



REVISED effective 11/18/11



East 11th & 12th Street Development Strategy

Community Meeting #2 • November 15, 2011

Tonight's Agenda

1. Review of Study Goal and Process
2. Market Analysis Update
3. Infrastructure Analysis Update
4. Next Steps



Study Goal and Process

Goal: Get Community and City Support for a “Road Map” of Actions to Jump-Start Development in the Corridor

Process

1. Review of Existing Conditions
2. Identify Near-term Opportunities and Constraints
3. Research and Recommend Methods for Moving Forward
 - Who, What, Where, When, Why



Study Priorities

Key Issues identified through stakeholder outreach and
Community Meeting #1 (tonight's issues in bold)

- **Housing Opportunities and Gentrification**
- **Neighborhood Retail Opportunities**
- **Commercial Development Opportunities**
- **Infrastructure Needs**
- Disposition of Public Land
- Parking Strategy
- 12th & Chicon
- Development Regulations and Process



Purpose of Market Analysis

- Identify near-term opportunities to jumpstart development
- Inform expectations for developer interest in publicly owned parcels
- Evaluate potential for buildout of enabled development
- Assess viability of community-desired uses
- Identify trends pointing to longer-term needs



“Primary Market Area”



2010 Population: 6,751

Households: 3,459

Jobs: 2,666

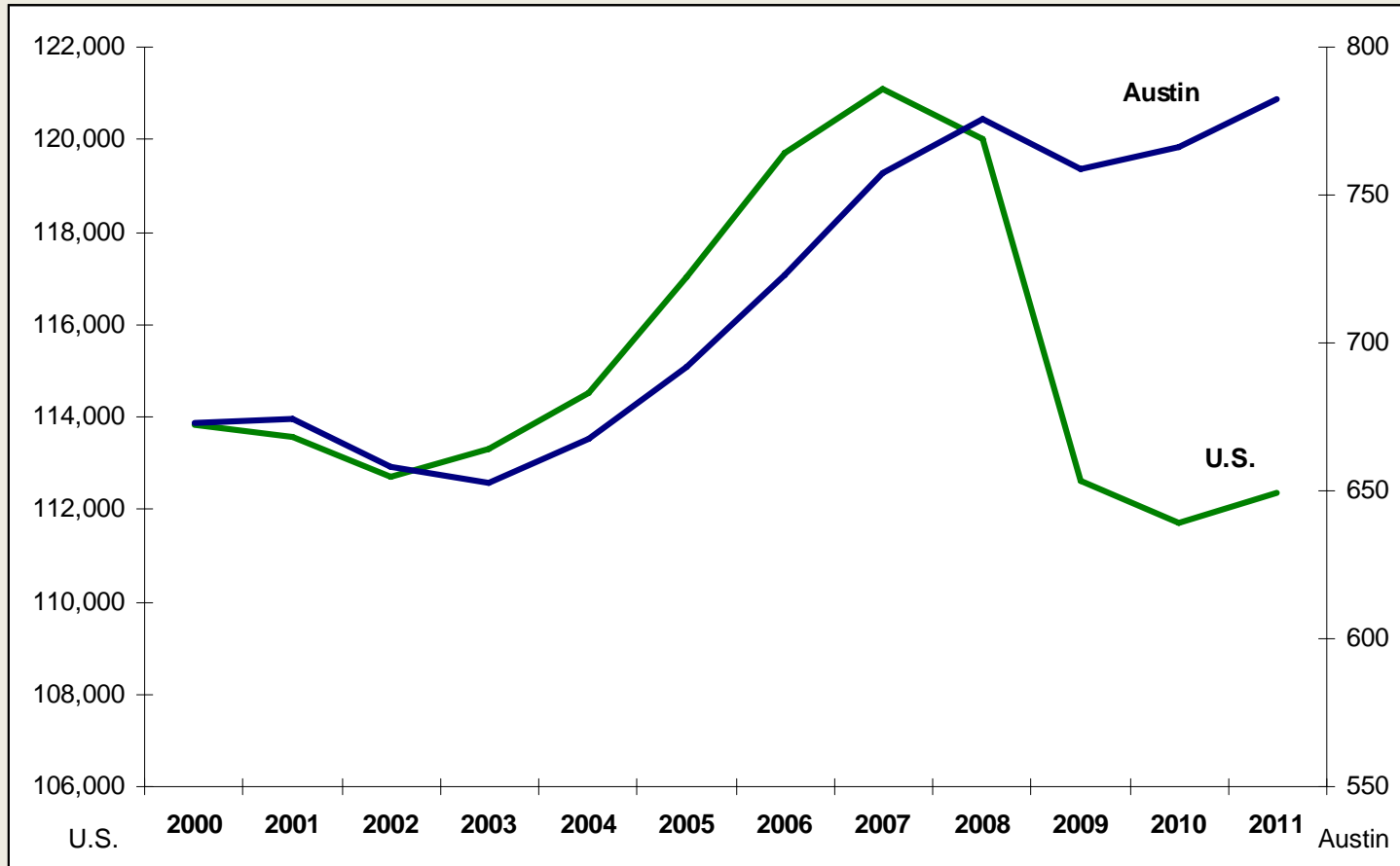


Austin Market is Strong and Growing

- Austin/Travis County are among the stronger markets nationally
 - Job growth even during Great Recession
 - Low unemployment (7.4% vs. 9.0% National)
- Regional growth is expected to continue
 - Population growth of 21 percent and
 - Employment growth of 22 percent by the year 2025.



Total Employment Trends

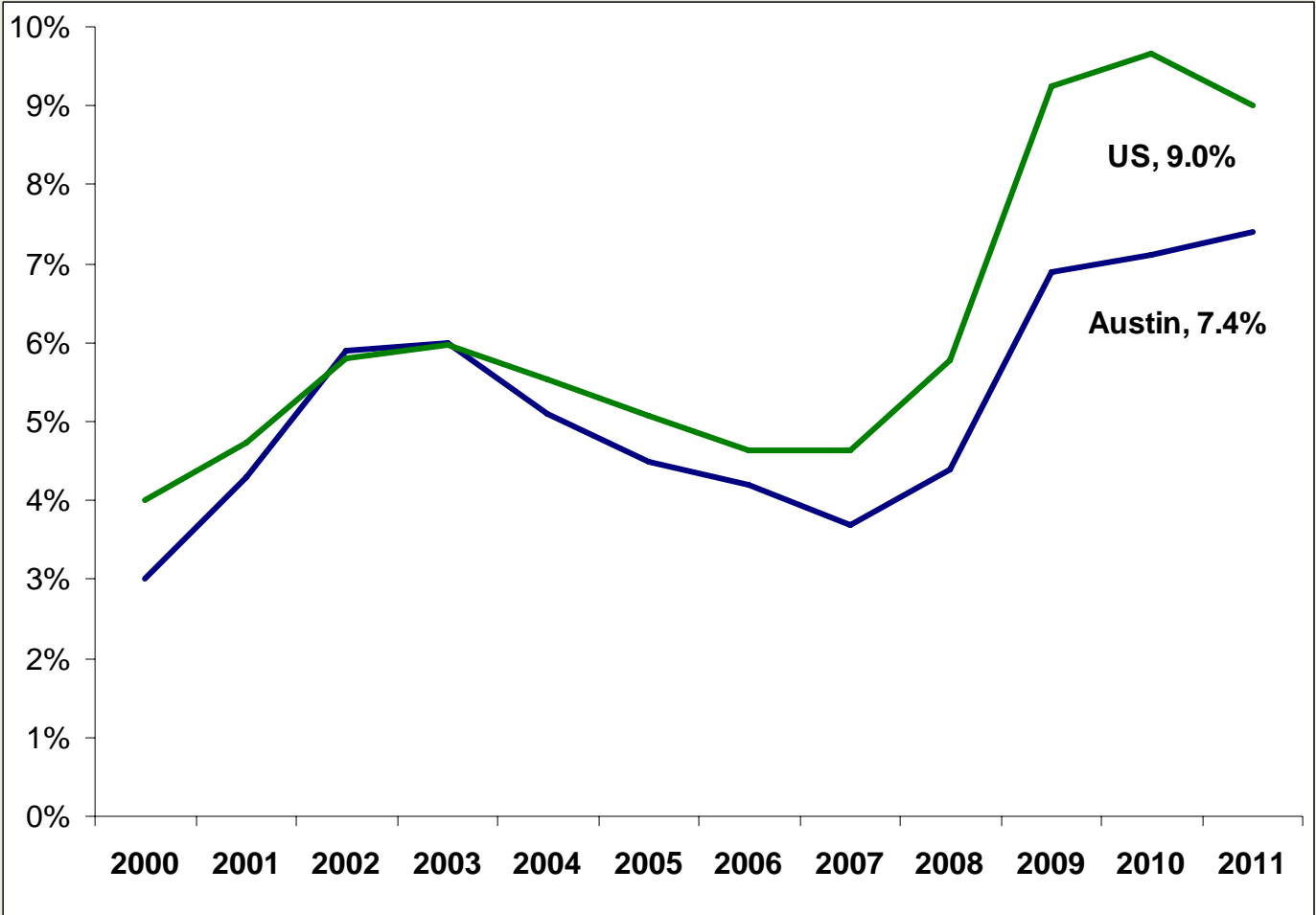


*Note: Numbers in Thousands

Source: U.S. Bureau of Labor Statistics



Unemployment Rate



Source: U.S. Bureau of Labor Statistics



Market Area Expected to Grow

- CAMPO estimates future growth based on local growth policies, development constraints, anticipated land development projects, and other factors that may influence patterns of future growth.
- Population projected to increase by 26 percent or approximately 2,000 people by the year 2025
- Market Area employment may grow by 150 percent or 4,200 jobs by the year 2025
 - Most growth in “service” industries and “retail” jobs



