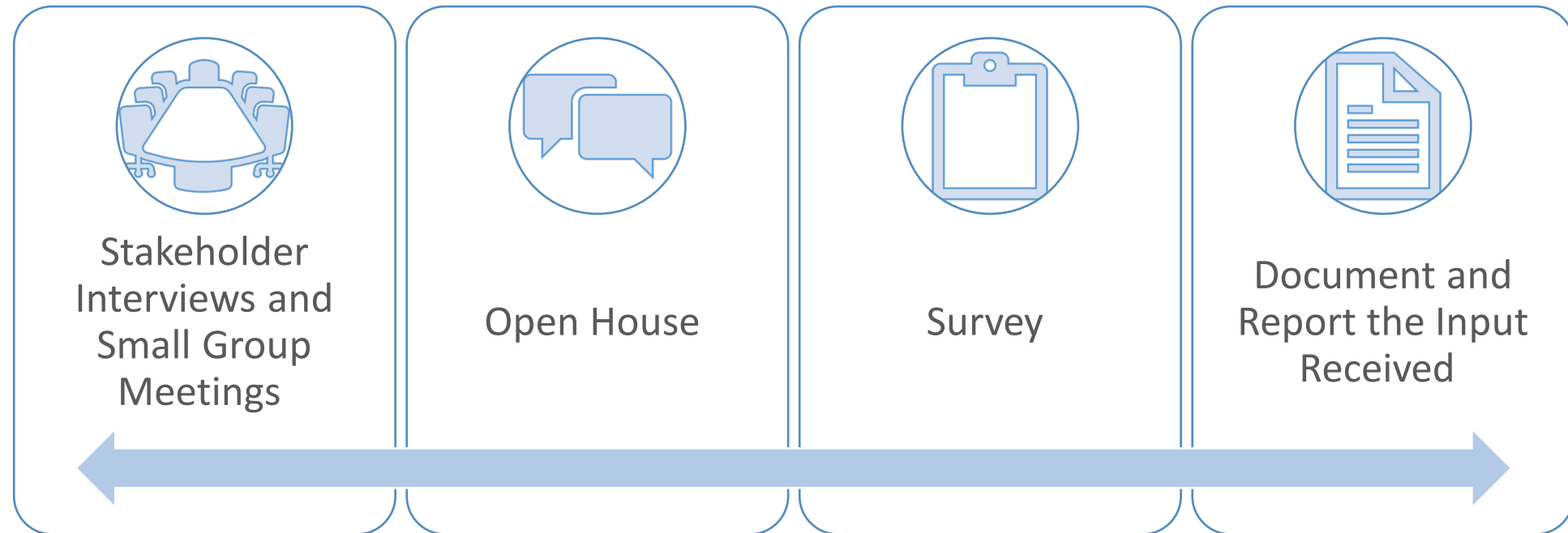
Affordable Housing

- 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

# 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







# 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. Deliver a development that is uniquely Austin and authentically reflects its culture and heritage and connects to the surrounding environment.
4. Support for local retailers and restaurants and support for budding entrepreneurs and small businesses to create a thriving micro- and small business environment within the Project, creating an 18+ hour work, shop, eat, live, play destination.
5. Honor cultural arts and the City's vibrant music culture by providing private opportunities and subsidizing space for artists, engaging diverse communities, and celebrating cultural expressions.
6. 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:

1. Foster new business and construction opportunities
2. Increase Hotel Occupancy Tax Collections that also flow to Cultural Arts, Live Music, and Historic Preservation
3. Green Space and Sustainability
4. Generate significant City Tax revenue
5. Contribute to the City's efforts in creating housing
6. Uplift the Vibrancy of downtown Austin by supporting local small business growth and job creation
7. Create opportunities for public green space
8. Worker protection ensures the safety of the area's workforce that is essential to the business sector