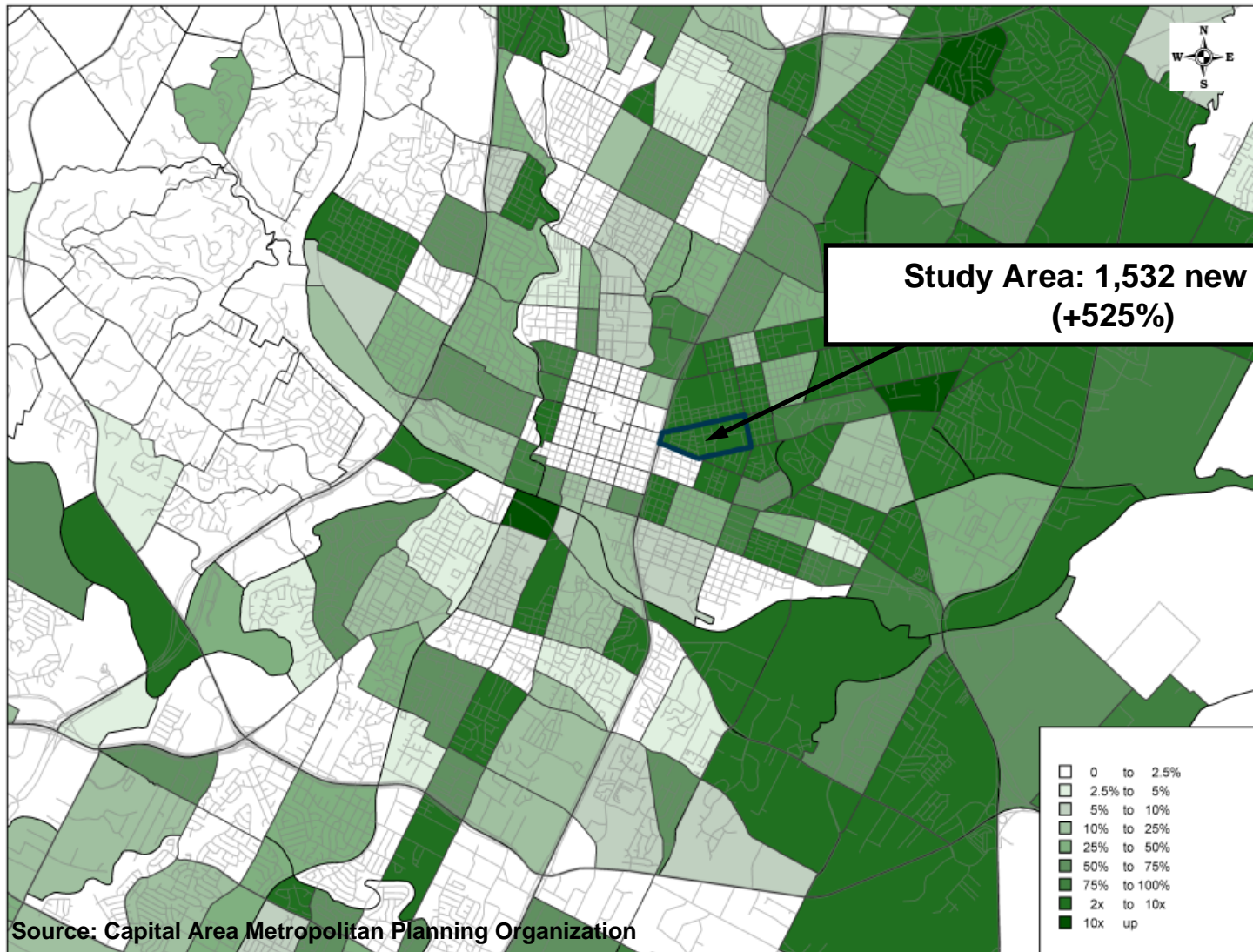
Projected Growth in the Market Area

	2010	2025	2010-2025	
			#	%
Population	7,758	9,771	2,013	26%
Households	2,853	3,737	884	31%
Total Employment	2,666	6,928	4,262	160%
Basic	351	789	438	125%
Retail	450	1,781	1,331	296%
Professional Services	1,620	4,113	2,493	154%
Education 1	245	245	0	
Education 2	0	0	0	

Source: Capital Area Metropolitan Planning Organization



Projected Job Growth – 2010-2025



Why is CAMPO So Optimistic about the Study Area?

- Central location near jobs, schools, amenities
- Favorable zoning/regulations
- Available and underutilized land
- Recent growth and increasing property values

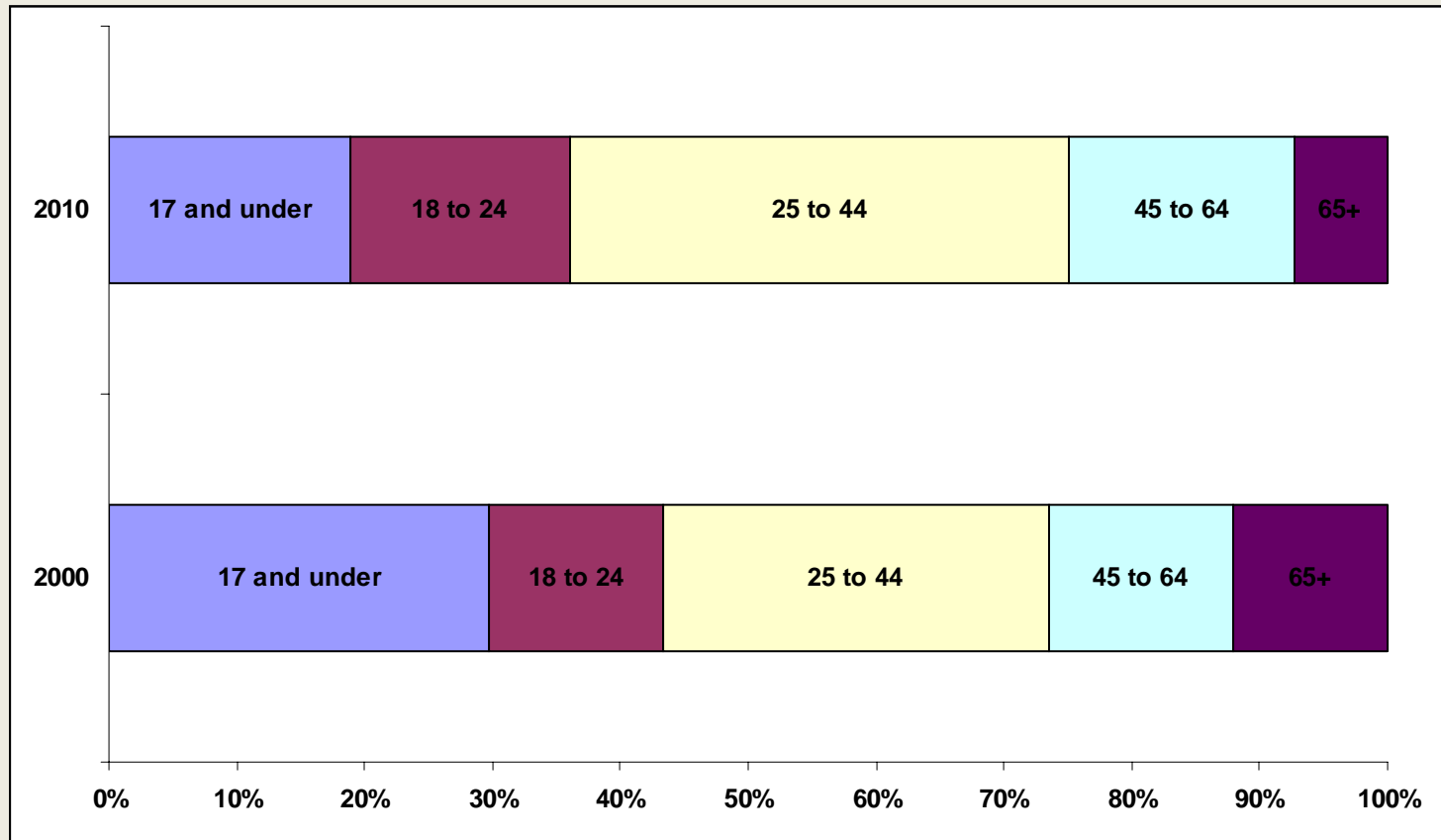


Demographic Changes in Study Area

- Reduction in “child” and “senior” population
- Reduction of minority population
- Reduction in “family” households and average household size
- Rapidly increasing income levels



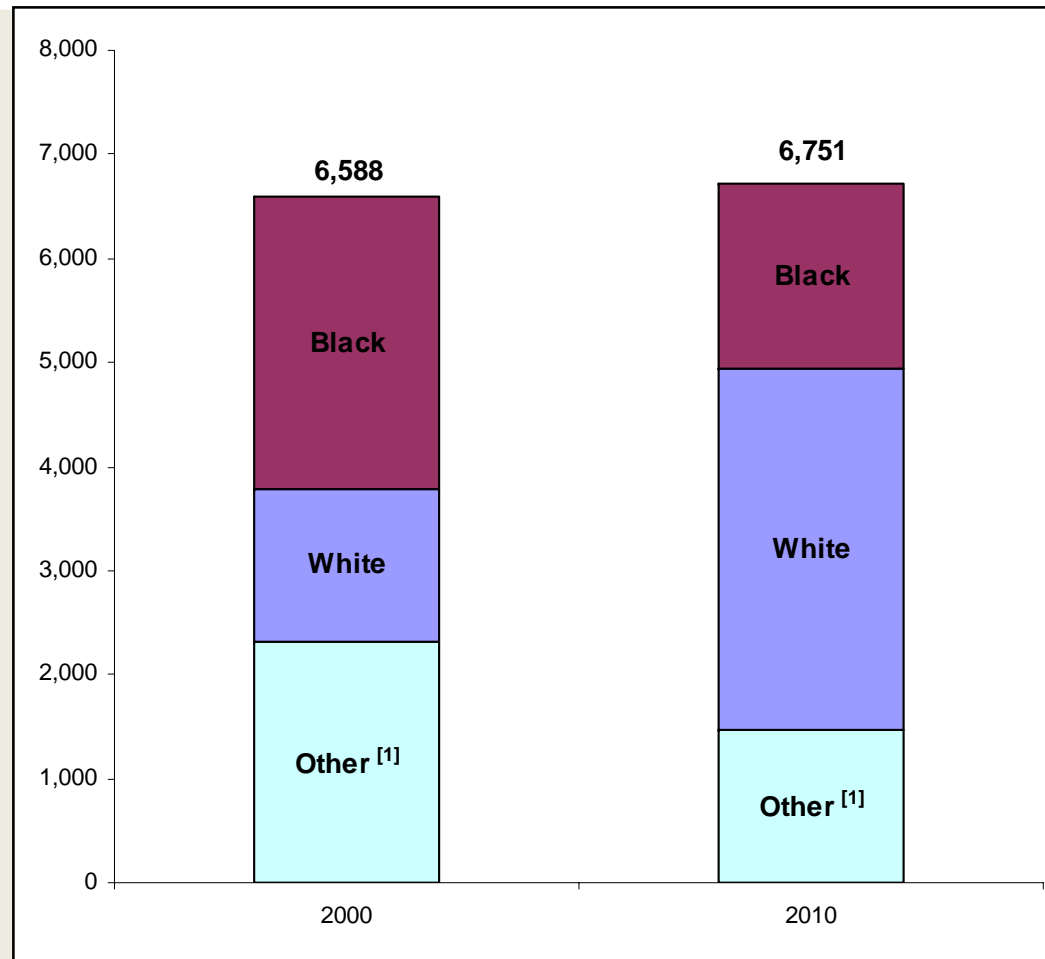
Reduction of Children and Seniors



Source: U.S. Census



Reduction of Minority Population

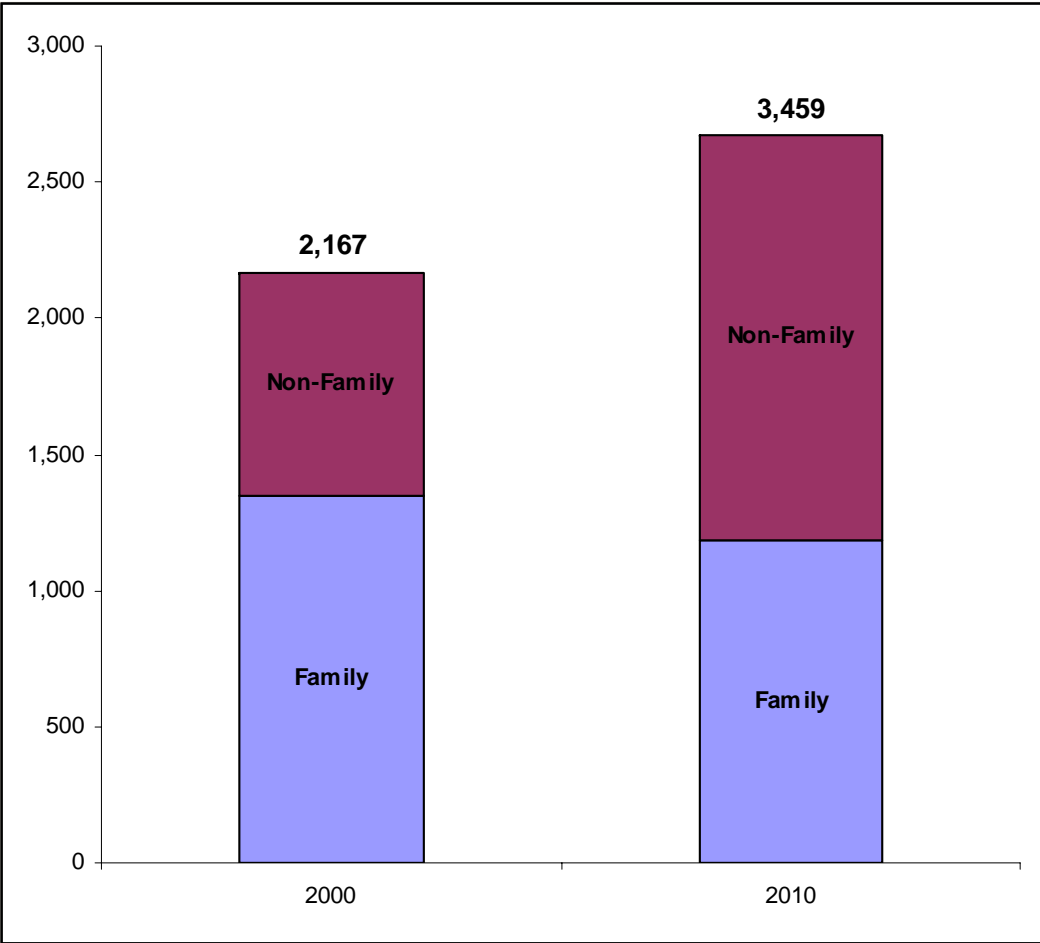


Source: U.S. Census

[1] Includes Asian, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, Some Other Race, and Two or More Races.



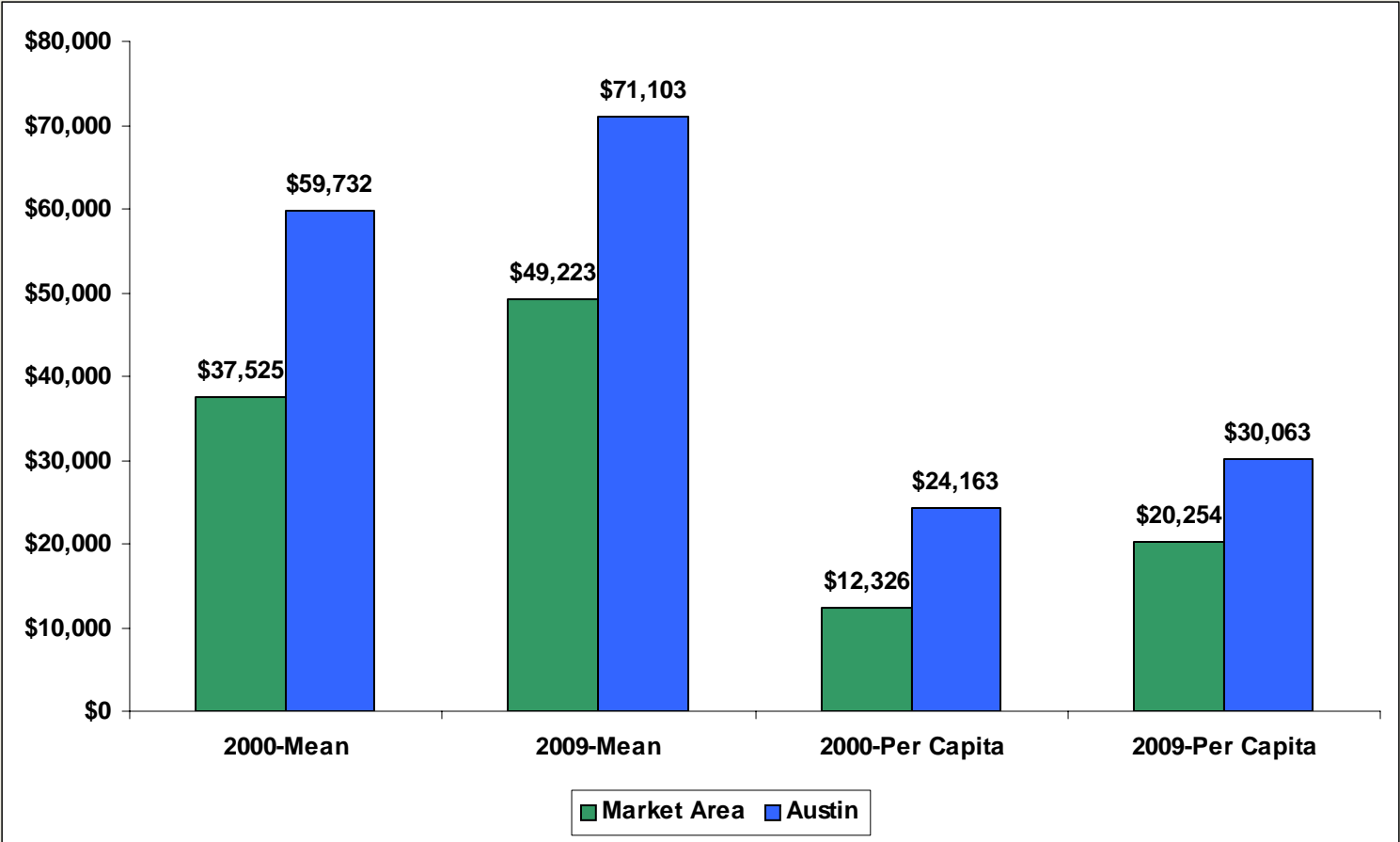
Reduction of Family Households



Source: U.S. Census



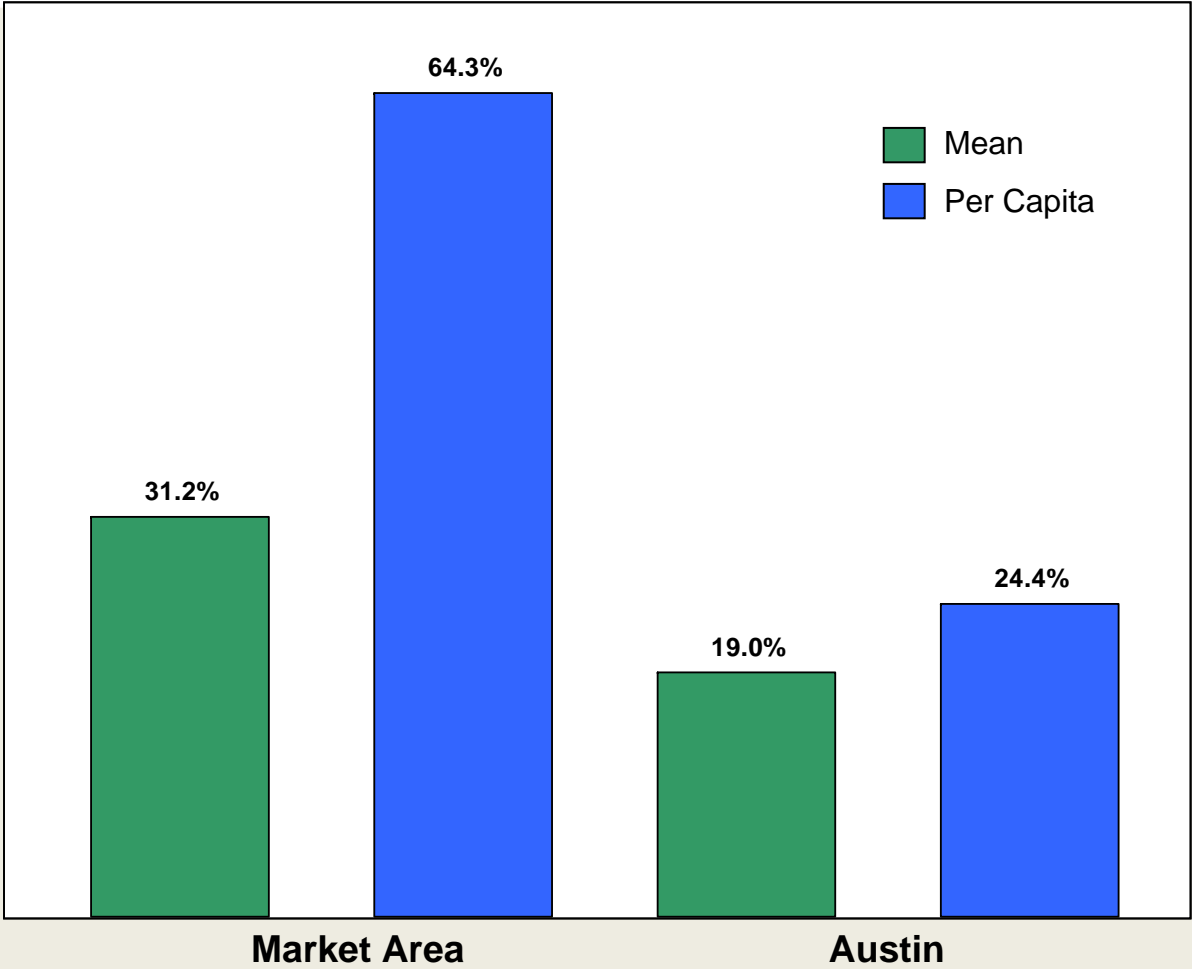
Growth in Income Levels



Source: U.S. Census



Growth in Income Levels



Source: U.S. Census



Housing Market Overview

- The NCCD promotes mixed-use development and allows multifamily housing
- Much recent investment in and around area
 - In Study Area, Robertson Hill apartments, East Village condos, and many private rehabs/flips
 - To the south, Saltillo Lofts and similar multifamily
 - To the north, Mueller Redevelopment
- City's Multifamily Report shows more than 1,000 Multi-Family Units have been completed in the 78702 zip code since 2002, several hundred more approved
 - Average size ~2 acres, 75 units