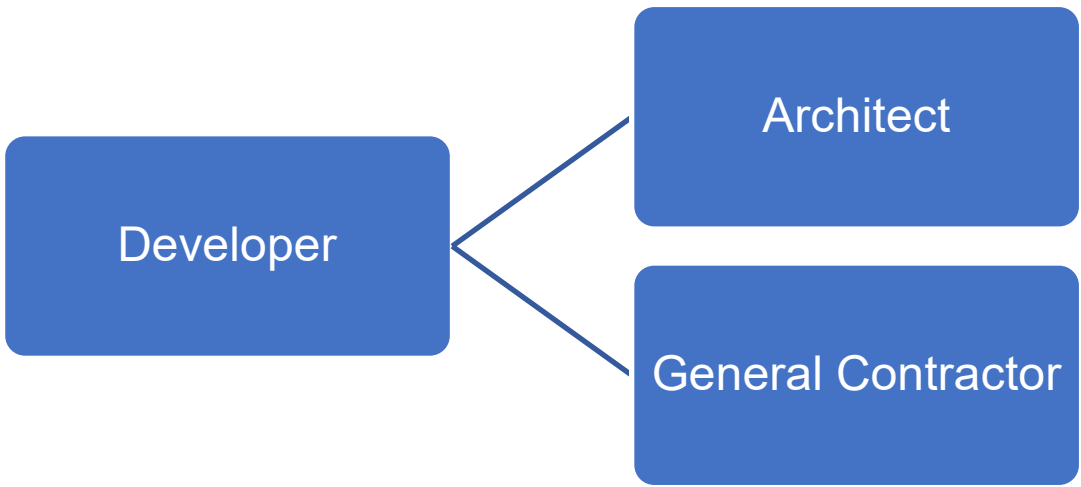


# DEVELOPER ROLE

- Collaborate with CC architecture team to design program and structure
- Conduct and fund required due diligence
- Fund infrastructure, upgrades, and structural components in excess of requirements for CC
- Offer financial value to City in exchange for development rights
- Maximize long-term fiscal impact to City
- Finance, deliver, and operate commercial uses
- Adhere to design guidelines for Convention Center District (underway)
- Ongoing inclusive engagement



# DEVELOPMENT TEAM



## Preferences

- Complex integrated, multi-owner facilities – with public or alternative uses
- Dense urban development – high rise
- Active street-level uses that attract the public, create a sense of place, and interact with the community
- Complex teams with numerous internal and external stakeholders
- Projects with total development costs in excess of \$100M.
- Projects informed by thoughtful community engagement and delivering community benefits.



# TRANSACTION STRUCTURE

Milestone	Project Transaction Phase	Financial Exchange	Convention Center Coordination
Request for Qualifications (Q1 2024)	The Request for Qualifications is released competitively soliciting for a development team to develop, finance, and deliver the Project.		
Exclusive Negotiating Agreement (Q3 2024)	ENA outlines key business terms, project milestones, deadlines, roles and responsibilities of the development team and City.	Developer funds initial due diligence and planning activities for the Project.	Identify optimal location, size, and access for Project.
Development Agreement (Q4 2024)	<ul style="list-style-type: none"> <li>- DA includes refined business terms, program, schedule, and infrastructure requirements.</li> <li>- Lease describes conveyance, financial commitments, and timing</li> <li>- Condo documents final; recorded at construction</li> </ul>	<p>Developer obtains capital to fund construction of Project.</p> <p>Developer offers initial lease payment for real estate.</p>	<p>Coordinates required building infrastructure, utility upgrades, etc. for Project with ACCD during CC construction.</p> <p>Developer begins construction, coordinating with CC contractors</p>
Operations (Q4 2028 / Q1 2029)	Developer operates Project privately.	Developer provides ongoing ground lease payments.	Project owners offer access rights for CC repairs.



## NEXT STEPS

- **Developer one-on-one market sounding meetings – March 4-8**
- **Release RFQ – March**
- **Development team interviews – June**
- **Council approval of development team – July 18**



**THANK YOU**



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