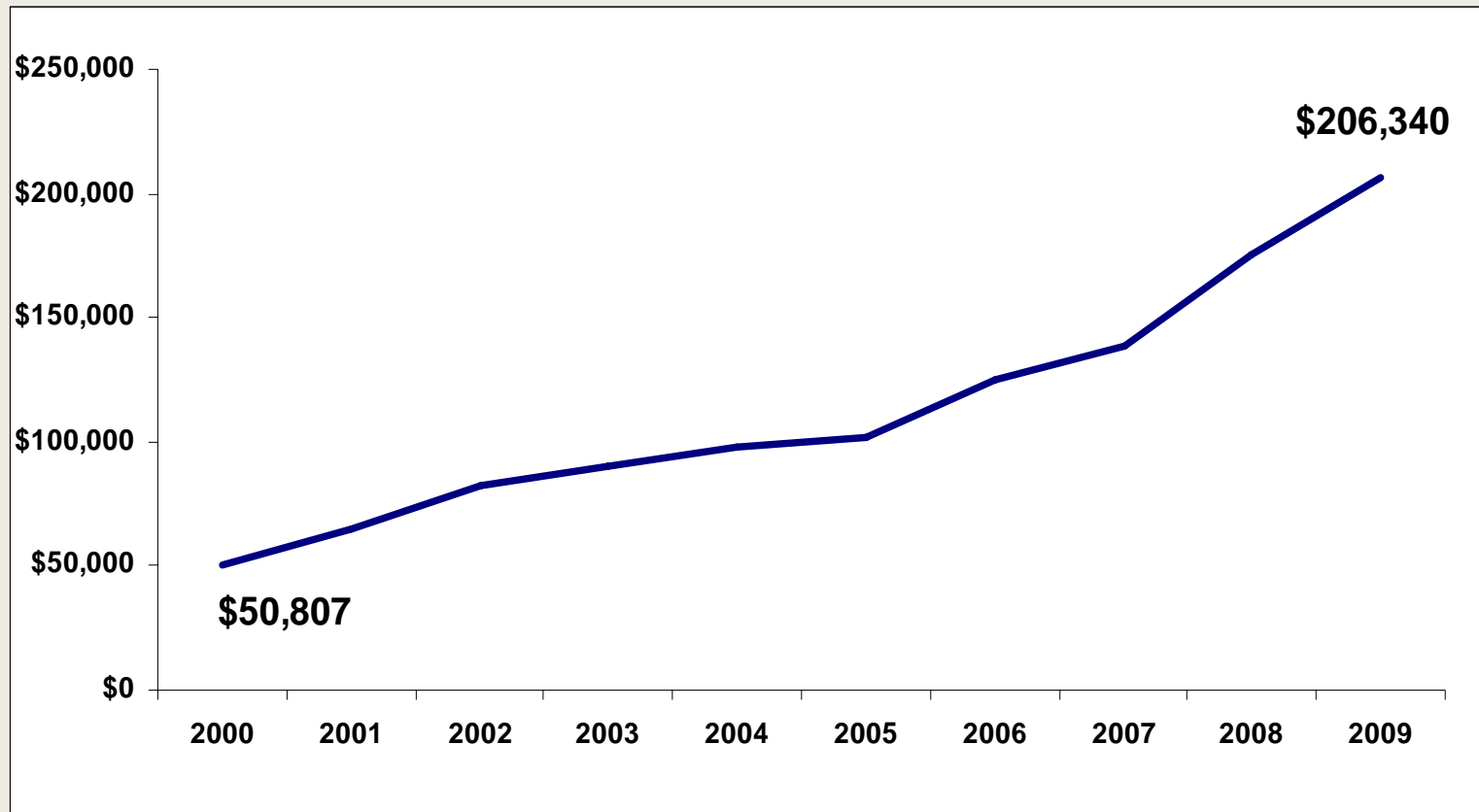


For-Sale Housing: Near-Term Challenges

- Many condominiums built in mid-to late-2000s throughout City
 - Peak of 12K multifamily units under construction in 2008
 - Some planned condos converted to rentals due to market issues
- East Austin condo production and absorption has slowed
- Financing challenges for new condo projects
 - Buyers' difficulty obtaining mortgages
 - Construction costs still high, require high prices
- Competition: Mueller, approved projects and more conventional housing



Median Home Price Growth in Market Area



Source: austin.housealmanac.com



For-Sale Housing: Longer-Term Opportunity

- Rising home prices due to Market Area advantages
 - Proximity to jobs, UT, amenities
- Continued improvement of area will attract more buyers
 - Addition of retail, services will enhance market
- Market “corrections” should swing back
 - Reduce competition from foreclosed properties
 - Relax financing constraints



Rental Housing: Near-Term Opportunity

- Regional apartment market is very strong
 - Now 95% occupied, up 5% despite 4% more units since 2009
 - Average rents have increased 12% in 2 years
- Developers are responding to this strong market
 - 6,500 multifamily units under construction Citywide in 3Q11, with another 8,700 approved
- Study Area has “Downtown” advantages
 - Proximity to jobs, UT, entertainment, amenities
 - Robertson Hill project achieves rents 50⁺% higher than regional average (\$1.50 - \$1.90/SF vs. \$1.03)



Why Support Apartments?

- Apartments can jumpstart development
 - Financing is available
 - Demand is strong and expected to continue
 - Relatively easy to achieve mixed-use with apartments
- Apartment tenants can increase retail support
 - Robertson Hill charges ~\$2,000/month for a 2BR unit
 - To afford this rent, typical households earn ~\$80,000/yr
 - Average household income in Study Area ~\$50,000

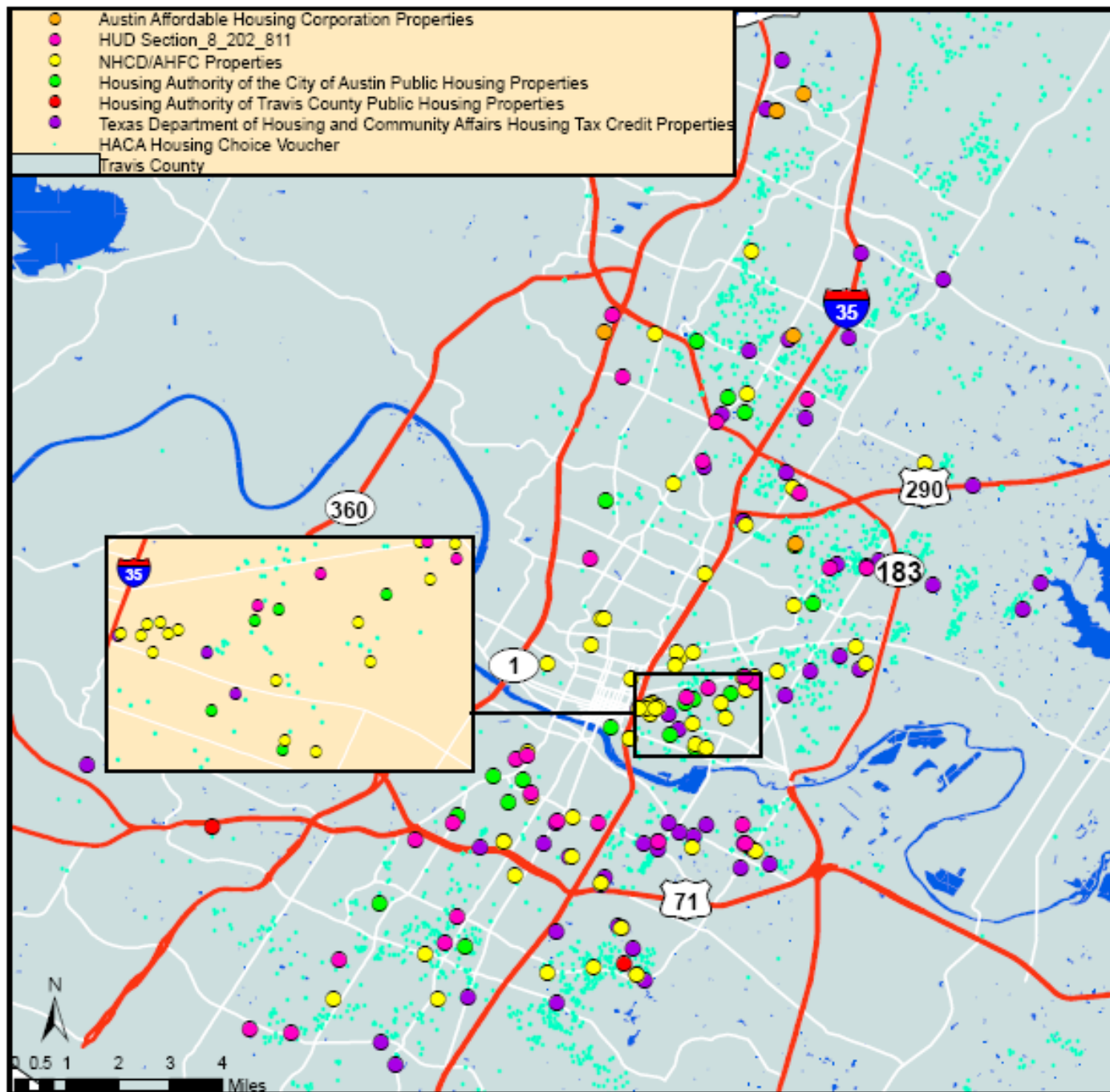


Affordable Housing Supply

- Market Area does have much affordable housing
 - ZIP Code 78702 has 1,761 total affordable housing units*
 - Includes Austin Affordable Housing Corp, AHFC, HACCA and HATC Public Housing, Project Based and 202 Section 8, and LIHTC units.
 - These units comprise 22%* of all housing units in the ZIP Code, while City overall has only 6% “affordable housing”

***EPS has adjusted the figures after noting a technical error regarding ZIP Code boundaries.**





Market Area Still Has Affordable Housing Needs

- Local market generally is growing more expensive, not more affordable
- Market niches needing affordable housing
 - In-place Resident Needs – 46% of households in the Study Area earn ≤50% of Citywide AMI (\$74,000)
 - Family housing – “family” households dropped from 60% to 46% since 2000
 - Senior housing – percent of population over age 65 dropped from 12% to 7% since 2000
- Additional affordable housing can help these populations stay in the neighborhood



Housing Market Conclusions

1. Apartments

- Strongest near-term market support
- Compatible with regulations supporting mixed-use

2. Condos and Townhomes

- Eventual market support, but near-term challenges
- Townhomes can provide family housing at lower price points
- Townhomes don't maximize density and economic impact

3. Live/Work Lofts

- Appeals to creative industries
- Addresses both housing and employment growth

4. Affordable housing

- Especially for families, seniors
- Some can be incorporated into mixed-income projects



Retail Market Basics

- Plans encourage retail, particularly in mixed-use development
- Existing retail supply is minimal
 - Few options for basic goods and services on E. 12th St.
 - E. 11th St. has more dining options and local shops
- Demand for retail has grown as local incomes increase
 - Aggregate local income up 68% since 2000
 - Future population and job growth will enhance retail prospects



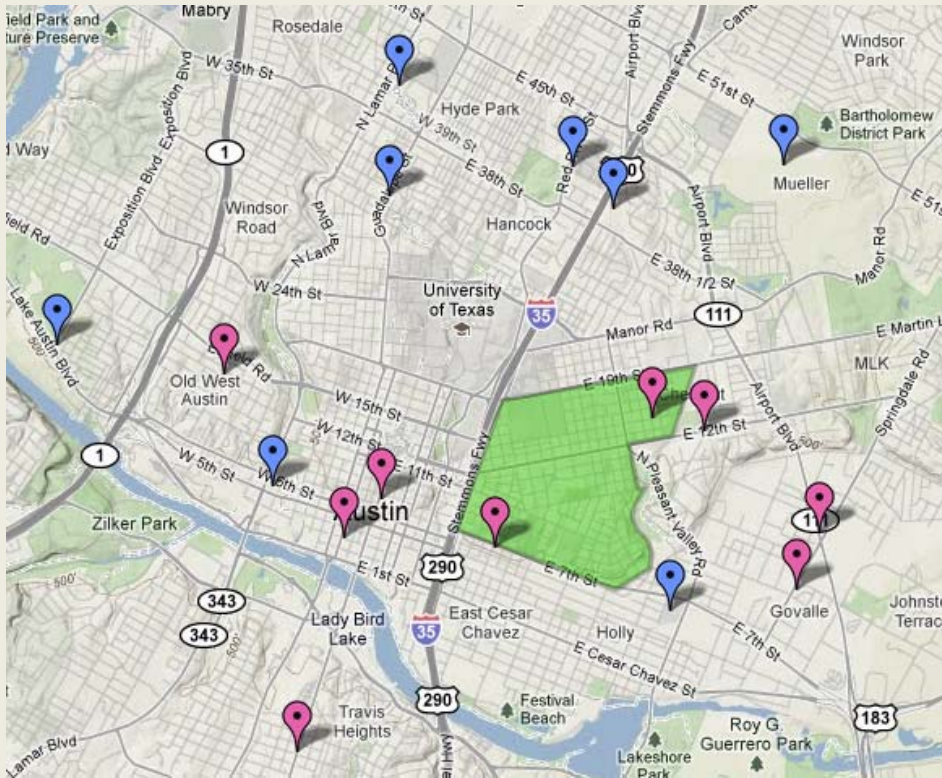
Retail Market Basics

- Competition:
 - General Merchandise:
 - Hancock Center/Capital Plaza/Mueller area
 - Local Goods and Services:
 - East 7th Street, Mueller, Airport Blvd, Manor Rd.
 - Entertainment/Dining:
 - Downtown, S. Congress, Lamar, UT Area

Local Need: Grocery and neighborhood services



Grocery Store Supply and Demand



2025 Households	3,737
2009 Mean Household Income in Study Area	\$49,223 [1]
Total Income in Study Area (2009\$)	\$183,945,802
Percent spent on food at home for HH making \$40,000-\$49,999 before taxes	7.6%
Portion of income spent of food at home	\$13,979,881
Size of grocery store (\$500/sq ft)	
If 20% Capture	5,600 sq ft
If 100% Capture	28,000 sq ft
Size of other grocery stores:	
Farm to Market	3,200 sq ft
Wheatville Co-op	14,000 sq ft
H-E-B	53,500 sq ft
Whole Foods	80,000 sq ft

[1] Source: U.S. Census Bureau, 2005-2009 American Community Survey

Market Area Demand vs. Enabled Retail Space

2009 Mean Household Income in Study Area	\$49,223
2025 Number of Households	3,737
Total Income in Study Area (2009\$)	\$183,945,802
Typical Percent of Income Spent on Retail for Households making \$40,000-\$49,000 in 2009	22%
Amount of Money Spent on Retail by Future Households in the Study Area (2009\$)	\$40,618,246
Total Square Footage Supported by Study Area Households(\$250/sq ft) (100%)	162,000
Amount Captured by Local Retail (25%)	\$10,154,562
Supportable Retail Square Footage (\$250/sq ft) (25%)	41,000
Retail Capacity with All Buildings along 12th Street Containing Ground Floor Retail	170,000



Retail Conclusions

- Growing demand/support for retail in the area
 - Major increase in local purchasing power
- Need groceries and basic neighborhood services
 - Small-scale grocery can serve as catalyst for other retail, but may need financing support
- E. 11th Street dining can build on culture and entertainment
- Other retail types may be longer-term prospects
 - Clothing, home furnishings, etc.
- Have reasonable ground floor retail requirements
 - Focus on major intersections

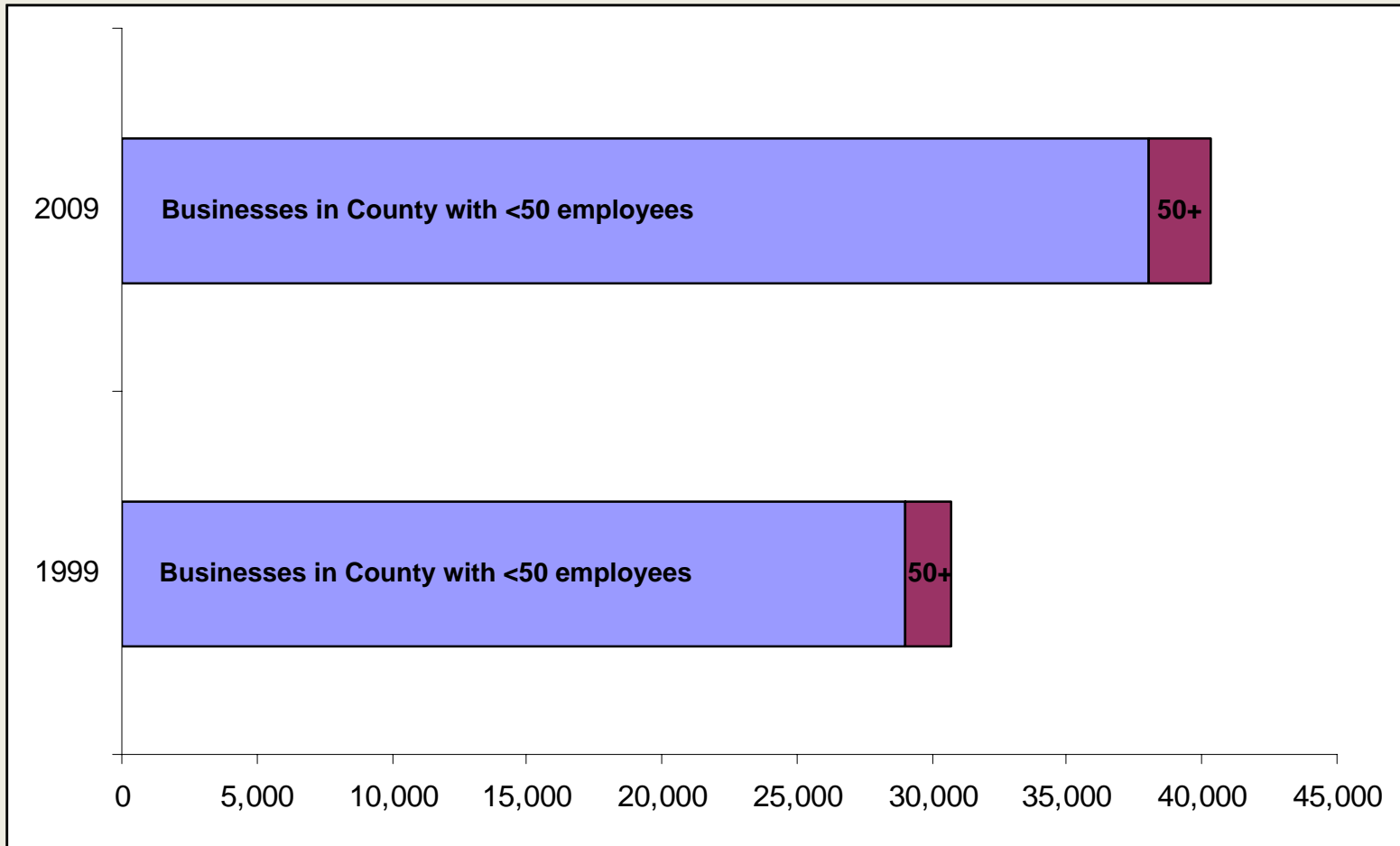


Office Market Basics

- Plans encourage commercial development, including mixed-use
- Area is well located for future job growth
 - Downtown, Capitol, UT, Medical Center
- Recent investment in area
 - Street-Jones/Snell Bldg tenants, professional services
- Area has potential for continued growth in smaller employers



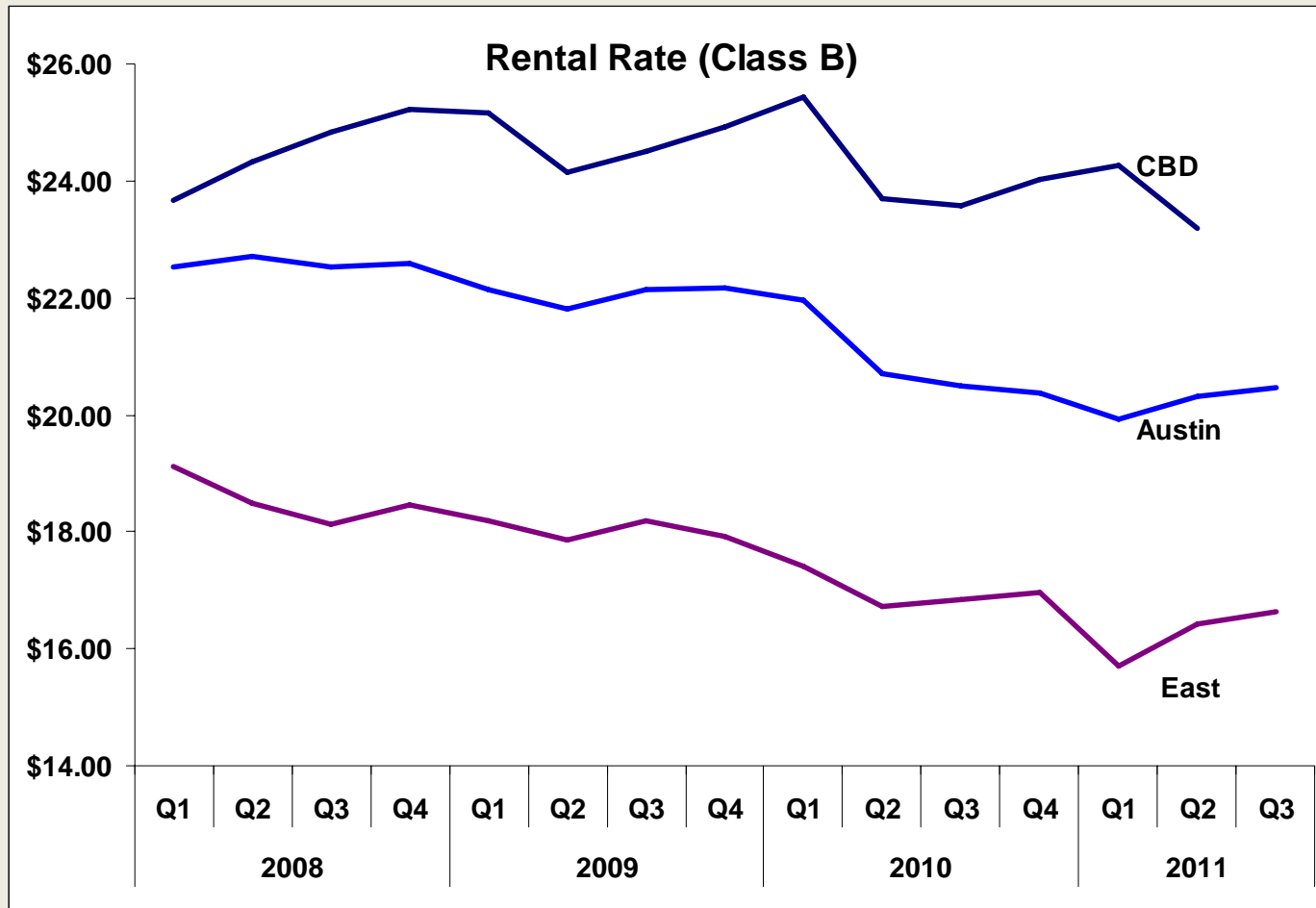
Small Businesses are Major Job-Creators



Source: U.S. Census Bureau Business Patterns



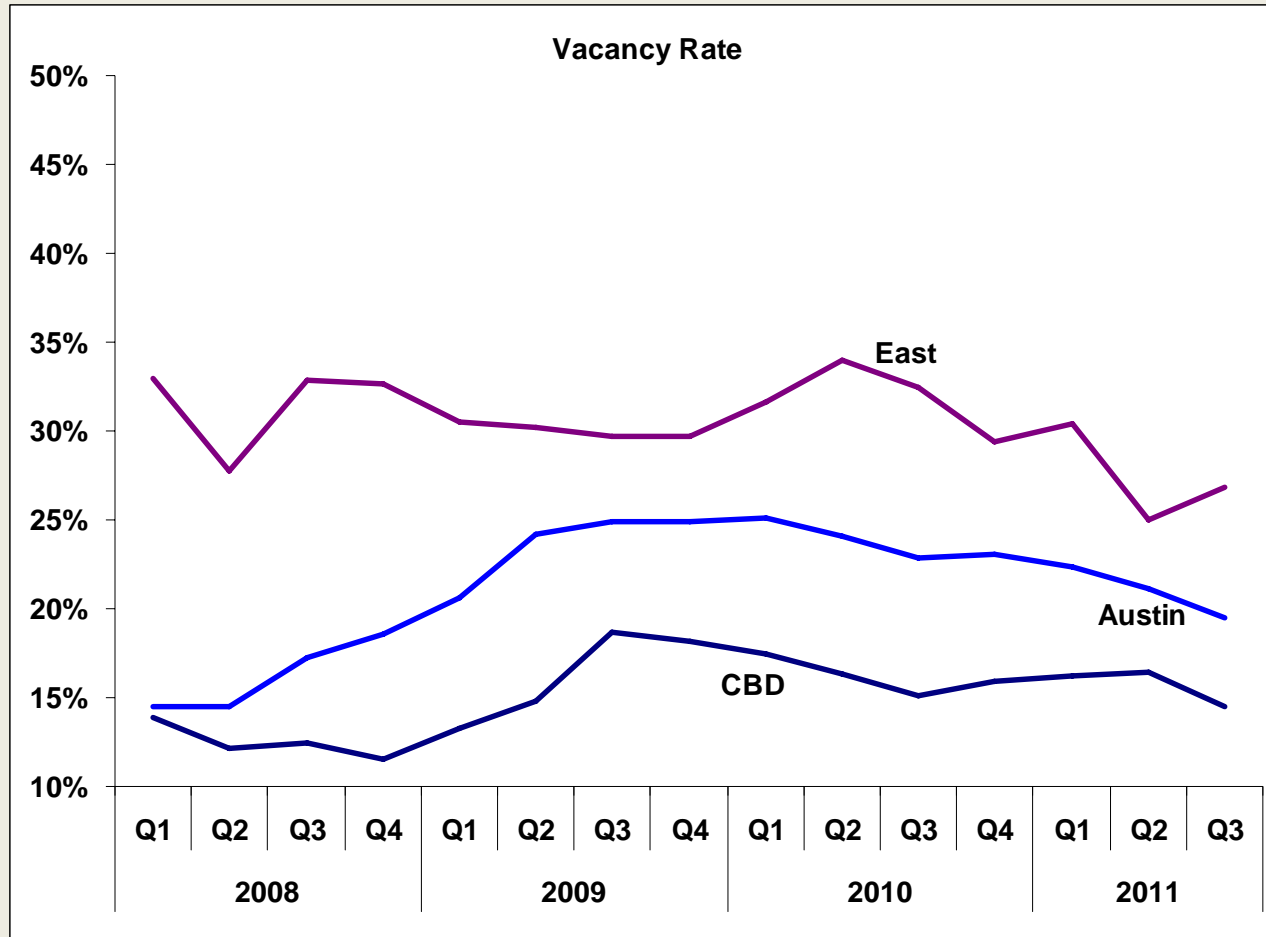
East Austin Achieves Low Office Rents



Source: CB Richard Ellis



East Austin Has High Office Vacancy



Source: CB Richard Ellis



Office Market Analysis

- Competition – Downtown, Mueller, Capitol Complex
- CAMPO projects ~3,000 more “basic” and “service” jobs in local market area by 2025
 - Would equate to 750K-1.0M SF of new commercial space
 - Hard to imagine given land constraints and current market conditions, but can be regarded as a promising indicator
- Opportunities
 - Not a major office center, but smaller professional services
 - Need for affordable space – support current tenants



“Takeaways” from Market Research

- **Apartments are strongest near-term opportunity**
 - For-sale condos and townhomes are longer-term
 - Despite many affordable units, still have needs
- **Retail can be enhanced through added residents**
 - Focus on neighborhood goods and services on 12th
 - Identify funding resources to support grocery store
 - Continue dining/specialty retail on 11th
 - Have reasonable expectations about supportable retail square footage
- **Market the area as a location for small employers**
 - Professional services, consumer services, creative industries
 - Live/work lofts would address both housing demand and job growth
- **Incorporate these concepts into Development Strategies**
 - Property disposition, regulatory clarifications, marketing efforts, etc.



Infrastructure Assessment Goals

- Evaluate existing conditions
- Assess adequacy of current systems to support future development
- Identify opportunities to facilitate development



Future Development Assumptions

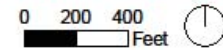
- Identified vacant and “underutilized” sites along corridor
 - All vacant sites get developed at 80% of maximum buildout under NCCD
 - “Underutilized” sites get built out at 50% of maximum density (adjustment for probability)
- Sums to ~680K square feet of development on 13 acres on E. 12th Street





DRAFT
INVENTORY OF PROPERTIES AND BUSINESSES
East 11th and 12th Street Redevelopment Strategy

Prepared by McCann Adams Studio
 AUGUST 25, 2011



Infrastructure Analysis

- Looked at the existing infrastructure in terms of capacity/condition
- Interviewed staff on existing issues/future projects/development process
- Looked at projected densities and probable development scenarios
- Development potential versus other parts of city

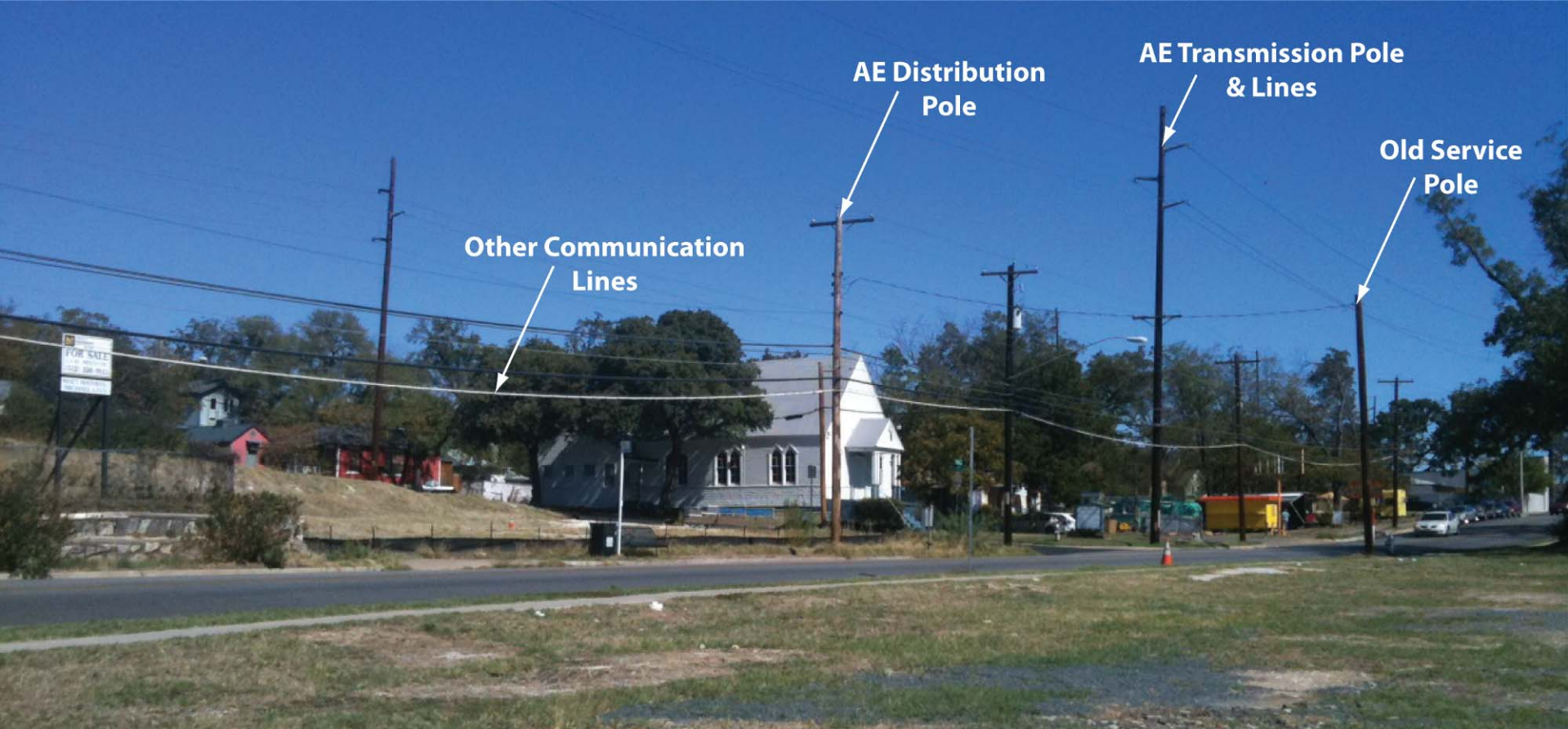


Electrical & Telecommunications

- Major transmission and distribution lines along the majority of 12th Street
- Multiple additional communication services using the poles
- System is reliable and has feed from multiple substations which provides backup service feeds.
- More than adequate for future growth



Electrical & Telecommunications



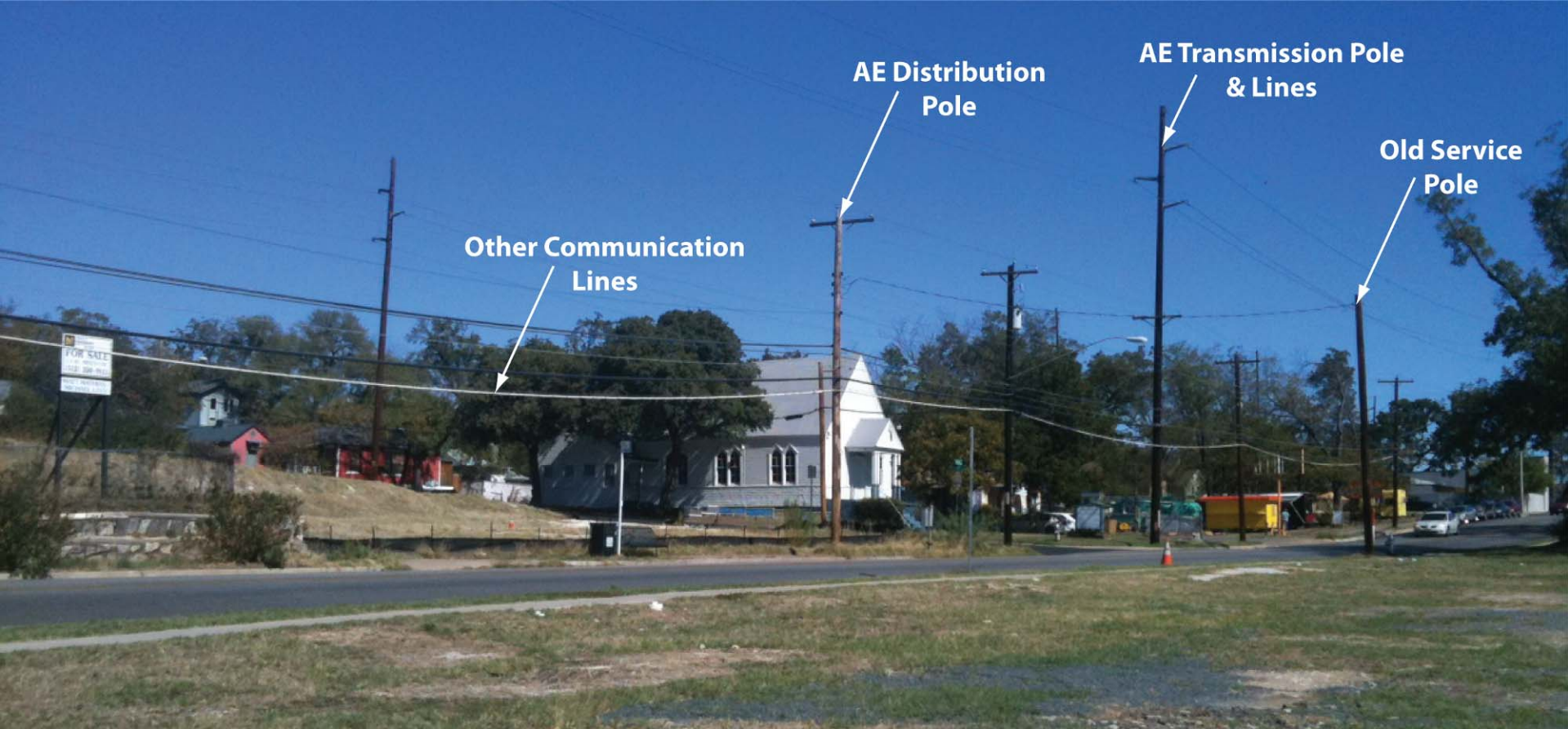
Electrical & Telecommunications

Can we put the overhead system underground?

- The challenges:
 - ROW along 12th varies from 60' – 70'. Challenges with multiple underground utilities. Transmission line requires 30' easement.
 - Services to existing structures may require upgrades by landowner
 - Cannot be funded by AE, must be developers or City CIP
 - Estimate \$2,000,000 to \$6,000,000.
- Other options to reduce visual impact?
 - Relocate to alleys?
 - Underground telecomm only?
 - Remove/Consolidate some poles?



Electrical & Telecommunications



Communication Lines Removal

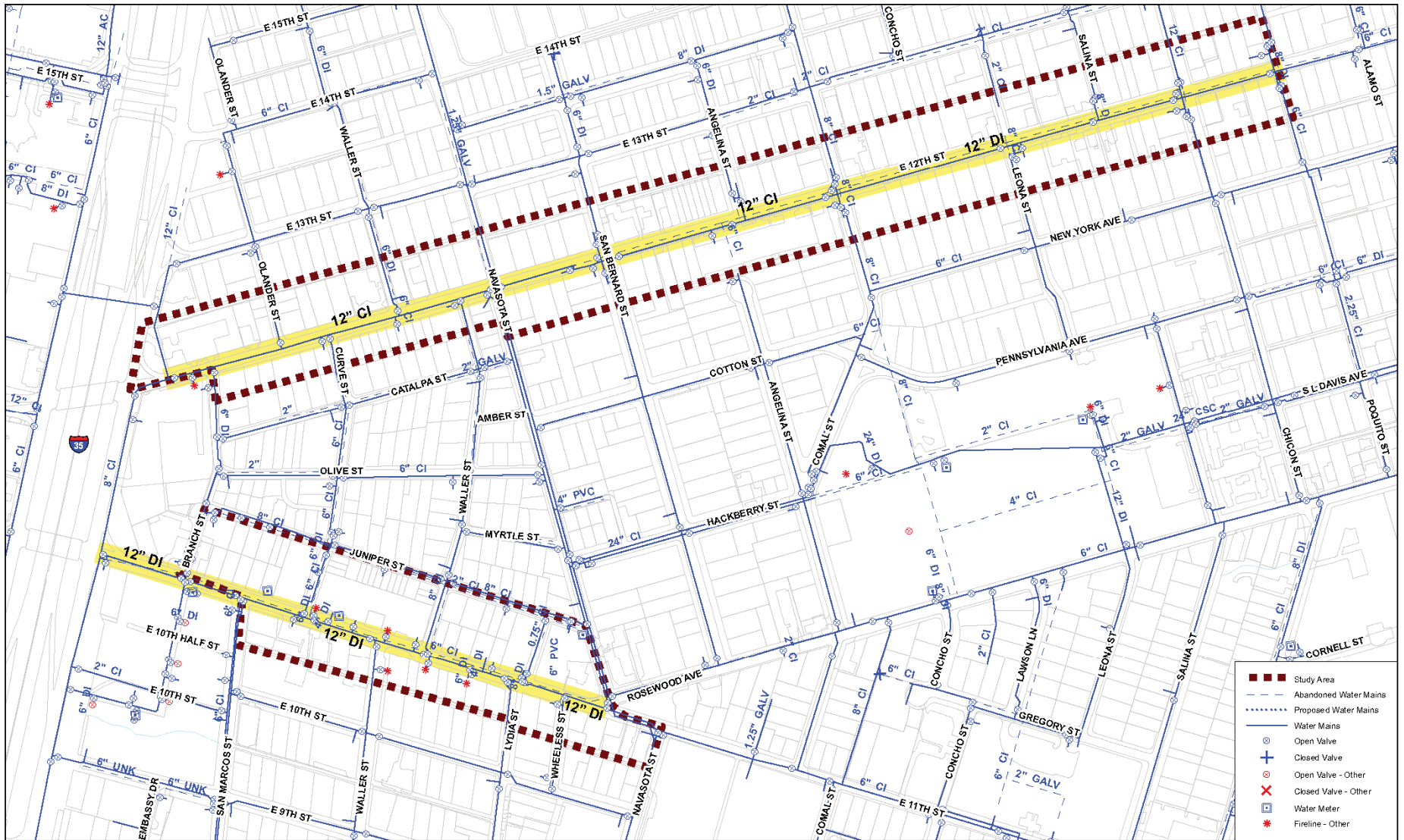


Austin Water Utility

Water:

- 12” water line on 12th connects to 24” mains at Navasota and Airport
- System better than in most of downtown and urban areas
- Should be adequate to support new development, including fire flows
- May need limited upgrades near certain cross-streets that only have 6” lines or smaller





The Water Map was prepared from data compiled from the COA.

UDG
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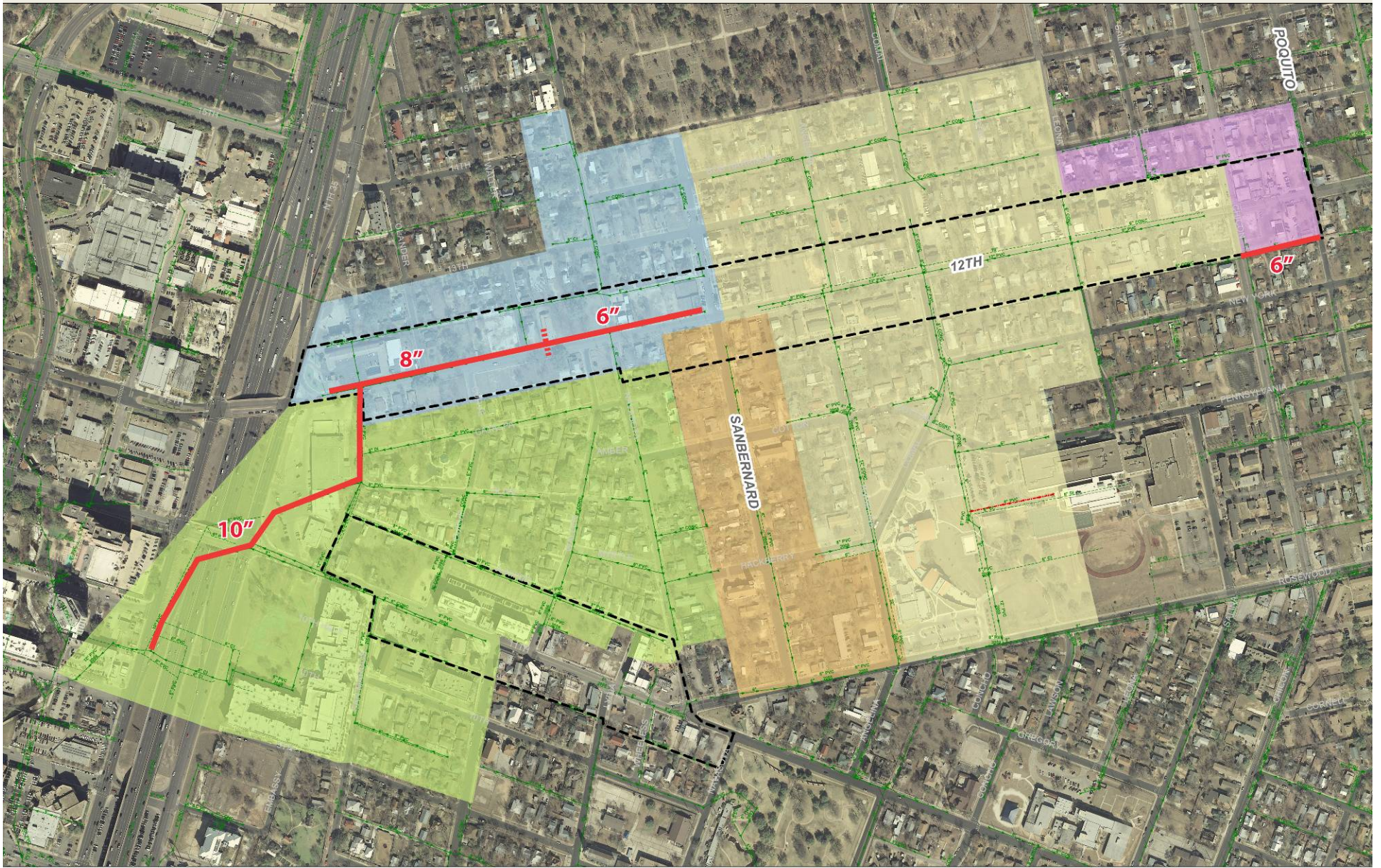


Austin Water Utility

Wastewater:

- Area between I-35 and San Bernard has older 6” and 8” lines. COA maintenance records show lines are functioning and have additional capacity available.
- Area between Chicon and Poquito has older 6” wastewater line within the alley and will need upgrade with new development
- Other areas served by upgraded system.

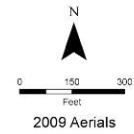




- In Service Gravity Main
- - - Abandoned Wastewater Main
- - - Proposed Gravity Main
- - - In Service Gravity Main - Other

- Redevelopment Area Boundary
- WW Drainage Area 1
- WW Drainage Area 2
- WW Drainage Area 3
- WW Drainage Area 4
- WW Drainage Area 5

— Lines Adequate for Current and 200,000 - 300,000 S.F. of New Development



City of Austin
 Austin Water Utility
 Phone: 512.921.1111
**East 11th and 12th Streets
 Redevelopment Area**
 Produced by GIS Services



Austin Water Utility

Planning and Approval Process

- Service Extension Process. Start early in planning of a new development.
- The planning and operations process of AWU is set up to respond to development applications/demand on system
- AWU has approximately \$10 million a year to fund water and wastewater failures and upgrades
- There are current changes occurring in the plumbing code to allow for grey water systems. i.e. reduce ww flows



Austin Water Utility

How do we estimate future demands?

- Use of a Living Unit Equivalent (LUE)
- Estimate for build-out projects in Area 1 is 300 LUES
- Actual permitted project, one block long required 22 LUES, although planning estimates may be 75 LUES
- Future changes in technology and plumbing code could reduce the water and wastewater usage.

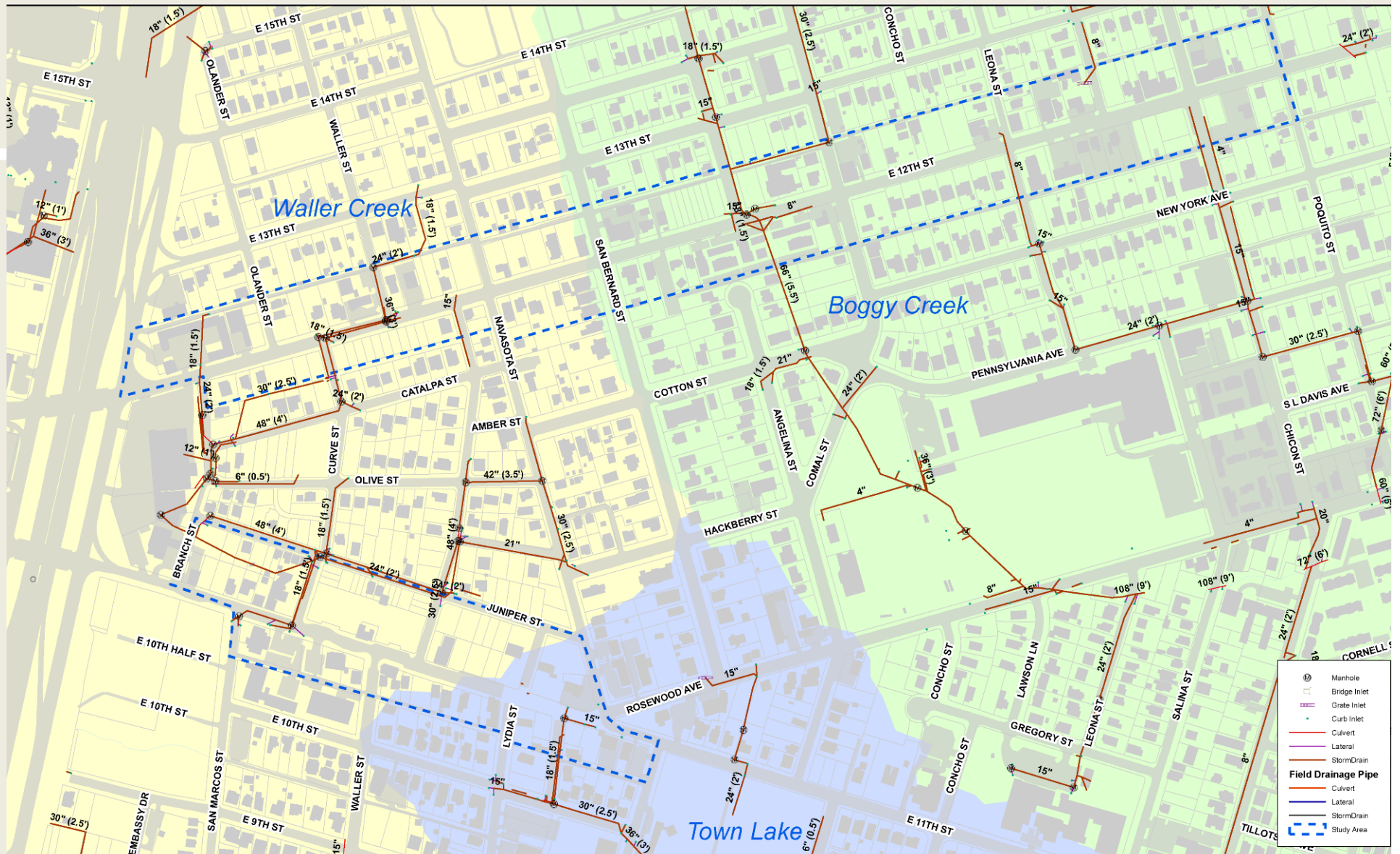


Austin Water Utility

Water and Wastewater Summary

- Future projects within the 12th Street corridor should have adequate water and wastewater service.
- Development process in the City of Austin can require off-site upgrades but no immediate major ones identified for this area
- No record within the AWU of SER applications.
- At some point in the future the older 6” and 8” in the western section of 12th will most likely need replacement.





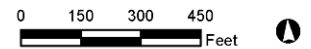
Storm sewer data was compiled from Watershed Protection Dept., COA.
 Data was compiled from existing data or from field.

STORM SEWER MAP

East 11th and 12th Street Redevelopment Strategy Project

Prepared by Urban Design Group for Economic and Planning Systems

NOVEMBER 10, 2011

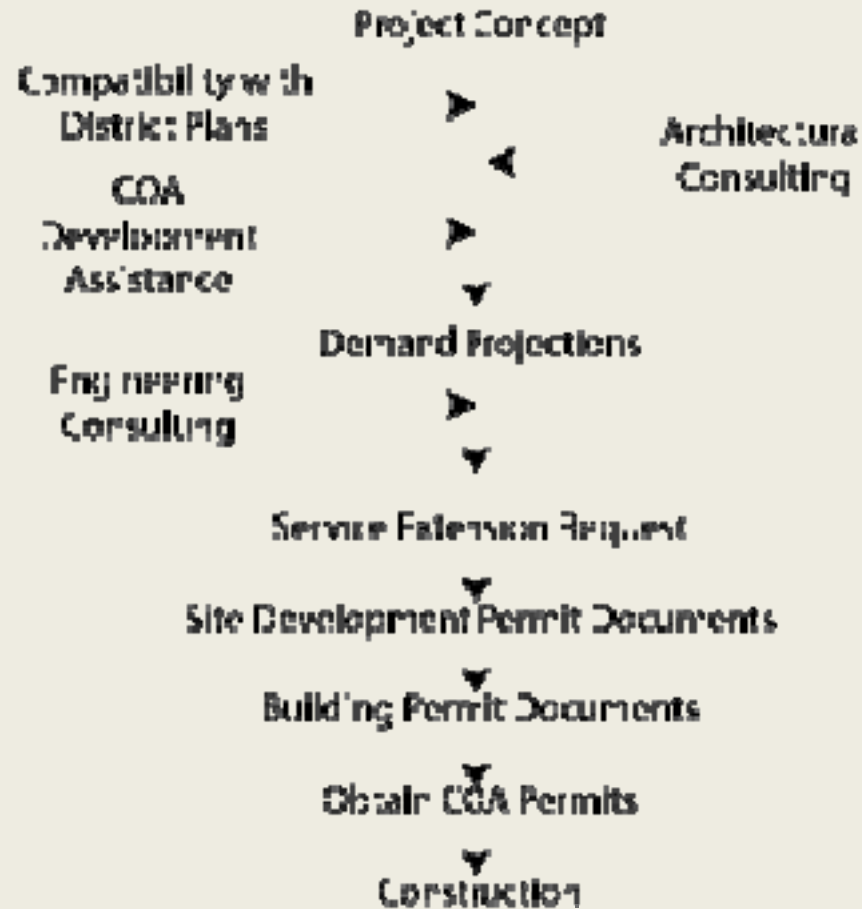


Stormwater

- 12th Street west of San Bernard is in Waller Creek Watershed, and has ample downstream capacity for new development
- East of San Bernard, 12th Street is in the Boggy Creek Watershed, which has undersized downstream system
- Current storm water flows to streets and to trunk line inlet system. No flooding problems reported within study area according to COA records.
- New projects that increase impervious surface may need on-site stormwater detention, off-site improvements, or may receive waiver under certain conditions



Development Process



Streets and Sidewalks

- 11th and 12th Street roadways generally appear adequate in size and quality
 - No significant upgrades are required to address current deficiencies or enable new capacity
- Sidewalks (some ADA issues) are present and continuous throughout Study Area corridor
 - Could improve “look and feel” of streetscape, but no actual capacity issues observed



“Takeaways” from Infrastructure Assessment

- Infrastructure adequacy is not a major constraint for future projects that may come online
- Upgrades for downstream stormwater and wastewater may be required for full buildout, but this will be done when the demand warrants
- Streetscape improvements including some buried overhead utilities, ADA and landscape would improve “look and feel,” encourage development
- Hard to justify wholesale reconstruction of streets due to infrastructure need rather than as corridor enhancement



Next Priorities (“At a Minimum”)

- Create strategies for disposition of public land
- Explore opportunities for catalytic project and other interventions at 12th & Chicon
- Explore opportunities for incentives for desired businesses, if necessary for feasibility
- Assess potential benefits of infrastructure improvements and identify CIP possibilities for long-term projects
- Explore opportunities for shared parking facilities
- Recommend approaches to address gentrification
- Recommend improvements to development process and clarification of regulations



Upcoming Communications Plan

- Release draft strategies in mid-December
 - To be posted on Speak Up Austin (speakupaustin.org)
- Present draft strategies publicly on January 9, 2012
 - Open house/presentation coordinated with URB meeting
- Present final strategies to City Council in late January
 - Reflecting refinements based on earlier feedback



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THANK YOU.